



[Press Release]

## **Cheung Kong Infrastructure Led Consortium Plans Acquisition of UK Northumbrian Water at a Valuation of HK\$62 Billion**

(2 August, 2011, Hong Kong) -- A consortium led by Cheung Kong Infrastructure Holdings Limited (“CKI”) has formed a company named UK Water (2011) Limited to acquire Northumbrian Water Group plc (“Northumbrian”) in United Kingdom.

The consortium’s members include CKI, Cheung Kong (Holdings) Limited (“CKH”) and the Li Ka Shing Foundation (“LKSF”) -- their shareholdings are 40%, 40% and 20% respectively.

This consortium has reached an agreement with Northumbrian on the terms of a recommended cash offer by which all of the issued share capital of Northumbrian will be acquired by the consortium via a Scheme of Arrangement under the Companies Act in the United Kingdom.

Northumbrian is listed on the London Stock Exchange. It operates a water supply, sewerage and waste water business in the United Kingdom.

### Valuation of Northumbrian at HK\$62 Billion

The enterprise value of this acquisition is about £4.8 billion (approximately HK\$61.8 billion). This is made up of:

- i) Northumbrian’s entire issued share capital of about £2.4 billion (approximately HK\$30.9 billion), ie. an offer price of 465 pence per share (approximately HK\$60); and
- ii) the company’s existing debt of about £2.4 billion (approximately HK\$30.9 billion).

It is intended that the acquisition will be implemented by way of a court-sanctioned Scheme of Arrangement between Northumbrian and the shareholders. The offer is conditional upon, among other things, the sanction of the deal by the Court and approval by 75% of the Northumbrian shareholders who vote at the Court Meeting either in person or by proxy. It is expected that the acquisition will become effective in October 2011.

Northumbrian has announced today that its Board of Directors unanimously recommends that Northumbrian's shareholders vote in favor of the consortium's offer. Northumbrian's directors and its major shareholder, Ontario Teachers' Pension Plan, who hold 0.07% and 26.8% of its shares respectively, have already irrevocably undertaken to vote in favor of the offer.

Prior to reaching an agreement with Northumbrian on this offer, CKI has sold Cambridge Water to HSBC Bank plc for an enterprise value of £74.8 million (approximately HK\$960 million) to comply with relevant merger rules in the United Kingdom.

#### CKI's Third Investment in 18 Months

Should the acquisition of Northumbrian go forward, it would mark CKI's third investment in the United Kingdom in the past 18 months following its purchase of Seabank Power in May and UK Power Networks in October last year.

#### CKI's UK Portfolio Increases To HK\$65 Billion From HK\$40 Billion

This proposed transaction, if completed, will further strengthen CKI's global portfolio of investments. CKI's portfolio of gas, water and electricity distribution in the United Kingdom amounts to approximately HK\$40 billion. This acquisition, upon completion, will further expand the size of this portfolio in the United Kingdom to HK\$65 billion.

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*For further enquiries, please contact Wendy Tong Barnes or Carolina Cheung of Cheung Kong Group at (852) 2122-2150.*



## Northumbrian Water Group

### Fact Sheet

Northumbrian Water Group plc is a company quoted on the FTSE 250 index of the London Stock Exchange. It operates a water supply, sewerage and waste water business in the United Kingdom.

Northumbrian is one of the ten regulated water and sewerage businesses in England and Wales. Northumbrian provides water and sewerage services to 2.7 million people in the North East of England, and also provides water services to 1.8 million people in the South East of England. In addition, Northumbrian's operations include a business comprising Kielder Reservoir, the largest man-made reservoir in northern Europe, as well as a portfolio of long term water and waste water contracts.

#### **Regulated Businesses**

- Provide water and sewerage services

##### Coverage Area

■ North East of England :	9,400 sq. km
■ South East of England :	2,861 sq. km

##### Served Population

■ North East of England :	2.7 million
■ South East of England :	1.8 million

##### Major Regulated Assets

■ Water mains :	25,624 km
■ Sewers:	16,181 km
■ Water treatment works:	57
■ Sewage treatment works:	414
■ Water service reservoirs:	338

#### **Major Non-regulated Businesses**

- Water and waste water contracts
- Technical and consultancy services focusing on water and environmental issues
- Operates Kielder Reservoir, the largest man-made reservoir in northern Europe

# CKI's Investment in the United Kingdom

Upon completion of the proposed acquisition of Northumbrian Water, CKI's UK portfolio will increase from HK\$40 billion to HK\$65 billion in investments.

