



CKI/ HK Electric Spend HK\$1 Billion to Increase Investment in NGN

(16 November, 2009 – Hong Kong) – Cheung Kong Infrastructure Holdings Limited (“CKI”) and Hongkong Electric Holdings Limited (“HK Electric”) have agreed to purchase stakes in Northern Gas Networks Holdings Limited (“NGN”) from United Utilities Energy & Contracting Services Holdings Limited. Today, CKI/ HK Electric signed an agreement to spend approximately HK\$1 billion (around GBP75 million) to increase their investment in NGN. Following completion, CKI/ HK Electric’s combined stake in NGN will be increased from around 75.1% to around 88.4%.

The consideration for the 7.1% shareholding to be acquired by CKI is around HK\$523 million (approximately GBP40 million). For HK Electric’s 6.2% shareholding, the consideration is around HK\$459 million (approximately GBP35 million).

Prior to the transaction, CKI and HK Electric owned approximately 40% and 35.1% interests in NGN respectively. Upon completion, CKI will have a shareholding of approximately 47.1%, while HK Electric will have around 41.3% shareholding.

Commenting on the transaction, Mr H L Kam, Group Managing Director of CKI, said: “Given that NGN has an equivalent enterprise value of approximately GBP1.6 billion (over HK\$20 billion), the 13% increase in CKI/ HK Electric’s joint shareholding is a good strategic investment.”

“This quality and secure investment of CKI is poised to: improve our recurring income with an earnings accretive business that generates a mid-teens return on investment; strengthen our business in regulated industries in the United Kingdom; and increase our asset base,” he continued.

Mr Kam further said: “Capitalizing on our strong financial position with cash on hand of more than HK\$10 billion, we will continue to look for investments like NGN that align with our stringent investment criteria, which includes secure income and attractive double-digit returns.”

Mr K S Tso, Group Managing Director of HK Electric, said: “HK Electric is committed to strengthening its portfolio of international investments and boosting its earnings mix from outside of Hong Kong. Following the acquisition of interests in three power plants in Mainland China earlier this year, this increased interest in the United Kingdom further strengthens our expanding international portfolio. We will continue to seek more acquisition opportunities in the global arena.”

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About Northern Gas Networks Holdings Limited

NGN is responsible for distributing gas to homes and businesses across the North of England. NGN’s area covers around 6.7 million inhabitants and has approximately 2.5 million customers. The network has an extensive distribution system comprising 36,000 kilometres of distribution gas mains.