



[Press Release]

CKI-led Consortium Acquires UK Wales & West Utilities

(25 July, 2012, Hong Kong) – A consortium led by Cheung Kong Infrastructure Holdings Limited (“CKI”) announced today that it has entered into an arrangement to acquire Wales & West Utilities (“WWU”) in the United Kingdom.

Members of the consortium include CKI, Power Assets Holdings Limited (“PAH”), and Cheung Kong (Holdings) Limited (“CKH”), each holding a 30% stake in the investment, with the remaining 10% taken by the Li Ka Shing Foundation Limited (“LKSF”).

The acquisition consideration is GBP 645 million (approximately HK\$7.753 billion). Completion for the acquisition is conditional upon European Commission’s approval. It is expected that the completion will take place at the end of September, at which time the consortium will assume a net debt estimated to be GBP 1.312 billion (approximately HK\$15.77 billion), implying an estimated enterprise value of GBP 1.957 billion (approximately HK\$23.523 billion).

WWU is one of the eight major gas distribution networks in the United Kingdom. It has a service coverage area of 42,000 sq kilometers, and provides service to a population of approximately 7.4 million in Wales and the South West of England. WWU’s gas distribution system consists of 35,000 km of pipelines and 18 gas storage sites. At completion, the estimated Regulated Asset Value will be GBP 1.793 billion (approximately HK\$21.552 billion).

Newly Acquired Businesses Drive Earnings Growth

The acquisition of WWU marks CKI’s first acquisition this year, following the GBP 4.8 billion (approximately HK\$58.8 billion*) investment in Northumbrian Water last October and the GBP 5.775 billion (approximately HK\$70 billion*) investment in UK Power Networks in October 2010.

Mr. H L Kam, Group Managing Director of CKI said, “As reflected in the recent CKI Interim Results, the two acquisitions made in 2010 and 2011 were amongst the key drivers of profit contribution

growth during the first half of 2012. We are pleased to have the opportunity to acquire another high-quality asset, which is poised to extend our growth momentum and generate recurring profit contributions similar to that of our other infrastructure projects.”

CKI and PAH Extend Presence in UK Gas Industry

This acquisition represents CKI and PAH’s second gas network investment in United Kingdom’s gas distribution industry.

CKI and PAH already have 88.4% interests in Northern Gas Networks Limited (“NGN”), a gas distribution network of similar size to WWU. NGN serves a population of 6.7 million in the north of England with a service coverage area of 25,000 sq km.

Following the acquisition of WWU, CKI and PAH will own two of the eight gas distribution networks in the United Kingdom. The two networks combined will provide gas distribution service to around a quarter of United Kingdom’s population, with service area covering about 27% of the nation’s total area.

Premium Overseas Asset Offers Immediate and Stable Cashflow

Mr. K S Tso, Group Managing Director of PAH, who is also Executive Director of CKI, said: “PAH’s businesses outside of Hong Kong have been growing rapidly in recent years and profit contributions from overseas have grown to 60% of the total earnings in the first half of this year, highlighting the significant role of overseas portfolios in driving the growth of PAH’s earnings.”

“This acquisition of WWU is in line with our stated strategy of investing outside Hong Kong and it will further strengthen our portfolio of quality assets overseas,” he said.

WWU is an award winning gas distributor in the United Kingdom. It was selected as the Utility Industry Company of the Year in 2010, and was named the top performing gas distribution network in customer satisfaction over the last four years. It was also awarded the Customer Services Awards in 2009, 2010, 2011 and 2012 by the Institution of Gas Engineers and Managers.

“We will share our experience and expertise with WWU and explore possibilities of operational synergy for furthering the benefits of all stakeholders,” Mr. Tso added.

A Unique Opportunity to Benefit from Investment in Regulated Industry

Mr. Edmond Ip, Deputy Managing Director of CKH, who is also Deputy Chairman of CKI, said: “This is the second time that CKH has partnered with CKI to invest in an infrastructure business,

following the acquisition of Northumbrian Water in 2011. We are pleased to have the opportunity to participate again as a funding partner in the acquisition of WWU.”

“The acquisition of this quality investment provides a long-term steady recurring income contribution to CKH, and reflects our strategy of embracing new growth opportunities through diversification and globalization,” Mr. Ip continued.

Amalgamation and Augmentation of Cheung Kong Group Members’ Strengths

Mr. Kam, who is also the Deputy Managing Director of CKH and Executive Director of PAH, added, “The acquisition of WWU represents the first time that three companies from the Cheung Kong Group join forces to acquire an infrastructure business. It allows the member companies to work closely together to augment their respective strengths and complement each other for the enrichment of the Group’s asset portfolio.”

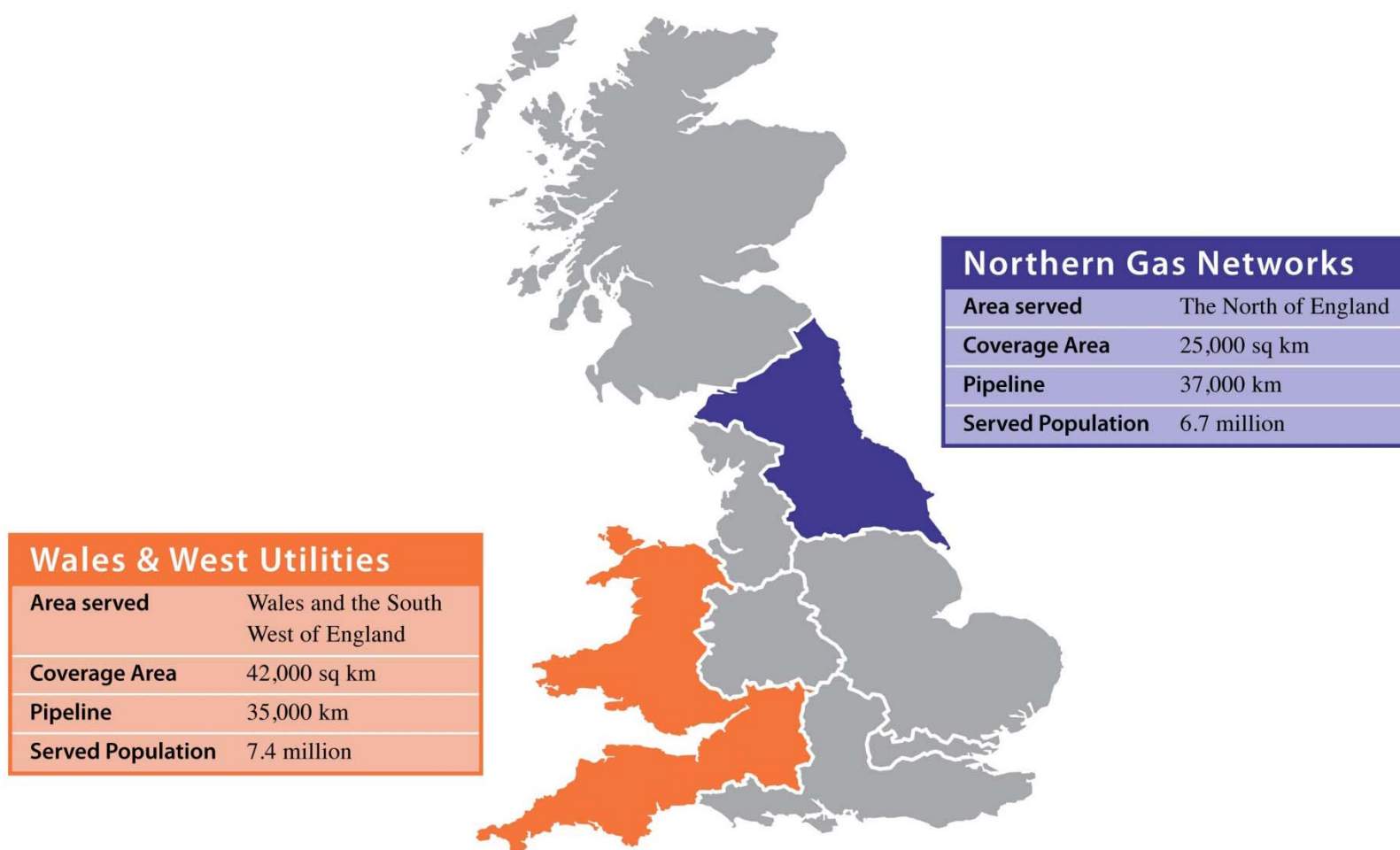
Since the acquisition of Envestra and ETSA Utilities in Australia in 1999, CKI together with other members of the Cheung Kong Group have built up a strong portfolio of gas, power and water distribution businesses around the world. These comprises the infrastructure businesses of Northern Gas Networks, UK Power Networks, Northumbrian Water, Southern Water, and now WWU in the United Kingdom; Envestra, ETSA Utilities, Powercor, CitiPower and Spark Infrastructure in Australia; Wellington Electricity in New Zealand; and HK Electric in Hong Kong.

“Backed by their strong balance sheet and financial platform, CKI and the Group’s member companies will continue to apply our disciplined and stringent investment criteria to pursue investment opportunities that would bring steady and secure profit from around the world,” Mr. Kam concluded.

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**Based upon the exchange rate at the time of the acquisition.*

Appendix 1: Wales & West Utilities and Northern Gas Networks



Appendix 2: CKI's Infrastructure Projects Acquired Since 2000

