

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



**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)

JOINT ANNOUNCEMENT

This announcement is made in accordance with Rule 13.09 of the Listing Rules.

The board of directors of CKI and the board of directors of HEH announce that 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 the Bidco has been granted a period of exclusivity for finalization of the Proposed Transaction, and the Guarantors and the Bidco have on 30th July, 2010 delivered to the Vendors the Offer together with other transaction documents.

The Offer is subject to acceptance by the Vendors and the Vendors have advised that their decision will depend on, amongst other things, the completion of their consultation with the EWC. Accordingly, despite having been granted an exclusivity period, there is no certainty that the Bidco will be successful in its bid for the acquisition of the Target Companies, and the Proposed Transaction may or may not proceed.

If the Offer is accepted by the Vendors, the Guarantors and their respective subsidiaries propose to enter into a shareholders' agreement to set out their capital contribution to, shareholding in and other rights and obligations in respect of the Bidco. It is expected that CKI, HEH and the Foundation, through their respective subsidiaries, will be interested in 40%, 40% and 20% of the issued share capital of the Bidco respectively upon completion of the JV Transaction. The JV Transaction is intended to be entered into once the Offer is accepted by the Vendors. Since there is no certainty that the Offer will be accepted by the Vendors, the JV Transaction may or may not proceed.

Investors and shareholders of CKI and HEH are advised to exercise caution when dealing in the securities of CKI and HEH.

At the request of CKI and HEH, trading in their respective shares on the Stock Exchange has been suspended from 9:30 a.m. on 30th July, 2010 pending the publication of this announcement. Application has been made by CKI and HEH for the resumption of trading in their respective shares on the Stock Exchange with effect from 2:30 p.m. on 30th July, 2010.

THE PROPOSED TRANSACTION

The board of directors of Cheung Kong Infrastructure Holdings Limited (“CKI”) and the board of directors of Hongkong Electric Holdings Limited (a company in which CKI holds approximately 38.87% of the issued share capital) (“HEH”) hereby announce the following information in accordance with Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

CKI, HEH, Li Ka Shing Foundation Limited and Li Ka Shing (Overseas) Foundation (together, the “Foundation”) (CKI, HEH and the Foundation are collectively referred to as the “Guarantors”) as guarantors and a company (the “Bidco”) whose shareholders comprise subsidiaries of the Guarantors as the bidder have participated in the bidding process in relation to the proposed acquisition of a group of companies (the “Target Companies”) engaging in the business of electricity distribution in the United Kingdom (the “Proposed Transaction”) from EDF Energy Plc and CSW Investments, both independent third parties (the “Vendors”). It is proposed that the liabilities of the Guarantors for guaranteeing the obligations of the Bidco under the Proposed Transaction are several to the extent of their respective shareholding interest in the Bidco. It is expected that CKI, HEH and the Foundation, through their respective subsidiaries, will be interested in 40%, 40% and 20% of the issued share capital of the Bidco respectively.

The board of directors of CKI and the board of directors of HEH hereby announce that the Bidco has been granted a period of exclusivity for finalization of the Proposed Transaction, and the Guarantors and the Bidco have on 30th July, 2010 delivered to the Vendors a formal offer to acquire the Target Companies contained in an irrevocable offer letter (the “Offer”) together with other transaction documents. The consideration for the Target Companies in the Offer is GBP5,775,000,000 (approximately HK\$69,993,000,000) (the “Offer Price”)

The Offer is subject to acceptance by the Vendors and the Vendors have advised that their decision will depend on, amongst other things, the completion of their consultation with the Vendors’ European Works Council (“EWC”). Accordingly, despite having been granted an exclusivity period, there is no certainty that the Bidco will be successful in its bid for the acquisition of the Target Companies and the Proposed Transaction may or may not proceed. The Offer shall remain open for acceptance until the date falling 90 calendar days from 26th July, 2010 (being 24th October, 2010).

The Bidco has been granted exclusivity for 12 months from 26th July, 2010 during which, the Vendors and their respective group members and their respective employees, directors, representatives and advisers shall not, (a) directly or indirectly, solicit, enter into, continue or participate or otherwise engage in any discussions or negotiations; (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 EWC 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 and the Guarantors the inducement fee which is the greater of (a) an amount equals to, subject to adjustment, the difference in (i) the Offer Price; 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; and (b) an amount of GBP10,000,000 (approximately HK\$121,200,000).

If the Vendors have delivered to the Bidco and the Guarantors a notice indicating their intention not to proceed with the Proposed Transaction or have not delivered an acceptance notice to the Bidco and the Guarantors by 24th October, 2010, the Vendors shall reimburse the Bidco the reasonable costs incurred by the Bidco in respect of its bid for the Target Companies up to a maximum of GBP5,000,000 (approximately HK\$60,600,000) plus GBP250,000 (approximately HK\$3,030,000) 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.

If the Offer is accepted by the Vendors, the Proposed Transaction will be conditional upon approval from shareholders of CKI and upon approval from independent shareholders of HEH (the “Shareholder Approval Conditions”). The Proposed Transaction will also be conditional upon the Commission of European Union deciding that there is no merger control issue that needs to be referred to a competent competition authority (the “Competition Condition”). If any of these conditions cannot be met, the Proposed Transaction cannot proceed. The Vendors have therefore indicated that they required break fees, payable as compensation for the considerable time and costs incurred in the negotiation of the Proposed Transaction, in the amount of GBP100,000,000 (approximately HK\$1,212,000,000) in the event either one of the Shareholder Approval Conditions is not satisfied (the “Purchaser Shareholder Approval Break Fee”) and GBP50,000,000 (approximately HK\$606,000,000) in the event that the Competition Condition is not satisfied (the “Purchaser Competition Break Fee”). Consequently, the Offer is made on the basis that if CKI or HEH cannot obtain approval from its shareholders or independent shareholders where required under the Listing Rules, then CKI or HEH, as the case may be, will be solely responsible to pay the Purchaser Shareholder Approval Break Fee in respect of its inability to obtain the approval from its shareholder. The Purchaser Competition Break Fee will be shared amongst the Guarantors in accordance with their respective shareholding interest in the Bidco.

THE PROPOSED JV TRANSACTION

If the Offer is accepted by the Vendors, the Guarantors and their respective subsidiaries propose to enter into a shareholders’ agreement to set out their capital contribution to, shareholding in and other rights and obligations in respect of the Bidco (the “JV Transaction”). The JV Transaction is intended to be entered into once the Offer has been accepted by the Vendors. Since there is no certainty that the Offer will be accepted by the Vendors, the JV Transaction may or may not proceed.

INFORMATION RELATING TO THE TARGET COMPANIES

The Target Companies are engaged in the operation of licensed electricity distribution through their infrastructure networks with a specific distribution service area covering the South East and East of England, including London. The businesses of the Target Companies also include delivery of electricity related infrastructure services under long-term contracts.

LISTING RULES IMPLICATION

If the Proposed Transaction proceeds, it is expected that the financial contribution to be provided by the Guarantors to the Bidco under the JV Transaction and the proposed provision of several guarantees by the Guarantors in favour of the Vendors pro-rata to their respective shareholding interest in the Bidco would constitute a major transaction for CKI and a discloseable transaction for HEH under the Listing Rules. As CKI holds approximately 38.87% of the issued share capital of HEH, the JV Transaction would also constitute a connected transaction of HEH.

Both CKI and HEH will comply with the applicable requirements under the Listing Rules and further announcement(s) will be made if required. **In the meantime, investors and shareholders of CKI and HEH are advised to exercise caution when dealing in the securities of CKI and HEH.**

RESUMPTION OF TRADING

At the request of CKI and HEH, trading in their respective shares on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") has been suspended from 9:30 a.m. on 30th July, 2010 pending the publication of this announcement. Application has been made by CKI and HEH for the resumption of trading in their respective shares on the Stock Exchange with effect from 2:30 p.m. on 30th July, 2010.

Note: The figures in GBP are converted into HK\$ at the rate of GBP1 : HK\$12.12 throughout this announcement for indicative purpose only.

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, 30th July, 2010

As at the date hereof, 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 hereof, 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.