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**CHEUNG KONG
INFRASTRUCTURE
HOLDINGS LIMITED**

*(incorporated in Bermuda with limited
liability)*



**HONGKONG ELECTRIC
HOLDINGS LIMITED**

*(incorporated in Hong Kong with limited
liability)*

JOINT ANNOUNCEMENT

SUMMARY

The board of directors of Cheung Kong Infrastructure Holdings Limited (“**CKI**”) and the board of directors of Hongkong Electric Holdings Limited (“**HEH**”) jointly announce that on 19th July, 2002, CKI/HEI Electricity Distribution Two Pty Ltd. (the “**Purchaser**”), a company ultimately owned as to 50% by each of CKI and HEH, entered into an agreement (the “**Agreement**”) with AEP Resources Australia Holdings Pty Ltd. and American Electric Power Company, Inc. to purchase 100% of the shares of CitiPower I Pty Ltd. (“**CitiPower**”) which owns all of the CitiPower electricity distribution and retail and certain other associated assets in Australia. The total consideration given by CKI and HEH for the shares of CitiPower will be A\$1,555 million (approximately HK\$6,749 million). The Purchaser has agreed with Origin Energy Electricity Limited (“**Origin**”) to sell to Origin at completion the CitiPower electricity retail assets for an aggregate consideration of A\$137 million (approximately HK\$595 million). Therefore, the net enterprise value to CKI and HEH of the electricity distribution assets of CitiPower will be A\$1,418 million (approximately HK\$6,154 million). Each of CKI and HEH will guarantee the Purchaser’s obligations under the Agreement on a several basis and pro rata to their respective shareholding interests in the Purchaser.

DATE OF THE AGREEMENT

19th July, 2002

PARTIES

Vendor: AEP Resources Australia Holdings Pty Ltd.
Vendor Guarantor: American Electric Power Company, Inc.
Purchaser: CKI/HEI Electricity Distribution Two Pty Ltd.

The Vendor, Vendor Guarantor and Origin are not connected persons of CKI and HEH.

PARTICULARS OF THE AGREEMENT

Pursuant to the Agreement, the Purchaser has agreed to acquire 100% of the shares of CitiPower I Pty Ltd which owns all of the CitiPower electricity distribution and retail assets and certain other associated assets in Australia. The total consideration agreed by the Purchaser to be given for the shares of CitiPower will be A\$1,555 million (approximately HK\$6,749 million). The Purchaser has agreed with Origin to sell to Origin at completion the CitiPower electricity retail assets for an aggregate consideration of A\$137 million (approximately HK\$595 million) while it retains the electricity distribution assets. The net enterprise value to the Purchaser of the electricity distribution assets will be A\$1,418 million (approximately HK\$6,154 million). The Agreement was obtained through a competitive bidding process on normal commercial terms in the opinion of the boards of CKI and HEH.

It is expected that completion of the Agreement will take place prior to 1st September, 2002. It is currently intended that the majority funding for the acquisitions will initially be provided by bank facilities to be guaranteed by CKI and HEH on a several basis and pro rata to their respective shareholding interests in the Purchaser.

Each of CKI and HEH will guarantee the Purchaser's obligations under the Agreement on a several basis and pro rata to their respective shareholding interests in the Purchaser and limited to an amount of A\$75 million (approximately HK\$326 million) each.

CKI and HEH have equal right of representation on the board of the Purchaser. CKI and HEH do not treat the Purchaser as a subsidiary in their respective financial accounts.

PARTICULARS OF CITIPOWER I PTY LTD

CitiPower is one of five electricity distributors and retailers in the State of Victoria, Australia. CitiPower's distribution network, which covers the central business district of Melbourne and its densely populated inner suburbs, has a very high density load and a diverse customer mix,

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including residential, commercial manufacturing and industrial. In the year ended 31st December, 2001, CitiPower distributed approximately 5,327 GWh of electricity to approximately 259,000 connected customers. The majority of CitiPower's electricity distribution revenue will be regulated by government imposed regulations. CitiPower's retail operations, which will be sold at completion to Origin, supply electricity to customer sites in Victoria, Queensland, South Australia, New South Wales and the Australian Capital Territory, and gas to customers in New South Wales. Its business consists primarily of selling electricity purchased in the wholesale market to its customers and involves the management of electricity market trading risk. CitiPower also operates call centres and billing functions for the benefit of the distribution and retail networks and several business development activities, including smaller mechanical and electrical infrastructure projects, four small water treatment plants and a small interest in a telecommunications infrastructure business. These activities are not considered to be material by CKI and HEH.

REASONS FOR ENTERING INTO THE AGREEMENT

The acquisition of the electricity distribution of CitiPower consolidates and expands the interest of CKI and HEH in the regulated monopoly electricity distribution business in Australia. The investment is part of the CKI group's and HEH group's global expansion plans.

CKI is currently holding approximately 38.87% of the issued share capital of HEH.

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

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

Hong Kong, 19th July, 2002

Note: In this announcement, the consideration in Australian dollars has been converted into Hong Kong dollars at the rate of A\$1=HK\$4.34 for indication purpose only.

Please also refer to the published version of this announcement in The Standard dated 22 July 2002.