



[Press Release]

## **CKI Extends Infrastructure Materials Business to Iron Sands in New Zealand**

[26 August, 2008 – Hong Kong] – Cheung Kong Infrastructure Holdings Limited (“CKI” or the “Group”) today announced that it has agreed to acquire the Taharoa Iron Sands Business in New Zealand for a consideration of approximately NZ\$250 million (about HK\$1,393 million).

This represents the Group’s second investment in New Zealand, following the acquisition of the Wellington Electricity Distribution Network earlier this year.

The transaction is a significant milestone for the Group’s infrastructure materials division and marks its first overseas acquisition in many years. This development is in accordance with CKI’s overall strategy of globalization and diversification.

Mr H L Kam, Group Managing Director of CKI, commented: “We are pleased to be extending the scope of the Group’s existing materials business to iron sands in New Zealand.”

He continued: “The demand for primary resources continues to rise all over the world. In particular, demand for iron – a non-substitutable raw material – has experienced explosive growth, driven by increasing need from China and other countries in Asia. The Taharoa Iron Sands Business, as an established producer and exporter of iron sands, is well-placed to capitalize on this growing demand and CKI believes that this is a timely acquisition.”

The Taharoa Iron Sands Business produces and exports approximately 850,000 tonnes per annum of iron sands. The main export markets are Japan and China.

Taharoa Iron Sands Business is a significant resource of titanomagnetite iron ore used as a raw material in iron making. As at November 2007, total inferred, measured and indicated resources are 660 million tonnes.

Mr Kam commented: “The Taharoa Iron Sands Business has been in operation for over 35 years. With rich iron sands reserves and a solid customer base, it has been a profitable business. Further, its low operating costs enable the Taharoa Iron Sands Business to have a relatively low risk profile and ensure the maintenance of an acceptable margin, even in adverse or tough pricing environments.”

“The acquisition is poised to generate immediate revenue. We believe the Taharoa Iron Sands Business bears the hallmarks of steady income and good returns, characteristic of CKI’s typical infrastructure investments. Furthermore, there should be considerable upside potential for the Group as expansion plans are put into place,” said Mr Kam.

“Over the next few years, the Group plans to expand the operations of the Taharoa Iron Sands Business to maximize the value of its reserves and to capitalize on growing demand. In addition to improving the mining process and increasing output, we will also focus on boosting export and freight capacity,” expressed Mr Kam.

Mr Kam continued: “As a logical extension of our infrastructure materials business, CKI will benefit from the synergies between the Taharoa Iron Sands Business and our existing Green Island Cement’s quarrying, cement and concrete operations. We have found the operations of the Taharoa Iron Sands Business to be very similar to our materials businesses and we are very comfortable with them.”

Upon completion of the acquisition, the Taharoa Iron Sands Business will be operated by Green Island Cement (Holdings) Limited, a wholly owned subsidiary of the Group.

In the area of primary resources, the CKI materials division already has limestone quarries in Mainland China and the Philippines, as well as aggregates quarries in Hong Kong. Through the acquisition of the Taharoa Iron Sands Business, the Group’s materials portfolio will now also include iron ore.

Mr Kam concluded: “Further to the successful acquisition of the Taharoa Iron Sands Business, CKI will have invested in two new projects in New Zealand this year; one being a materials business and the other being a regulated infrastructure investment. Looking ahead, we will continue to consider new investment opportunities in both these business areas in New Zealand and elsewhere around the world.”

Completion of the acquisition is expected to take place before the end of this year once all necessary conditions precedent have been satisfied, including New Zealand Overseas Investment Office approval.

The Taharoa Iron Sands Business is owned and managed by New Zealand Steel Mining Limited (“NZ Steel Mining”), an indirect wholly-owned subsidiary of BlueScope Steel Limited (“BlueScope Steel”), an Australian publicly listed company. At present, NZ Steel Mining operates two iron sands mining operations, the Taharoa Iron Sands Business and Waikato North Head. NZ Steel Mining will be restructured prior to the acquisition such that the Waikato North Head mine and business will be retained by BlueScope Steel, while CKI will acquire the entire share capital of NZ Steel Mining and the Taharoa Iron Sands Business (excluding Waikato North Head). Prior to the sale of NZ Steel Mining, the Waikato North Head operations, including all associated assets and liabilities, will be transferred to the New Zealand Steel group, another wholly-owned subsidiary of BlueScope Steel.

## **About the Taharoa Iron Sands Business**

The Taharoa Iron Sands Business is located on the west coast of the North Island of New Zealand, approximately 200 km south of Auckland. The iron sands deposits are located close to the ground surface and readily available. A wet mining process is currently being used to recover iron sands from the ground using a floating dredge. The mined iron sands are concentrated via gravity and magnetic separation techniques. At capacity, the present dredging, concentration and stockpiling equipment is capable of producing 1.6 million tonnes per year of dry concentrated product at a 56.8% iron grade.

## **About CKI**

CKI is the largest publicly listed infrastructure company in Hong Kong with diversified investments in Energy Infrastructure, Transportation Infrastructure, Water Infrastructure and Infrastructure Materials Business. Operating in Hong Kong, Mainland China, Australia, New Zealand, the United Kingdom, Canada and the Philippines, it is a leading player in the global infrastructure arena.

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