

Growth

HK Electric has continuously met the growth in electricity demand in Hong Kong while continuing to grow outside Hong Kong where we now have investments in Australia, New Zealand, Canada, Thailand, mainland China and the United Kingdom.



ETSA continues to deliver on key financial and non-financial targets during 2008.



We light up Wellington with our first entry into New Zealand through a joint acquisition.



Tamar is one of several major transmission projects completed in the past year.





The TransAlta Cogeneration L.P. has stakes in six Canadian generating plants.



Our Ratchaburi power plant in Thailand wins the 2008 Asian Power Award for Innovative Technology of the Year.



We demonstrate our commitment to renewable energy as we celebrate the commissioning of the Dali wind farm.

...by meeting future demand

Development plan

The HKSAR Government approved HK Electric's 2009-2013 Development Plan in December 2008. Over the next five years, we plan to invest HK\$12.3 billion in new and existing capital projects. Three generating units are being retrofitted each with a flue gas desulphurisation plant, two of which will also be retrofitted with low nitrogen oxides burners for reducing emissions. Reinforcement and expansion of our transmission and distribution system will continue to maintain the provision of a highly reliable electricity supply. Ongoing projects to develop the information and metering systems are undertaken with quality customer services as the objective.

...by developing our international markets

2008 was a very successful year for our international operations and overseas expansion through Hongkong Electric International Ltd. (HEI).

New Zealand

We made our first entry into New Zealand through the joint acquisition of the Wellington Electricity Network with Cheung Kong Infrastructure Holdings Limited (CKI).

The Wellington Electricity Network distributes electricity to more than 160,000 residential, commercial and industrial customers in the Wellington, Porirua and Hutt Valley regions.

China

We achieved a major milestone in 2008 with the successful development of our China renewable energy efforts whereby two joint ventures were established with China Huaneng Group for the development of two wind farms in China.

A subsidiary of HEI is co-developing these two wind farms – one 48MW in Dali, Yunnan province, and one 49.5MW in Leting, Hebei province. The Dali Wind Farm achieved Commercial Operation Date (COD) on 1st January 2009 and the Leting Wind Farm is planned to achieve full COD in mid 2009. Both projects qualify for the Clean Development Mechanism under the Kyoto Protocol.

In February 2009, we announced the acquisition of 45% equity interests in three power plants in mainland China – two in Zhuhai, Guangdong province, and one in Siping, Jilin province – with a total generating capacity of 2,800MW. The Zhuhai power plants are located in a growth centre in China adjacent to Hong Kong. The acquisition provides the Company with the opportunity to make a strategic entry into the power plant business in China at a secure and attractive rate of return.

Northern Gas Networks Limited is benchmarked as the most efficient network in the U.K. gas industry in 2008.



Northern Gas Networks records increased customer satisfaction in 2008.

Thailand

Another major milestone was reached this year by successfully commissioning our Thailand Independent Power Provider Project, Ratchaburi Power Company Limited, in two phases in March and June 2008, providing 1,400MW of installed capacity to the Electricity Generating Authority of Thailand. The Ratchaburi power plant went on to win the 2008 Asian Power Award for Innovative Technology of the Year.

Australia

ETSA Utilities operating in South Australia continued to deliver on key financial and non-financial targets during 2008. Strong economic and customer connections activity contributed to a strong year where the business exceeded its reliability and other customer service targets.

CKI/HEI Electricity Distributions Holdings (Australia) Pty Ltd operating in Victoria showcased considerable success in 2008's National Customer Service Business awards, winning the National Award for Best Customer Charter and the Victorian Award for the best large business.

Canada

HEI successfully acquired 50% shareholdings in Stanley Power Inc. in December 2007. Stanley Power Inc., a 50/50 joint venture with CKI acquired a 49.9% interest in TransAlta Cogeneration L.P. The TransAlta Cogeneration L.P. has stakes in six Canadian generating plants, including five gas-fired cogeneration plants in Alberta, Saskatchewan and Ontario, and a coal-fired generation plant in Alberta. The six plants add 202MW to HEI's portfolio.

United Kingdom (U.K.)

During 2008, Northern Gas Networks Limited was benchmarked as the most efficient network in the U.K. gas industry compared with our peers, setting the "efficiency frontier" for the industry.

As one of the top two gas distribution networks for the delivery of high standards of customer service, Northern Gas Networks Limited recorded increased customer satisfaction during the year.