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**CHEUNG KONG INFRASTRUCTURE  
HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*  
**(Stock Code: 1038)**



**HONGKONG ELECTRIC  
HOLDINGS LIMITED**

*(Incorporated in Hong Kong with limited liability)*  
**(Stock Code: 6)**

**POSSIBLE MAJOR TRANSACTION      POSSIBLE DISCLOSEABLE AND  
CONNECTED TRANSACTIONS**



**HUTCHISON WHAMPOA LIMITED**

*(Incorporated in Hong Kong with limited liability)*  
**(Stock Code: 13)**

**POSSIBLE DISCLOSEABLE TRANSACTION**

**POSSIBLE FORMATION OF A JOINT VENTURE AND  
POSSIBLE PROVISION OF FINANCIAL ASSISTANCE**

Reference is made to the Announcement in relation to, among other things, the Transactions. The Bidco and the Guarantors as guarantors to the Bidco have participated in the bidding process in relation to the proposed acquisition of the Target Companies and on 29th July, 2010 (UK time) / 30th July, 2010 (Hong Kong time) delivered to the Vendors the Offer together with other transaction documents. The Offer is subject to acceptance by the Vendors on or before 24th October, 2010 (UK time). The Vendors have advised that their decision regarding acceptance of the Offer will depend on, among other things, the completion of their consultation with the European Works Council.

If the Offer is accepted by the Vendors, (i) completion of the Acquisition will be conditional upon fulfilment of certain conditions as set out below in the paragraph "Conditions precedent" under the section headed "Major terms of the Offer and the possible Acquisition"; and (ii) the Guarantors, the CKI Subsidiaries, the HEH Subsidiaries and the Foundation Companies propose to enter into the JV Transaction for the purposes of, among other things, subscribing for the Bidco Shares and providing financial assistance to the Bidco in respect of the Acquisition.

Furthermore, if the Offer is accepted by the Vendors and the Acquisition proceeds, it is expected that,

- (i) for CKI, (i) the financial contribution to be provided by CKI to the Bidco under the possible JV Transaction and (ii) the proposed provision of a several guarantee by CKI in favour of the Vendors pro rata to its shareholding interest in the Bidco under the Acquisition Agreement, would constitute a major transaction for CKI under Chapter 14 of the Listing Rules. As no CKI Shareholder is required to abstain from voting if CKI were to convene a general meeting for approving the possible Transactions, and as CKI has obtained a written approval of the possible Transactions from Hutchison Infrastructure Holdings Limited (which currently holds approximately 84.58% of the issued share capital of CKI), pursuant to Rule 14.44 of the Listing Rules, CKI is not required under the Listing Rules to convene a general meeting for approving the Acquisition;
- (ii) for HEH, (i) the financial contribution to be provided by HEH to the Bidco under the possible JV Transaction and (ii) the proposed provision of a several guarantee by HEH in favour of the Vendors pro rata to its shareholding interest in the Bidco under the Acquisition Agreement, would constitute discloseable transaction for HEH under Chapter 14 of the Listing Rules; and since CKI, which currently holds approximately 38.87% of the issued share capital of HEH, is a substantial shareholder of HEH and accordingly, a connected person of HEH, the possible Transactions, if and when entered into, would also constitute a connected transaction for HEH subject to the reporting, announcement and independent shareholders' approval requirements of Chapter 14A of the Listing Rules. However, in making the Announcement and this announcement, and seeking prior approval of the possible JV Transaction by way of the Resolution at the HEH EGM, the Stock Exchange has agreed that if and when the Offer is accepted and the JV Transaction is entered into, an announcement as required under Chapters 14 and 14A of the Listing Rules will not be required to be made by HEH again and has also granted a waiver to HEH exempting it from seeking independent shareholders' approval again; and
- (iii) for HWL, of which CKI is a subsidiary, (i) the financial contribution to be provided by CKI to the Bidco under the possible JV Transaction and (ii) the proposed provision of a several guarantee by CKI in favour of the Vendors pro rata to its shareholding interest in the Bidco under the Acquisition Agreement, would constitute a discloseable transaction for HWL under Chapter 14 of the Listing Rules.

A CKI circular containing, among other things, (i) information on the possible Transactions, (ii) financial information of the CKI Group and (iii) an accountants' report on the Target Group, is expected to be despatched to the CKI Shareholders on or about 24th August, 2010 in accordance with the Listing Rules. An HEH circular containing, among other things, (i) information on the possible Transactions, (ii) a letter of recommendation from the HEH Independent Board Committee to the HEH Independent Shareholders, (iii) a letter of advice from the Independent Financial Adviser to the HEH Independent Board Committee and the HEH Independent Shareholders, and (iv) the notice of the HEH EGM, is expected to be despatched to the HEH Shareholders on or about 24th August, 2010 in accordance with the Listing Rules.

If the Offer is accepted by the Vendors and the Acquisition proceeds, further announcement will be made by CKI, HEH and HWL informing their respective shareholders as regards acceptance of the Offer by the Vendors, and the ensuing developments.

## **BACKGROUND**

Reference is made to the Announcement in relation to, among other things, the Transactions. The Bidco and the Guarantors as guarantors to the Bidco have participated in the bidding process in relation to the proposed acquisition of the Target Companies and on 29th July, 2010 (UK time) / 30th July, 2010 (Hong Kong time) delivered to the Vendors the Offer together with other transaction documents. The Offer is subject to acceptance by the Vendors on or before 24th October, 2010 (UK time). The Vendors have advised that their decision regarding acceptance of the Offer will depend on, among other things, the completion of their consultation with the European Works Council.

If the Offer is accepted by the Vendors, (i) completion of the Acquisition will be conditional upon fulfilment of certain conditions as set out below in the paragraph “Conditions precedent” under the section headed “Major terms of the Offer and the possible Acquisition”; and (ii) the Guarantors, the CKI Subsidiaries, the HEH Subsidiaries and the Foundation Companies propose to enter into the JV Transaction for the purposes of, among other things, subscribing for the Bidco Shares and providing financial assistance to the Bidco in respect of the Acquisition.

The major terms of the possible Transactions and other information relating thereto are set out below.

## **MAJOR TERMS OF THE POSSIBLE JV TRANSACTION**

If the Offer is accepted by the Vendors, the Guarantors, the CKI Subsidiaries, the HEH Subsidiaries and the Foundation Companies propose to enter into the Shareholders’ Agreement for the possible JV Transaction. The Shareholders’ Agreement contemplates the major terms of the possible JV Transaction to comprise the following:

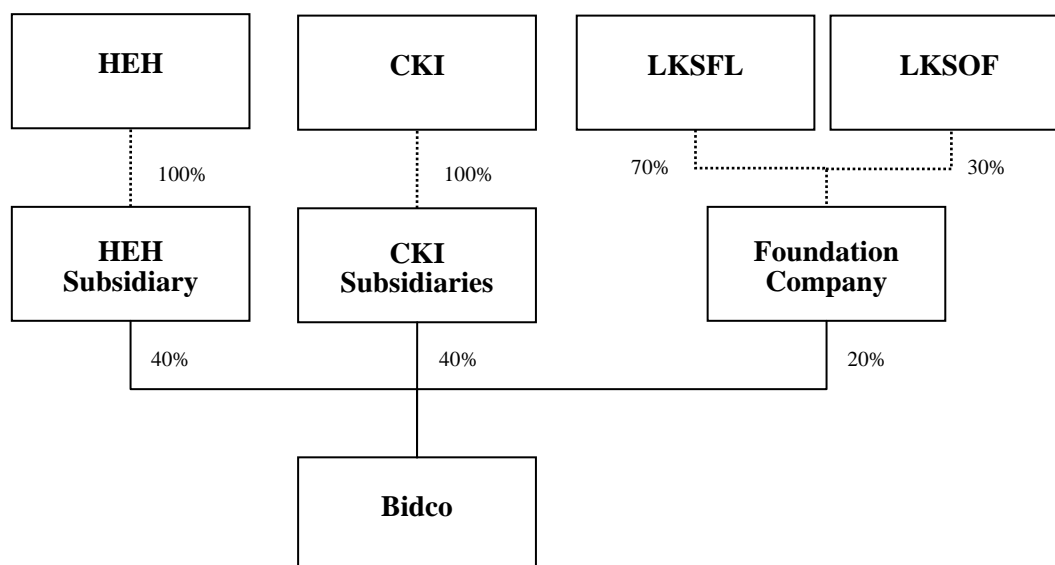
### **Funding**

The aggregate amount of funding for the possible JV Transaction will be funded by the banking facilities (details of which are set out in the section headed “Banking facilities relating to the JV Transaction”) and by the CKI Subsidiaries, the HEH Subsidiaries and the Foundation Companies through a combination of equity and shareholders’ loans on a 40:40:20 basis. For both CKI and HEH, it is contemplated that the cash to be funded by each of them will be financed partly by internal resources and partly from bank borrowings.

### **Shareholding**

Certain CKI Subsidiaries, an HEH Subsidiary and a Foundation Company will subscribe for certain ordinary and preference shares in the capital of the Bidco, and their respective proportions of the total issued share capital in the Bidco will be 40%, 40% and 20% respectively. Based on the Equity Consideration, the estimated costs and expenses associated with the possible Transactions and the working capital requirements of Bidco, the aggregate subscription price to be paid by the CKI Subsidiaries and the HEH Subsidiary will each be up to approximately £711,200,000 (approximately HK\$8,604,808,800).

A simplified shareholding structure of the Bidco upon completion of the possible JV Transaction is as follows:



Subject to the completion of the possible JV Transaction, the Bidco will be accounted for as an associate company of each of CKI and HEH in their respective consolidated financial statements.

### Shareholders' loans

A CKI Subsidiary, an HEH Subsidiary and a Foundation Company will advance shareholders' loans to the Bidco and the Non-Reg Holdco on a 40:40:20 basis. As the Bidco and the Non-Reg Holdco are expected to draw on the banking facilities (details of which are set out in the section headed "Banking facilities relating to the JV Transaction" below) as to approximately £665,000,000 (approximately HK\$8,045,835,000) for partial financing of the Equity Consideration, it is expected that the aggregate amount of shareholders' loans to be advanced by each of the CKI Subsidiary and the HEH Subsidiary to the Bidco and the Non-Reg Holdco will be approximately £350,000,000 (approximately HK\$4,234,650,000) based on the Equity Consideration, the estimated costs and expenses associated with the possible Transactions and the working capital requirements of the Bidco. In such case, each of CKI Group's and HEH Group's aggregate funding (through equity and shareholders' loan) for the possible JV Transaction will amount to approximately £1,061,200,000 (approximately HK\$12,839,458,800).

However, should the banking facilities not have been drawn to such extent or at all, the aggregate amount of such shareholders' loans will be increased to make up any shortfall, provided that the maximum aggregate amount of shareholders' loans from each of the CKI Subsidiary and the HEH Subsidiary shall not exceed approximately £616,000,000 (approximately HK\$7,452,984,000).

## **Board composition**

Each of CKI, HEH and LKSFL will be entitled to appoint one director of the Bidco (and the Non-Reg Holdco) in respect of each complete 20% of the ordinary shares in the capital of the Bidco which it, directly or indirectly, owns. Accordingly, the Bidco shall have five directors, and CKI, HEH and LKSFL will be entitled to nominate two directors, two directors and one director respectively.

The quorum for the transaction of business at any board meeting of the Bidco shall be at least one director appointed by each of CKI, HEH and LKSFL.

## **Share rights**

Profits available for distribution will be distributed to the CKI Subsidiaries, the HEH Subsidiary and the Foundation Company effectively on a 40:40:20 basis. Return of capital on the passing of a resolution for the winding-up of the Bidco will also be made amongst the CKI Subsidiaries, the HEH Subsidiary and the Foundation Company effectively on a 40:40:20 basis.

The ordinary shares and preference shares in the capital of the Bidco for which the CKI Subsidiaries, the HEH Subsidiary and the Foundation Company will subscribe have different voting rights. However, it is provided for in the Shareholders' Agreement that neither the Bidco nor any of its subsidiaries may transact any of the following business without the prior written consent of each of CKI, HEH and LKSFL:

- (i) the amendment of its articles of association (other than the adoption by the Bidco of the articles of association pursuant to the passing of resolutions contemplated under the JV Transaction);
- (ii) the creation or issue of any Bidco Shares (other than the shares in issue at the date of the shareholders' agreement contemplated under the JV Transaction or the Bidco Shares which are to be allotted and issued pursuant to the JV Transaction) or the grant of any option over the Bidco Shares (except to the extent necessary to avoid or cure an event of default under the terms of any banking facilities of the Bidco or any of its subsidiaries and in such case any Bidco Shares to be issued shall first be offered to the Bidco Shareholders on identical terms pro rata to their respective relative percentage holding of ordinary shares in the Bidco, with any shares not taken up being offered round to accepting the Bidco Shareholders pro rata to their respective relative percentage holding of ordinary shares in the Bidco before being offered to persons who are not the Bidco Shareholders);
- (iii) the capitalisation, repayment or other form of distribution of any amount standing to the credit of any reserve or the redemption of any Bidco Shares or any other reorganisation of its share capital;
- (iv) the making of any petition or passing of any resolution for winding-up or liquidation or the making of an application for an administration order;
- (v) pending Acquisition Completion, the exercise by the Bidco and/or the Non-Reg Holdco of any rights under the Acquisition Agreement and/or the Finance Documents;

- (vi) pending Acquisition Completion, the waiver of any rights by the Bidco and/or the Non-Reg Holdco under the Acquisition Agreement and/or the Finance Documents; and
- (vii) pending Acquisition Completion, the amendment of the Acquisition Agreement and any documents to be entered into pursuant to the Acquisition Agreement to which the Bidco or the Non-Reg Holdco is a party and/or the Finance Documents.

Consequently, all decisions on these matters will require the unanimous consent of CKI, HEH and LKSFL. Moreover, the Shareholders' Agreement further provides that neither the Bidco nor any of its subsidiaries may transact any of the following business unless the approval of the board of directors of the Bidco has been obtained with at least 80% of the votes cast on a poll taken at a board meeting of the Bidco (and therefore, effectively, the transacting of these matters will require both CKI's and HEH's approval):

- (i) the making of any consensual amendment to any licence held by the Target Group (other than any change which is considered by Ofgem to be routine);
- (ii) the Bidco or any of its subsidiaries entering into any legally binding obligation or commitment with Ofgem or making any material submission to Ofgem;
- (iii) any change in the nature of the business carried on by the Bidco or any of its subsidiaries including any change resulting from:
  - (a) any acquisition or investment in another company (other than a wholly-owned subsidiary of the Bidco) or participation in any partnership or joint venture;
  - (b) amalgamation or merger with any other company or legal entity; or
  - (c) any expansion or extension of, or amendment to, the core business of the Bidco or any of its subsidiaries;
- (iv) any change of auditors;
- (v) any change to the accounting reference date;
- (vi) save as contemplated by the Finance Documents, the giving of any guarantee or indemnity or any similar assurance;
- (vii) any change of dividend policy;
- (viii) any change of tax election or grouping (which shall mean a change in the nature of the tax status of the Bidco or any of its subsidiaries in a manner which would have an adverse effect on either the Bidco Shareholders as a group or any individual Bidco Shareholder or the introduction of a new entity into the structure currently comprising the Bidco and its subsidiaries which would have the same effect);
- (ix) any purchase by the Bidco of its own shares;

- (x) the disposal of intellectual property rights or rights or assets relating to information technology if such disposal is likely to prejudice the operation of the business of the Bidco Group;
- (xi) the acquisition of any assets or business which are not related to the operation of the business of the Bidco Group where the assets or business to be acquired have a value in excess of £30,000,000 (approximately HK\$362,970,000) or the disposal of any assets or part of the business of the Bidco Group which is likely to prejudice the operation of the business of the Bidco Group;
- (xii) the entering into of any contract, whether for the provision of services or for the acquisition or disposal of any assets or otherwise, involving payments by or to the Bidco or any of its subsidiaries or the assumption by the Bidco or any of its subsidiaries of liabilities in excess of £50,000,000 (approximately HK\$604,950,000) in aggregate;
- (xiii) save as contemplated by the Finance Documents, the Bidco or any of its subsidiaries borrowing money in excess of £50,000,000 (approximately HK\$604,950,000) per annum in aggregate (it being acknowledged that any such borrowing may only be made to the extent permitted by banking covenants and required for the ordinary course of the business of the Bidco or as the case may be any of its subsidiaries);
- (xiv) save as contemplated by the Finance Documents, the creation of any mortgage, charge, lien or encumbrance on any assets;
- (xv) the settlement or compromise of any legal dispute or proceedings involving the payment or receipt of £20,000,000 (approximately HK\$241,980,000) or more in aggregate in any one year;
- (xvi) the appointment or removal of any chief executive officer, chief financial officer or any other key employee;
- (xvii) the adoption of or amendment to an annual business plan;
- (xviii) (except for a disposal which is likely to prejudice the operation of the business of the Bidco Group) the disposal of intellectual property rights or rights or assets relating to information technology for consideration exceeding £20,000,000 (approximately HK\$241,980,000) in aggregate in any one year; and
- (xix) the creation or issue of new shares to the extent necessary to avoid or cure an event of default under the terms of any banking facilities of the Bidco or any of its subsidiaries.

All matters with regard to the Bidco other than these reserved matters shall be decided by a majority of the board of directors of the Bidco, unless otherwise required by law. Decisions in such manner will require approval from directors nominated by any two of CKI, HEH and the Foundation. However, any director of the Bidco can demand voting by poll and in such case a matter shall only be approved by at least 80% of votes cast on the poll. Therefore, effectively, the decision of these matters will also require both CKI's and HEH's approval.

## **Guarantee**

Each of CKI and HEH will guarantee on a several basis and pro-rata to its shareholding in the Bidco certain obligations (including financial contribution obligations) of the CKI Subsidiaries and the HEH Subsidiary respectively, under the possible JV Transaction. LKSFL and LKSOF will guarantee on a several basis 70% and 30% respectively of certain obligations (including financial contribution obligations) of the Foundation Company under the possible JV Transaction.

## **Conditions precedent**

Completion of the obligations of the parties under the Shareholders' Agreement will be conditional on:

- (a) the HEH Shareholders who are qualified to vote at the extraordinary general meeting of HEH, approving HEH's performance of its obligations under the Shareholders' Agreement as required under the Listing Rules;
- (b) either:
  - (i) the CKI Shareholders who are qualified to vote at the special general meeting of CKI, approving CKI's performance of its obligations under the Shareholders' Agreement as required under the Listing Rules; or
  - (ii) the approval in writing of the same by a majority of the CKI Shareholders in accordance with Chapter 14 of the Listing Rules being obtained; and
- (c) satisfaction of the conditions to completion of the Acquisition (which are set out below in the paragraph "Conditions precedent" under the section headed "Major terms of the Offer and the possible Acquisition").

## **BANKING FACILITIES RELATING TO THE JV TRANSACTION**

If the Offer is accepted by the Vendors, it is expected that the Bidco and the Non-Reg Holdco will arrange to obtain banking facilities for aggregate amounts of up to approximately £1,175,000,000 (approximately HK\$14,216,325,000), of which approximately £665,000,000 (approximately HK\$8,045,835,000) will be used for partial financing of the Equity Consideration and £510,000,000 (approximately HK\$6,170,490,000) will be used to finance the general working capital requirements and/or capital expenditure requirements of the Bidco, the Non-Reg Holdco and their subsidiaries after completion of the Acquisition. It is contemplated that as security for the liabilities of the Bidco and the Non-Reg Holdco under the banking facilities, the CKI Subsidiaries and the HEH Subsidiaries will (i) assign to the relevant banks the shareholders' loans advanced by them to the Bidco and the Non-Reg Holdco; and (ii) charge by way of limited recourse security the Bidco Shares owned by them in favour of the relevant banks. The loans under such banking facilities shall be non-recourse to both the CKI Group and the HEH Group.



## **MAJOR TERMS OF THE OFFER AND THE POSSIBLE ACQUISITION**

### **The Offer**

The Offer is subject to acceptance by the Vendors and the Vendors have advised that their decision regarding acceptance of the Offer will depend on, among other things, the completion of their consultation with the European Works Council. Accordingly, despite having been granted an exclusivity period (as detailed in the paragraph “Exclusivity period” below), there is no certainty that the Bidco will be successful in its bid for the acquisition of the Target Companies and the possible Acquisition may or may not proceed. The Offer remains open for acceptance until the date falling 90 calendar days from 26th July, 2010 (being 24th October, 2010 (UK time)).

### **Exclusivity period**

The Bidco has been granted exclusivity from 26th July, 2010 until 6 months following the Longstop Date during which, the Vendors and their respective group members and their respective employees, directors, representatives and advisers may not, (a) directly or indirectly, solicit, enter into, continue or participate or otherwise engage in any discussions or negotiations; or (b) enter into any agreement or arrangement (whether oral or written), with any interested third party in relation to a possible sale of the Target Companies; or (c) initiate or conduct any consultation process with the European Works Council in respect of the acquisition by a potential acquirer of all or any of the Target Companies, other than by the Bidco and the Guarantors (the “**Exclusivity Obligation**”). If the Exclusivity Obligation is breached, the Vendors shall, within 5 business days on demand in writing by the Bidco to the Vendors, pay to the Bidco an inducement fee which is the greater of (a) an amount equals to the difference in (i) the Equity Consideration; and (ii) the consideration as stated in any other offer received by the Vendors arising out of, in relation to or otherwise in connection with a breach of the Exclusivity Obligation (provided that in the event of a sale of only some of the Target Companies Shares, appropriate adjustments will be made to this calculation); and (b) an amount of £10,000,000 (approximately HK\$120,990,000).

If the Vendors deliver to the Bidco and the Guarantors a notice indicating their intention not to proceed with the Acquisition or do not deliver an acceptance notice to the Bidco and the Guarantors by 24th October, 2010, the Vendors will have to reimburse the Bidco the reasonable costs incurred by the Bidco in respect of its bid for the Target Companies Shares up to a maximum of £5,000,000 (approximately HK\$60,495,000) plus £250,000 (approximately HK\$3,024,750) for each complete 30 calendar days period from the date of the Offer until the earlier of the date of receipt by the Bidco of a notice not to proceed and 24th October, 2010.

### **The possible Acquisition**

If the Offer is accepted by the Vendors, the Vendors as vendors, the Bidco as purchaser, and the Guarantors as guarantors will enter into the Acquisition Agreement pursuant to which the Vendors will agree to sell and the Bidco will agree to acquire the Target Companies Shares upon the terms and conditions of the Acquisition Agreement.

## **Consideration**

The total consideration for the Offer, comprising the Equity Consideration plus assumed debt, is £5,775,000,000 (approximately HK\$69,871,725,000). The Equity Consideration for the Target Companies Shares is £3,180,000,000 (approximately HK\$38,474,820,000).

If the Offer is accepted by the Vendors and the Acquisition proceeds, the Equity Consideration will be paid by the Bidco to the Vendors on the date of completion of the Acquisition.

The Equity Consideration may be adjusted downwards (but not upwards) on account of recalculation of the capital allowances of the Target Companies.

The Equity Consideration was determined following a competitive auction process conducted by Electricité de France and after arm's length negotiations between the consortium comprising CKI, HEH and the Foundation, on the one hand, and the Vendors, on the other hand.

## **Conditions precedent**

According to the Acquisition Agreement, completion of the Acquisition will be conditional on the satisfaction (or waiver) of the following conditions on or before the Longstop Date:

- (a) the French Ministry of the Economy and Finance having authorised by decree the transactions contemplated by (and the terms and conditions contained in) the Acquisition Agreement and the other transaction documents for the purposes of Article 20 of French law no.86-912 dated 6th August, 1986 (as amended from time to time);
- (b) the HEH Shareholders who are qualified to vote at the extraordinary general meeting of HEH, approving the HEH's performance of its obligations under its joint venture in the Bidco and the Acquisition Agreement, and the transactions and matters contemplated under it, as required under the Listing Rules;
- (c) either:
  - (i) the CKI Shareholders who are qualified to vote at the special general meeting of CKI, approving CKI's performance of its obligations under its joint venture in the Bidco and the Acquisition Agreement, and the transactions and matters contemplated under it, as required under the Listing Rules; or
  - (ii) the approval in writing of the same by a majority of the CKI Shareholders in accordance with Chapter 14 of the Listing Rules being obtained; and

- (d) the Commission of the European Union in relation to the acquisition of the Target Companies Shares:
- (i) adopting a decision under Article 6(1)(b) or 6(2) of Council Regulation (EC) 139/2004 (the “**Regulation**”), or being deemed to have done so under Article 10(6) of the Regulation declaring the acquisition of the Target Companies Shares compatible with the Common Market; or
  - (ii) adopting a decision, or being deemed to have done so, to refer the whole of the acquisition of the Target Companies Shares to the national authorities of the United Kingdom under Article 9 of the Regulation and the OFT adopting a decision not to refer the acquisition of the Target Companies Shares or matters arising therefrom to the Competition Commission pursuant to the merger control provisions of the Enterprise Act 2002; or
  - (iii) adopting a decision, or being deemed to have done so, to refer part of the merger to the national authorities of the United Kingdom under Article 9 of the Regulation (a “**Partial Referral Decision**”) and:
    - (1) the OFT adopting a decision not to refer to the Competition Commission pursuant to the merger control provisions of the Enterprises Act 2002 any part of the merger referred to the UK authorities by the Partial Referral Decision or any matters arising therefrom; and
    - (2) the Commission of the European Union adopting a decision under Article 6(1) or 6(2) of the Regulation, or being deemed to have done so, declaring to be compatible with the Common Market so much of the acquisition of the Target Companies Shares as was not referred to the national authorities of the United Kingdom by the Partial Referral Decision.

The Acquisition Agreement will require EDF to use all reasonable endeavours to satisfy or procure satisfaction of the condition set out in item (a) above as soon as possible and in any event on or before the Longstop Date. The Bidco and the Guarantors shall use all reasonable endeavours to satisfy or procure the satisfaction of the conditions set out in items (b), (c) and (d) above as soon as possible and in any event on or before the Longstop Date.

### **Break fees**

If the Offer is accepted by the Vendors and the Acquisition Agreement is entered into but subsequently terminated due to one or both of the Shareholder Approval Conditions not having been satisfied (or waived) by the Longstop Date, the Shareholder Approval Break Fee in the amount of £100,000,000 (approximately HK\$1,209,900,000) shall be paid to EDF. If CKI or HEH cannot obtain approval from the CKI Shareholders or the HEH Independent Shareholders respectively where required under the Listing Rules, then CKI or HEH, as the case may be, will be solely responsible to pay the Shareholder Approval Break Fee in respect of its inability to obtain the approval from the CKI Shareholders or the HEH Independent Shareholders (as the case may be). If the Acquisition Agreement is terminated due to the Competition Condition not having been satisfied (or waived) by the Longstop Date, the Bidco shall pay the Competition Break Fee in the amount of £50,000,000 (approximately HK\$604,950,000) to EDF.

If on the Longstop Date, the Competition Condition and either or both of the Shareholder Approval Conditions have not been satisfied (or waived by the Bidco), the Shareholder Approval Break Fee only shall be payable.

If the condition set out in item (a) in the paragraph “Conditions precedent” above is not satisfied on or before the Longstop Date, or the Bidco exercises its right to terminate the Acquisition Agreement as a result of default by the Vendors, the Vendors shall reimburse the Bidco the reasonable costs incurred by the Bidco in respect of its bid for the Target Companies Shares up to a maximum of £5,000,000 (approximately HK\$60,495,000) plus £250,000 (approximately HK\$3,024,750) for each complete 30 calendar days period from the date of the Offer until 24th October, 2010.

## **Completion**

Completion of the Acquisition shall take place on the 10th business day after notification by the Vendors or the Bidco (as the case may be) of fulfilment (or waiver) of the last of the conditions precedents to be fulfilled but provided that if prior to proposed completion:

- (a) any shares in certain companies which are indirectly wholly-owned by a certain Target Company but not intended to be acquired by the Bidco, have not been transferred out of the Target Group and continue to be held by a Target Company or its subsidiary; or
- (b) outstanding consents, waivers, releases and conditions which are necessary to be obtained from third parties or fulfilled in order for the relevant parties to enter into and perform the Acquisition Agreement without causing a breach or giving a rise to a termination right in relation to certain business carried on by members of the Target Group, have not be obtained or fulfilled; or
- (c) (i) trustees of certain pension schemes relating to the Target Companies have not signed certain documents, or have raised certain objections, or are not willing to release the Vendors from certain obligations; (ii) the Vendors or their group members have been prevented from a third party from making certain payments to a pension scheme; or (iii) where the Vendors seek clearance of the transactions contemplated under the Acquisition Agreement from the relevant pension authority (the “**Pensions Regulator**”) and the Pensions Regulator has informed the Vendors that clearance will not be granted on terms sought or will not be granted without additional contributions, financial support and/or other actions being taken which are not acceptable to the Vendors or sanctions will be imposed on the Vendors or members of their group as a result of the transactions contemplated under the Acquisition Agreement,

the Vendors or (in respect of the events described in paragraph (c) above only) the Bidco may, by written notice to the other, delay completion of the Acquisition until a date and time specified in the notice provided that such revised completion date shall not be later than the Longstop Date. If the events described in paragraph (c) occur or are subsisting on the Longstop Date, then the Acquisition Agreement will be terminated with immediate effect and the parties shall have no liability to each other except for any rights and liabilities accrued before termination.

## **Completion Security Letter of Credit**

Pursuant to the terms of the Offer, the Bidco has caused to be issued the Completion Security Letter of Credit which is placed in escrow and is to be released to the Vendors upon their acceptance of the Offer. If the Acquisition Agreement is terminated by the Vendors for any of the following reasons:

- (a) the Shareholder Approval Conditions and/or the Competition Condition remaining unsatisfied on the Longstop Date and not having been waived on or before that date;
- (b) the Bidco not having complied with certain obligations with regard to certain pension schemes relating to the Target Companies; or
- (c) completion of the Acquisition having been deferred and not taking place on such deferred date due to default by the Bidco,

the Vendors will be entitled immediately to make a demand under the Completion Security Letter of Credit in the amount of £25,000,000 (approximately HK\$302,475,000) and the Vendors shall retain such amount for their benefit. However, the Vendors shall not be entitled to make a demand under the Completion Security Letter of Credit where the Shareholder Approval Break Fee or the Competition Break Fee has already been paid in full to EDF.

## **Guarantee**

Each of the Guarantors will severally and pro-rata to its shareholding in the Bidco guarantee to the Vendors the punctual discharge by the Bidco of certain obligations of the Bidco (including payment obligations) in the Acquisition Agreement in so far as such obligations of the Bidco fall to be satisfied on or before completion of the Acquisition.

## **INFORMATION ON THE VENDORS AND THE TARGET COMPANIES**

EDF is wholly owned by Electricité de France. It owns and operates three regulated electricity distribution networks in the UK that cover London, South East England and the East of England. Serving around 7.8 million customers and having a system length of over 182,000 km, these networks provide nearly a quarter of the electrical power in the UK, representing the country's largest electricity distributor.

Through its wholly owned subsidiary CSW Investments, EDF also carries on certain non-regulated electricity distribution business in the UK, which consists predominantly of commercial contracts to distribute electricity to a number of privately owned sites, including certain major airports and railway systems.

To the best of the CKI Directors' knowledge, information and belief, having made all reasonable enquiry, the Vendors and their ultimate beneficial owner are third parties independent of the CKI Group and connected persons of CKI. To the best of the HEH Directors' knowledge, information and belief, having made all reasonable enquiry, the Vendors and their ultimate beneficial owner are third parties independent of the HEH Group and connected persons of HEH. To the best of the HWL Directors' knowledge, information and belief, having made all reasonable enquiry, the Vendors and their ultimate beneficial owner are third parties independent of the HWL Group and connected persons of HWL.

For the financial years ended 31st December, 2008 and 2009, the audited combined net profits before tax and extraordinary items of the Target Companies were approximately £703,500,000 (approximately HK\$8,511,646,500) and £668,800,000 (approximately HK\$8,091,811,200) respectively and the audited combined net profits after tax and extraordinary items of the Target Companies were approximately £490,500,000 (approximately HK\$5,934,559,500) and £495,000,000 (approximately HK\$5,989,005,000) respectively. The audited combined net asset value of the Target Companies as at 31st December, 2009 was approximately £2,309,400,000 (approximately HK\$27,941,430,600).

#### **INFORMATION ON THE CKI GROUP**

The principal activities of the CKI Group are development, investment and operation of infrastructure business in Hong Kong, the Mainland, Australia, New Zealand, the United Kingdom, Canada and the Philippines.

#### **INFORMATION ON THE HEH GROUP**

The HEH Group is engaged in the generation of electricity and its transmission and distribution to Hong Kong Island and Lamma Island. Outside Hong Kong, the HEH Group has investments in electricity-related businesses in the Mainland, Australia, New Zealand, Canada, Thailand and the UK and in a gas distribution network business in the UK.

#### **INFORMATION ON THE HWL GROUP**

The HWL Group operates and invests in five core businesses: ports and related services; property and hotels; retail; energy and infrastructure, finance and investments, and others; and telecommunications.

#### **INFORMATION ON THE FOUNDATION**

Both LKSFL and LKSOF are charitable organizations established by Mr. Li Ka-shing to nurture a culture of giving and to co-ordinate donations towards educational, healthcare, cultural and community welfare projects. The Foundation makes selective investment in quality projects both in Hong Kong and overseas from time to time to increase capital return for its charitable objectives.

To the best of the CKI Directors' knowledge, information and belief, having made all reasonable enquiry, each of LKSFL and LKSOF being a company limited by guarantee and does not have ultimate beneficial owner, is not a connected person of CKI, and none of the connected persons of CKI had control over LKSFL or LKSOF nor had any beneficial interest in either of them and therefore each of LKSFL and LKSOF is a third party independent of CKI and connected persons of CKI. To the best of the HEH Directors' knowledge, information and belief, having made all reasonable enquiry, each of LKSFL and LKSOF being a company limited by guarantee and does not have ultimate beneficial owner, is not a connected person of HEH, and none of the connected persons of HEH had control over LKSFL or LKSOF nor had any beneficial interest in either of them and therefore each of LKSFL and LKSOF is a third party independent of HEH and connected persons of HEH. To the best of the HWL Directors' knowledge, information and belief, having made all reasonable enquiry, each of LKSFL and LKSOF being a company limited by guarantee and does not have ultimate beneficial owner, is not a connected person of HWL, and none of the connected persons of HWL had control over LKSFL or LKSOF nor had any beneficial interest in either of them and therefore each of LKSFL and LKSOF is a third party independent of HWL and connected persons of HWL.

## **REASONS FOR AND BENEFITS OF THE POSSIBLE TRANSACTIONS**

For CKI, it is a diversified investment company with a focus on development, investment and operation of infrastructure business in Hong Kong, the Mainland, Australia, New Zealand, the United Kingdom, Canada and the Philippines. CKI and HEH have worked together on a number of joint venture projects in the past and their previous experience of working together successfully makes each other a suitable partner for the possible Transactions.

For HEH, the investment represents a sizeable portfolio of electricity distribution assets in the UK, a country in which the HEH Group already has investments, and reflects the HEH Group's strategy of investing outside Hong Kong.

Each of CKI and HEH therefore considers that, subject to completion of the Acquisition, it would benefit from the co-operation with the other in the possible JV Transaction.

It is contemplated that the cash required for payment of the Equity Consideration will be financed partly by internal resources of the Bidco (which will be funded by CKI, HEH and the Foundation in the manner set out in the section headed "Major terms of the possible JV Transaction" above) and partly from the banking facilities described in the section headed "Banking facilities relating to the JV Transaction" above.

The CKI Directors (including the independent non-executive CKI Directors) consider that the terms of the JV Transaction are on normal commercial terms, fair and reasonable and in the interest of CKI and the CKI Shareholders as a whole.

The HEH Directors (including the independent non-executive HEH Directors) consider that the terms of the JV Transaction are on normal commercial terms, fair and reasonable and in the interest of HEH and the HEH Shareholders as a whole.

The HWL Directors (including the independent non-executive HWL Directors) consider, having regard to the views of the CKI Directors expressed above which the HWL Directors duly endorse, that the terms of the JV Transaction are on normal commercial terms, fair and reasonable and in the interest of HWL and the HWL Shareholders as a whole.

## **IMPLICATIONS UNDER THE LISTING RULES**

### **For CKI**

If the Offer is accepted by the Vendors and the Acquisition proceeds, it is expected that one or more of the relevant percentage ratios in respect of (i) the financial contribution to be provided by CKI to the Bidco under the possible JV Transaction and (ii) the proposed provision of a several guarantee by CKI in favour of the Vendors pro rata to its shareholding interest in the Bidco under the Acquisition Agreement, would exceed 25% but less than 100%, and thus the Transactions would constitute a major transaction for CKI under Chapter 14 of the Listing Rules, which is subject to notification, publication and shareholders' approval requirements. As no CKI Shareholder is required to abstain from voting if CKI were to convene a general meeting for approving the possible Transactions, and as CKI has obtained a written approval of the possible Transactions from Hutchison Infrastructure Holdings Limited (which currently holds 1,906,681,945 CKI Shares, representing approximately 84.58% of the issued share capital of CKI), pursuant to Rule 14.44 of the Listing Rules, CKI is not required to convene a general meeting for approving the Acquisition.

If the Offer is accepted by the Vendors and the Acquisition proceeds, it is expected that CKI would also be under general disclosure obligation under Rules 13.16 and 13.22 of the Listing Rules with respect to the possible financial assistance and guarantee to be provided under the possible Transactions on the basis that the asset ratio exceeds 8%.

A CKI circular containing, among other things, (i) information on the possible Transactions, (ii) financial information of the CKI Group and (iii) an accountant's report on the Target Group, is expected to be despatched to the CKI Shareholders on or about 24th August, 2010 in accordance with the Listing Rules.

### **For HEH**

If the Offer is accepted by the Vendors and the Acquisition proceeds, it is expected that one or more of the relevant percentage ratios in respect of (i) the financial contribution to be provided by HEH to the Bidco under the possible JV Transaction and (ii) the proposed provision of a several guarantee by HEH in favour of the Vendors pro rata to its shareholding interest in the Bidco under the Acquisition Agreement, would exceed 5% but less than 25%, and thus the Transactions would constitute discloseable transaction for HEH under Chapter 14 of the Listing Rules. Furthermore, CKI currently holds approximately 38.87% of the issued share capital of HEH. By virtue of this shareholding interest, CKI is a substantial shareholder of HEH and accordingly, a connected person of HEH. Therefore, the possible Transactions, if and when entered into, would also constitute a connected transaction for HEH under the Listing Rules. As one or more of the relevant percentage ratios in respect of the JV Transaction for HEH is expected to be more than 5%, the JV Transaction would be subject to the reporting, announcement and independent shareholders' approval requirements of Chapter 14A of the Listing Rules. However, in making the Announcement and this announcement, and seeking prior approval of the possible JV Transaction by way of the Resolution at the HEH EGM, the Stock Exchange has agreed that if and when the Offer is accepted and the JV Transaction is entered into, an announcement as required under Chapters 14 and 14A of the Listing Rules will not be required to be made by HEH again and has also granted a waiver to HEH exempting it from seeking independent shareholders' approval again.



If the Offer is accepted by the Vendors and the Acquisition proceeds, the amount of the financial assistance and guarantee expected to be provided by HEH Group to Bidco under the Transactions would exceed 8% under the assets ratio as defined under Rule 14.07 of the Listing Rules. In such event, HEH will make disclosure of the relevant information in compliance with Rules 13.13 and 13.16 of the Listing Rules and will also comply with the relevant disclosure requirements pursuant to Rules 13.14, 13.20 and 13.22 of the Listing Rules where necessary.

CKI, being a connected person of HEH with a material interest in the possible Transactions, and its associates are required to and will abstain from voting with respect to the Resolution at the HEH EGM. The HEH Independent Board Committee, comprising Mr. Ralph Raymond Shea, has been formed to consider the terms of the possible JV Transaction. CLSA has been appointed the independent financial adviser to advise the HEH Independent Board Committee and the HEH Independent Shareholders as to whether the terms of the possible JV Transaction are fair and reasonable and whether the possible JV Transaction is in the interests of HEH and the HEH Shareholders as a whole.

An HEH circular containing, among other things, (i) information on the possible Transactions, (ii) a letter of recommendation from the HEH Independent Board Committee to the HEH Independent Shareholders, (iii) a letter of advice from the Independent Financial Adviser to the HEH Independent Board Committee and the HEH Independent Shareholders, and (iv) the notice of the HEH EGM, is expected to be despatched to the HEH Shareholders on or about 24th August, 2010 in accordance with the Listing Rules.

#### **For HWL**

As HWL Group holds approximately 84.58% of the issued share capital of CKI, CKI is a subsidiary of HWL. If the Offer is accepted by the Vendors and the Acquisition proceeds, it is expected that one of the relevant percentage ratios in respect of (i) the financial contribution to be provided by CKI to the Bidco under the possible JV Transaction and (ii) the proposed provision of a several guarantee by CKI in favour of the Vendors pro rata to its shareholding interest in the Bidco under the Acquisition Agreement, would exceed 5% but less than 25%, and thus the Transactions would constitute a discloseable transaction for HWL under Chapter 14 of the Listing Rules.

#### **FURTHER INFORMATION**

It should be noted that since there is no certainty that the Offer will be accepted by the Vendors, the JV Transaction may or may not be entered into, or may be entered into on terms or in forms different from that described above. If the Offer is accepted and the Acquisition proceeds, further announcement will be made by CKI, HEH and HWL informing their respective shareholders as regards acceptance of the Offer by the Vendors, that the Acquisition will proceed, the entering into of the Shareholders' Agreement, the provision of financial contribution by CKI Group and HEH Group under the JV Transaction and the provision of several guarantees in the Bidco by CKI Group and HEH Group under the Acquisition Agreement.

In case of HEH, if material amendments are made to the terms of the possible Transactions as described above before the date of the HEH EGM, a further announcement will be made (and a revised or supplementary circular will be issued where appropriate) and advance notice will be given to the HEH Independent Shareholders to consider such material amendments before the holding of the HEH EGM. Furthermore, if no JV Transaction is entered into on or before the date which is one year after the date on which the Resolution is passed, such approvals in connection with the possible JV Transaction contained in the Resolution will be automatically revoked. Where there are major and material amendments to the terms of the Transactions actually entered into by the HEH Group from those set out in this announcement to be approved by the HEH Independent Shareholders, independent shareholders' approval of the new terms will be sought where required by the Listing Rules.

## **DEFINITIONS**

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Acquisition”	the proposed acquisition of the Target Companies by the Bidco from the Vendors pursuant to the Offer and all transactions contemplated thereunder
“Acquisition Agreement”	the sale and purchase agreement to be entered into between the Vendors, the Bidco and the Guarantors in relation to the Acquisition, if the Offer is accepted by the Vendors, major terms of which are summarised in the section headed “Major terms of the Offer and the possible Acquisition” in this announcement
“Acquisition Completion”	the Acquisition Agreement and any documents to be entered into pursuant to the Acquisition Agreement being executed by the parties to them and becoming unconditional in all respects other than the payment of any consideration
“Announcement”	the announcement dated 30th July, 2010 jointly issued by CKI and HEH pursuant to Rule 13.09 of the Listing Rules, in relation to, among other things, the Transactions
“Bidco”	Eclipse First Network Limited, being a company incorporated under the laws of England and Wales
“Bidco Group”	the Bidco and any company which is a holding company or subsidiary of the Bidco and any subsidiary of any such holding company
“Bidco Shareholders”	the shareholders of the Bidco from time to time
“Bidco Shares”	shares of whatever class in the capital of the Bidco in issue from time to time

“business day”	a day (not being a Saturday) on which banks are open for general banking business in the City of London and Paris
“CKI”	Cheung Kong Infrastructure Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1038)
“CKI Board”	the board of CKI Directors
“CKI Director(s)”	the director(s) of CKI
“CKI Group”	CKI and its subsidiaries
“CKI Share(s)”	ordinary share(s) of HK\$1 each in the issued share capital of CKI
“CKI Shareholder(s)”	holder(s) of the CKI Share(s)
“CKI Subsidiaries”	certain wholly-owned subsidiaries of CKI, and each of them a “CKI Subsidiary”
“Competition Break Fee”	the amount of £50,000,000 (approximately HK\$604,950,000) payable to EDF if the Acquisition Agreement is terminated due to the Competition Condition not having been satisfied (or waived) by the Longstop Date
“Competition Condition”	the condition described in item (d) in the paragraph “Conditions precedent” under the section headed “Major terms of the Offer and the possible Acquisition” in this announcement
“Completion Security Letter of Credit”	the letter of credit in respect of the completion security issued by a certain bank at the request of the Bidco in favour of the Vendors
“connected person”	has the meaning ascribed to such term in the Listing Rules
“EDF”	EDF Energy plc, being a company incorporated under the laws of England and Wales
“Equity Consideration”	the proposed consideration for the acquisition of the Target Companies offered by the Bidco in the Offer as further described in the paragraph “Consideration” under the section headed “Major terms of the Offer and the possible Acquisition” in this announcement

“Finance Documents”	loan and security documents relating to the banking facilities described in the section headed “Banking facilities relating to the JV Transaction” in this announcement
“Foundation”	LKSFL and LKSOF
“Foundation Companies”	certain companies which are directly or indirectly owned as to 70% by LKSFL and 30% by LKSOF, and each of them a “Foundation Company”
“Guarantors”	CKI, HEH and the Foundation, and each of them a “Guarantor”
“HEH”	Hongkong Electric Holdings Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 6)
“HEH Board”	the board of HEH Directors
“HEH Director(s)”	the director(s) of HEH
“HEH EGM”	the extraordinary general meeting of HEH to be held at the Ballroom, 1st Floor, Harbour Grand Kowloon, 20 Tak Fung Street, Hung Hom, Kowloon, Hong Kong on Thursday, 9th September, 2010 at 10:30 a.m. to consider and approve, among other things, the possible JV Transaction or any adjournment thereof (as the case may be)
“HEH Group”	HEH and its subsidiaries
“HEH Independent Board Committee”	the independent board committee of the HEH Board comprising Mr. Ralph Raymond Shea, which has been established to advise the HEH Independent Shareholders in respect of the possible JV Transaction
“HEH Independent Shareholders”	HEH Shareholders other than CKI and its associates and other parties involved in or interested in the possible Transactions
“HEH Share(s)”	ordinary share(s) of HK\$1 each in the issued share capital of HEH
“HEH Shareholder(s)”	holder(s) of HEH Share(s)
“HEH Subsidiaries”	certain wholly-owned subsidiaries of HEH, and each of them a “HEH Subsidiary”

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HWL”	Hutchison Whampoa Limited, a company incorporated in Hong Kong with limited liability whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 13)
“HWL Board”	board of HWL Directors
“HWL Director(s)”	the director(s) of HWL
“HWL Group”	HWL and its subsidiaries
“HWL Share(s)”	ordinary share(s) of par value HK\$0.25 each in the share capital of HWL
“HWL Shareholder(s)”	holder(s) of the HWL Share(s)
“Independent Financial Adviser” or “CLSA”	CLSA Equity Capital Markets Limited, the independent financial adviser to the HEH Independent Board Committee and the HEH Independent Shareholders in respect of the possible JV Transaction
“JV Transaction”	the proposed entering into of the Shareholders’ Agreement by the Guarantors, the CKI Subsidiaries, the HEH Subsidiaries and the Foundation Companies in relation to the Bidco and all transactions contemplated thereunder
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“LKSFL”	Li Ka Shing Foundation Limited, a company limited by guarantee and incorporated in Hong Kong
“LKSOF”	Li Ka Shing (Overseas) Foundation, a company limited by guarantee and incorporated in the Cayman Islands
“Longstop Date”	22nd January, 2011 (UK time), being the date falling on the 180th days after 26th July, 2010 (UK time) (or such later date as the parties to the Acquisition Agreement may agree)
“Non-Reg Holdco”	Eclipse Non-Regulated Limited, being a company incorporated under the laws of England and Wales and a wholly-owned subsidiary of the Bidco

“Offer”	a formal offer to acquire the Target Companies contained in an irrevocable offer letter dated 29th July, 2010 delivered to the Vendors by the Guarantors and the Bidco
“Ofgem”	the Gas and Electricity Markets Authority or, as the case may be, the Office of Gas and Electricity Markets (or any successor to either of them)
“OFT”	the UK Office of Fair Trading or such replacement entity from time to time
“percentage ratios”	shall have the meaning ascribed to such term in Chapter 14 of the Listing Rules
“Resolution”	the ordinary resolution to be proposed at the HEH EGM to approve, among other thing, the possible JV Transaction
“Shareholder Approval Break Fee”	the amount of £100,000,000 (approximately HK\$1,209,900,000) payable to EDF by the relevant Guarantor(s) if the Acquisition Agreement is terminated due to one or both of the Shareholder Approval Conditions not having been satisfied (or waived) by the Longstop Date
“Shareholder Approval Conditions”	the conditions described in items (b) and (c) in the paragraph “Conditions precedent” under the section headed “Major terms of the Offer and the possible Acquisition” in this announcement
“Shareholders’ Agreement”	a shareholders’ agreement proposed to be entered into by the Guarantors, the CKI Subsidiaries, the HEH Subsidiaries and the Foundation Companies, which will set out their capital contribution to, shareholding in and other rights and obligations in respect of the Bidco
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to such term in the Listing Rules
“Target Companies”	EDF Energy Networks (LPN) plc, EDF Energy Networks (EPN) plc, EDF Energy (Transport Services) Limited, EDF Energy Networks Limited, EDF Energy (Services) Limited, EDF Energy (Enterprises) Limited, EDF Energy Networks (SPN) plc and EDF Energy (South East) plc, being a group of companies engaging in the business of electricity distribution in the UK, and each of the Target Companies being a “Target Company”
“Target Companies Shares”	the entire issued share capital of the Target Companies

“Target Group”	the Target Companies and their respective subsidiaries
“Transactions”	the JV Transaction and the provision of guarantee under the Acquisition Agreement
“UK”	the United Kingdom
“Vendors”	EDF and CSW Investments, both being independent third parties
“£”	Pound Sterling, the lawful currency of the UK
“%”	per cent

Note: The figures in “£” are converted into HK\$ at the rate of £1.00 : HK\$12.099 as at 19th August, 2010 throughout this announcement for indicative purpose only.

By order of the CKI Board  
**CHEUNG KONG INFRASTRUCTURE  
HOLDINGS LIMITED**  
**Eirene Yeung**  
*Company Secretary*

By order of the HEH Board  
**HONGKONG ELECTRIC  
HOLDINGS LIMITED**  
**Lillian Wong**  
*Company Secretary*

By order of the HWL Board  
**HUTCHISON WHAMPOA LIMITED**  
**Edith Shih**  
*Company Secretary*

Hong Kong, 23rd August, 2010

*As at the date of this announcement, the Executive Directors of CKI are Mr. LI Tzar Kuoi, Victor (Chairman), Mr. KAM Hing Lam (Group Managing Director), Mr. IP Tak Chuen, Edmond (Deputy Chairman), Mr. FOK Kin Ning, Canning (Deputy Chairman), Mr. Andrew John HUNTER (Deputy Managing Director), Mrs. CHOW WOO Mo Fong, Susan (also Alternate Director to Mr. FOK Kin Ning, Canning and Mr. Frank John SIXT), Mr. Frank John SIXT and Mr. TSO Kai Sum; the Non-executive Directors are Mr. CHEONG Ying Chew, Henry (Independent Non-executive Director), Mrs. KWOK Eva Lee (Independent Non-executive Director), Mrs. SNG Sow-mei alias POON Sow Mei (Independent Non-executive Director), Mr. Colin Stevens RUSSEL (Independent Non-executive Director), Mr. LAN Hong Tsung, David (Independent Non-executive Director), Mrs. LEE Pui Ling, Angelina, Mr. Barrie COOK and Mr. George Colin MAGNUS; and the Alternate Directors are Mr. MAN Ka Keung, Simon (Alternate Director to Mr. IP Tak Chuen, Edmond) and Ms. Eirene YEUNG (Alternate Director to Mr. KAM Hing Lam).*

*As at the date of this announcement, the Executive Directors of HEH are Mr. FOK Kin Ning, Canning (Chairman), Mr. TSO Kai Sum (Group Managing Director), Mrs. CHOW WOO Mo Fong, Susan (also Alternate Director to Mr. FOK Kin Ning, Canning and Mr. Frank John SIXT), Mr. Andrew John HUNTER, Mr. KAM Hing Lam (Mr. CHAN Loi Shun, Alternate Director to Mr. KAM Hing Lam), Mr. LI Tzar Kuoi, Victor, Mr. Neil Douglas MCGEE, Mr. Frank John SIXT, Mr. WAN Chi Tin and Mr. YUEN Sui See; and the Non-executive Directors are Mr. Holger KLUGE (Independent Non-executive Director), Mr. Ralph Raymond SHEA (Independent Non-executive Director), Mr. WONG Chung Hin (Independent Non-executive Director), Mr. Ronald Joseph ARCULLI, Mr. LEE Lan Yee, Francis and Mr. George Colin MAGNUS.*

*As at the date of this announcement, the Executive Directors of HWL are Mr. LI Ka-shing (Chairman), Mr. LI Tzar Kuoi, Victor (Deputy Chairman), Mr. FOK Kin-ning, Canning, Mrs. CHOW WOO Mo Fong, Susan, Mr. Frank John SIXT, Mr. LAI Kai Ming, Dominic and Mr. KAM Hing Lam; and the Non-executive Directors are The Hon Sir Michael David KADOORIE (Independent Non-executive Director), Mr. Holger KLUGE (Independent Non-executive Director), Mrs. Margaret LEUNG KO May Yee (Independent Non-executive Director), Mr. WONG Chung Hin (Independent Non-executive Director), Mr. George Colin MAGNUS and Mr. William SHURNIAK; and the Alternate Director is Mr. William Elkin MOCATTA (Alternate to The Hon Sir Michael David Kadoorie).*