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## **CHEUNG KONG INFRASTRUCTURE HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 1038)**

### **DISCLOSEABLE TRANSACTION ACQUISITION OF EQUITY INTEREST IN NEW ZEALAND STEEL MINING LIMITED**

On 26th August, 2008 before the trading hours of the Stock Exchange, the Purchaser, being an indirect wholly-owned subsidiary of the Company, and the Company entered into the Agreement with the Vendor and the Vendor Guarantor, pursuant to which, among other things, (a) the Purchaser has conditionally agreed to purchase, and the Vendor has conditionally agreed to sell, the Sale Shares representing the entire issued share capital of NZ Steel Mining; (b) the Company agreed to guarantee the performance by the Purchaser of certain of its obligations under the Agreement; and (c) the Vendor Guarantor, being the holding company of the Vendor, agreed to guarantee the performance by the Vendor of its obligations under the Agreement.

The consideration for the Sale Shares is NZ\$250 million (approximately HK\$1,393 million), as adjusted by the Working Capital Adjustment.

The Acquisition constitutes a discloseable transaction of the Company under Rule 14.06 of the Listing Rules. A circular containing, among other things, further details of the Acquisition will be dispatched to Shareholders as soon as practicable for information purposes.

#### **INTRODUCTION**

On 26th August, 2008 before the trading hours of the Stock Exchange, the Purchaser, being an indirect wholly-owned subsidiary of the Company, and the Company entered into the Agreement with the Vendor and the Vendor Guarantor, pursuant to which, among other things, (a) the Purchaser has conditionally agreed to purchase, and the Vendor has conditionally agreed to sell, the Sale Shares representing the entire issued share capital of NZ Steel Mining; (b) the Company agreed to guarantee the performance by the Purchaser of certain of its obligations under the Agreement; and (c) the Vendor Guarantor, being the holding company of the Vendor, agreed to guarantee the performance by the Vendor of its obligations under the Agreement.

## **THE AGREEMENT**

### **Date**

26th August, 2008

### **Parties**

- (1) The Purchaser
- (2) The Company as the Purchaser's guarantor
- (3) The Vendor
- (4) The Vendor Guarantor

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendor and the Vendor Guarantor and their ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined under the Listing Rules).

The Directors also confirm to their best knowledge, information and belief, having made all reasonable enquiries, that there is no prior transaction with the Vendor, the Vendor Guarantor or their ultimate beneficial owners which requires aggregation under Rule 14.22 of the Listing Rules.

### **Subject of the Transaction**

Pursuant to the Agreement, the Purchaser will acquire 75,000,000 ordinary shares in the capital of NZ Steel Mining. The Sale Shares represent the entire issued share capital of NZ Steel Mining.

### **Letter of Credit**

Within 4 Business Days of the date of the Agreement, the Purchaser shall deliver the Letter of Credit to the solicitors of the Vendor which will hold the Letter of Credit in accordance with the Agreement.

Pursuant to the Agreement, the undrawn Letter of Credit will be returned to the Purchaser upon, amongst other things, due payment of the consideration on the Completion Date or the Agreement becoming void as a result of the conditions not being satisfied or waived pursuant to the Agreement. However, the Letter of Credit will be released to the Vendor to be drawn on by the Vendor if (i) the Purchaser breaches a material provision of the Agreement in a material respect before the Completion Date and fails to remedy the breach within 10 Business Days after notification by the Vendor; or (ii) if the Agreement is terminated as a result of the Purchaser's failure to (a) make any payment under the Agreement; or (b) perform or observe the Agreement in a material respect, and fails to remedy such failure within 10 Business Days after notification by the Vendor.

## Consideration

The consideration for the Sale Shares is NZ\$250 million (approximately HK\$1,393 million), as adjusted by the Working Capital Adjustment. The consideration shall be payable by the Purchaser to the Vendor in the following manner:

- (a) NZ\$250 million (approximately HK\$1,393 million) shall be payable on the Completion Date; and
- (b) the Working Capital Adjustment amount shall be settled on the Adjustment Date.

The consideration for the Sale Shares was determined after arm's length negotiations between the parties on normal commercial terms, having taken into account the Company's valuation of NZ Steel Mining conducted by reference to historical financial performance of the Business, the business plan of the Business and the general industry outlook.

The Company intends to source the funding for payment of the consideration from internal resources.

## Conditions Precedent

The Agreement is conditional on:

- (1) the Purchaser obtaining the consent of the Overseas Investment Office under the Overseas Investment Act 2005 in New Zealand;
- (2) the release of the Vendor Guarantor from all obligations relating to the guarantee dated 1st March, 1971 and entered into by the Vendor Guarantor in relation to the mining lease entered into between the landlord of the mining site and NZ Steel Mining on 1st March, 1971 as amended or varied as at the date of the Agreement (the "**Mining Lease Guarantee**");
- (3) satisfaction or waiver of the conditions contained in the Excluded Business Separation Agreement; and
- (4) the representations and warranties given by the Vendor under the Agreement being true and correct when made and remaining true and correct as at the Completion Date except where the failure to be so true and correct would not, individually or in the aggregate, have an extraordinary effect on NZ Steel Mining as agreed under the Agreement.

Each of the parties to the Agreement shall use reasonable endeavours to procure satisfaction of the conditions. The Purchaser, and if requested the Company or a person of at least the equivalent financial standing to the Vendor Guarantor, shall provide a guarantee on the same or substantially the same terms as the Mining Lease Guarantee for the purpose of procuring satisfaction of the condition set out in paragraph (2) above.

All the conditions to the Agreement must be satisfied or waived by 15th December, 2008 or such later date that the Vendor and the Purchaser may agree in writing. If any of the conditions are not satisfied or waived pursuant to the Agreement by such date, then the Agreement shall be voidable at the election of either the Vendor or the Purchaser by notice in writing to the other.

## **Completion**

Completion of the Acquisition shall take place on the Completion Date, during which the Vendor and the Purchaser will, amongst other things, transfer the Sale Shares.

## **INFORMATION ON THE GROUP, THE VENDOR GUARANTOR AND THE VENDOR**

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

The Vendor is a wholly-owned subsidiary of the Vendor Guarantor which is in turn a wholly-owned subsidiary of BlueScope Steel Limited, a company listed on the Australian Securities Exchange.

The Vendor Guarantor was incorporated in 1965 and is operating as a fully integrated steelworks, producing flat steel products made solely from its feed stock. The Vendor Guarantor is now New Zealand's sole producer of flat rolled steel products for the building, construction, manufacturing and agricultural industries.

## **INFORMATION ON THE BUSINESS**

At completion of the Acquisition, NZ Steel Mining primarily carries on the Business.

Based on the unaudited financial information of the Business prepared on a proforma basis, the total asset value of the Business as at 30th June, 2007 and 30th June, 2008 were approximately NZ\$12.5 million (approximately HK\$70 million) and approximately NZ\$14.5 million (approximately HK\$81 million) respectively. Further, based on the unaudited financial information of the Business prepared on a proforma basis, the net asset value of the Business as at 30th June, 2007 and 30th June, 2008 were approximately NZ\$6.5 million (approximately HK\$36 million) and approximately NZ\$6.8 million (approximately HK\$38 million) respectively.

The unaudited net profits before tax (both before and after interest) attributable to the Business prepared on a proforma basis for the year ended 30th June, 2007 and 30th June, 2008 were approximately NZ\$6.8 million (approximately HK\$38 million) and approximately NZ\$16.5 million (approximately HK\$92 million) respectively. Further, the unaudited net profits after tax (both before and after interest) attributable to the Business prepared on a proforma basis for the year ended 30th June, 2007 and 30th June, 2008 were approximately NZ\$4.6 million (approximately HK\$26 million) and approximately NZ\$11.5 million (approximately HK\$64 million) respectively.

## **REASON FOR THE ACQUISITION**

The Company is a diversified infrastructure investment company with a focus on the development, investment and operation of infrastructure business in Hong Kong, the Mainland, Australia, New Zealand, the United Kingdom, Canada and the Philippines.

The Acquisition reflects the Company's strategy of investing and expanding in infrastructure opportunities in New Zealand, leveraging on the Group's strong financial position and solid experience in infrastructure.

The Directors believe that the terms of the Acquisition are fair and reasonable and in the interests of the Shareholders as a whole.

## **GENERAL**

The Acquisition constitutes a discloseable transaction of the Company under Rule 14.06 of the Listing Rules. A circular containing, among other things, further details of the Acquisition will be dispatched to Shareholders as soon as practicable for information purposes.

## **DEFINITIONS**

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

“Acquisition”	the acquisition of the Sale Shares by the Purchaser from the Vendor pursuant to the Agreement
“Adjustment Date”	the date falling 10 Business Days after the day on which the statement determining the Working Capital is agreed by the relevant persons under the Agreement
“Agreement”	the agreement for the sale and purchase of the Sale Shares entered into amongst the Purchaser, the Company, the Vendor and the Vendor Guarantor on 26th August, 2008
“Board”	the board of Directors
“Business”	the business of iron sands mining and export operations carried on by NZ Steel Mining at Taharoa, Auckland
“Business Day”	any day other than Saturday, Sunday and statutory holidays observed in Auckland or Hong Kong
“Company”	Cheung Kong Infrastructure Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange (Stock Code: 1038)

“Completion Date”	the date falling 5 Business Days after the later of the date on which all the conditions precedent to completion of the Acquisition are satisfied or waived and the date on which completion of the Excluded Business Separation Agreement takes place, or such other date as the Purchaser and the Vendor may agree in writing
“Director(s)”	director(s) of the Company
“Excluded Business Separation Agreement”	the sale and purchase agreement in agreed form to be entered into by NZ Steel Mining in relation to the sale of certain business of NZ Steel Mining to be excluded from NZ Steel Mining for the purpose of the Acquisition
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Letter of Credit”	an irrevocable standard letter of credit in favour of the Vendor issued by an acceptable bank as determined under the Agreement for, in aggregate, an amount that is equal to 10% of the consideration payable for the Sale Shares
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mining Lease Guarantee”	has the meaning as defined under the heading “Conditions Precedent” of this announcement
“NZ Steel Mining”	New Zealand Steel Mining Limited, a company incorporated in New Zealand
“Purchaser”	Ironsands Investments Limited, a company incorporated in New Zealand and an indirect wholly-owned subsidiary of the Company
“Sale Shares”	75,000,000 ordinary shares in the share capital of NZ Steel Mining
“Shareholder(s)”	holders of shares in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Toward Industries Limited, a company incorporated in New Zealand
“Vendor Guarantor”	New Zealand Steel Limited, a company incorporated in New Zealand

“Working Capital”	the working capital of NZ Steel Mining as at the Completion Date as determined in accordance with the Agreement
“Working Capital Adjustment”	if the Working Capital exceeds a certain targeted threshold on the Completion Date, the Purchaser shall pay the excess to the Vendor (with interest), but if the Working Capital falls short of such targeted threshold on the Completion Date, the Vendor shall pay the shortfall to the Purchaser (with interest)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“NZ\$”	New Zealand Dollars, the lawful currency of New Zealand
“%”	per cent

Note: For illustrative purposes, amounts in NZ\$ in this announcement are converted into HK\$ at the rate of NZ\$1:HK\$5.57 as at 23rd August, 2008.

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

Hong Kong, 26th August, 2008

*As at the date of this announcement, the Executive Directors of the Company 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, 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).*