

## Hongkong Electric Holdings Limited

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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)

CONNECTED TRANSACTION

## 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 3rd August, 2000 CKI/HEI Electricity Distribution Pty Ltd (the "Purchaser"), a company ultimately owned as to 50% by each of CKI and HEH, entered into an agreement (the "Agreement") with PacifiCorp International Group Holdings Company and ScottishPower plc to purchase 100% of the shares of Pan-Pacific Global Corporation and Eastern Investment Company which together indirectly own all of the electricity distribution and retail assets in Australia of Powercor Australia Limited ("Powercor Australia"), at a total consideration of A\$2,315 million (approximately HK\$10,650 million). Each of CKI and HEH will guarantee the Purchaser's obligations under the Agreement on a several basis pro rata to their respective shareholding interests in the Purchaser. Subject to the satisfaction of certain conditions, the Purchaser may also acquire a 19.9% interest in the Hazelwood generator and dedicated coal mine in Victoria, Australia.

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## DATE OF THE AGREEMENT

3rd August, 2000

## PARTIES

Vendor: PacifiCorp International Group Holdings Company

Vendor Guarantor: ScottishPower plc

Purchaser: CKI/HEI Electricity Distribution Pty Ltd

## PARTICULARS OF THE AGREEMENT

Pursuant to the Agreement, the Purchaser has agreed to acquire 100% of the shares of Pan-Pacific Global Corporation and Eastern Investment Company which together indirectly own all of the Powercor Australia's electricity distribution and retail assets in Australia, at a total consideration of A\$2,315 million (approximately HK\$10,650 million). In addition, subject to the satisfaction of certain conditions, the Purchaser may also acquire a 19.9% interest in the Hazelwood generator and dedicated coal mine in Victoria. The Agreement was obtained through a competitive bidding process.

It is expected that completion of the Agreement will take place prior to 15th September, 2000. It is currently intended that 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 pro rata to their respective shareholding interests in the Purchaser and limited to an amount of A\$250 million (approximately HK\$1,150 million) each.

CKI and HEH have equal right of representation on the board of the Purchaser.

## **PARTICULARS OF POWERCOR AUSTRALIA LIMITED**

Powercor Australia is one of five electricity distributors and retailers in the State of Victoria, Australia. Powercor Australia's distribution network is the largest in Victoria, covering more than half the State including major industrial and growth areas in Western Melbourne and several of Victoria's largest provincial centres. The distribution network region includes approximately one third of Victoria's population and manufacturing output and accounts for more than one quarter of Victoria's gross domestic product with currently in excess of 570,000 customer sites. The majority of Powercor Australia's electricity distribution revenue will be regulated by government imposed regulations. Powercor Australia's retail operations supply electricity to in excess of 570,000 residential, commercial and industrial customer sites principally in Victoria but also in New South Wales and the Australian Capital Territory. Its business consists primarily of selling electricity purchased in the wholesale market to its customers and involves the management of electricity market trading risk. Powercor Australia also operates a construction and maintenance service group, call centres and billing functions for the benefit of the distribution and retail networks.

## **REASONS FOR ENTERING INTO THE AGREEMENT**

The acquisition of the electricity distribution and retail assets of Powercor Australia 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.

## **MISCELLANEOUS**

CKI is currently holding approximately 38.87% of the issued share capital of HEH. This announcement is also made by HEH pursuant to Rule 14.25(2)(b)(i) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") in view of the fact that the amount of financial assistance to be granted by HEH to the Purchaser is expected to be in the region of A\$912 million (approximately

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HK\$4,195 million), being in excess of 15% of the consolidated net tangible asset value of HEH as disclosed in its last published audited accounts. This financial arrangement is regarded as a connected transaction for HEH, details of which will be included in its next published annual report.

## Information disclosed pursuant to practice Note 19

This announcement is further made by HEH pursuant to paragraph 3.3 of Practice Note 19 of the Listing Rules in view of the fact that the amount of financial assistance to be granted by a wholly owned subsidiary of HEH to the Purchaser is expected to be in the region of A\$912 million (approximately HK\$4,195 million) which together with existing advances of A\$635 million (approximately HK\$2,921 million) (the "Existing Advance") to the partnership formed by five associated companies, each ultimately owned as to 50% by HEH, are in excess of 25% of the consolidated net tangible asset value of HEH as disclosed in its last published audited accounts. The associated companies are HEI Utilities Development Limited, CKI Utilities Development Limited, HEI Utilities Holdings Limited, CKI Utilities Holdings Limited and CKI/HEI Utilities Distribution Limited. The Existing Advance is unsecured, subordinated to the rights of certain creditors of the partnership and carries the same interest rates at which the wholly owned subsidiary of HEH obtained the funds from various financial institutions plus a margin in respect of the corporate guarantee. The financial assistance to be granted by the wholly owned subsidiary of HEH to the Purchaser as aforesaid (which will only be finalized around 15th September, 2000) is expected to be unsecured, interest bearing, having no fixed repayment date and in all other material respects, on normal commercial terms. The financial assistance will be funded by banking facilities to be guaranteed by HEH. Details of such financial assistance and information pursuant to paragraph 3.10 of Practice Note 19 will also be contained in the next published annual report 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, 3rd August, 2000

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Note: In this announcement, the consideration in Australian dollars has been converted into Hong Kong dollars at the rate of A\$1 = HK\$4.6 for indication purpose only.