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Cheung Kong Infrastructure Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 1038)

PLACING OF EXISTING SHARES, SUBSCRIPTION FOR NEW SHARES AND RESUMPTION OF TRADING

**Joint Placing Agents
BOCI ASIA LIMITED
AND**

THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED



BOC INTERNATIONAL



On 25th July, 2012, HIHL, the Company and the Joint Placing Agents entered into the Placing and Subscription Agreement pursuant to which (i) the Joint Placing Agents have severally agreed to place, on a fully underwritten basis, and HIHL has agreed to sell in aggregate 50,000,000 existing Shares at a price of HK\$46.15 per Placing Share (BOCI and HSBC have each severally agreed to place 25,000,000 Shares and 25,000,000 Shares, respectively); and (ii) HIHL has conditionally agreed to subscribe for 50,000,000 new Shares equivalent to the number of the Placing Shares. The Subscription is conditional upon the conditions as set out under the paragraph headed “Conditions of the Subscription”.

The Shares to be placed by the Joint Placing Agents represent (i) approximately 2.044% of the existing issued share capital of the Company of 2,445,845,400 Shares (which includes 56,234,455 Shares issued to The Bank of New York Mellon (Luxembourg) S.A. on 28th February, 2012 in connection with the US\$ 7% fixed rate callable perpetual securities issued on 27th February, 2012) as at the date of this announcement; and (ii) approximately 2.003% of the issued share capital of the Company of 2,495,845,400 Shares as enlarged by the Subscription Shares.

The gross proceeds from the Subscription will be approximately HK\$2,307.5 million. The net proceeds to be raised by the Company from the Subscription will be approximately HK\$2,297.3 million. The net price to the Company for each Subscription Share is approximately HK\$45.95.

Trading in the Shares and US\$1 billion 6.625% guaranteed perpetual capital securities issued by PHBS Limited (a wholly-owned subsidiary of the Company) and guaranteed by the Company (Stock Code: 4325) on the Stock Exchange were suspended at the request of the Company from 9:00 a.m. on 25th July, 2012 pending the release of this announcement. Application has been made to the Stock Exchange for resumption of trading in the Shares and the guaranteed perpetual capital securities with effect from 9:00 a.m. on 26th July, 2012.

THE PLACING AND SUBSCRIPTION AGREEMENT

Date

25th July, 2012

Parties Involved

The Vendor, the Company and the Joint Placing Agents

Vendor

The Vendor is the controlling shareholder of the Company and a wholly-owned subsidiary of HWL. As at the date of the Placing and Subscription Agreement, the Vendor beneficially owns 1,906,681,945 Shares, representing approximately 77.956% of the existing issued share capital of the Company.

Placing

The Joint Placing Agents have severally agreed to place, on a fully underwritten basis, in aggregate 50,000,000 existing Shares at a price of HK\$46.15 per Placing Share. BOCI and HSBC have each severally agreed to place 25,000,000 Shares and 25,000,000 Shares, respectively.

Joint Placing Agents

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, save that Mr. Li Tzar Kuoi, Victor, the Chairman and Executive Director of the Company, is also a director of HSBC, the Joint Placing Agents and their respective ultimate beneficial owners are independent of and not connected with the Vendor, the Company and their respective associates and connected persons, and are not acting in concert with the Vendor (or parties acting in concert with it) or its associates.

Placees

The Joint Placing Agents have agreed to place the Placing Shares on a fully underwritten basis, to not less than six Placees who and whose ultimate beneficial owners will be third parties independent of the Vendor, the Company and their respective associates and connected persons. Immediately after the completion of the Placing, none of the Placees will become a substantial shareholder of the Company.

Placing Price

The Placing Price of HK\$46.15 represents:

- (i) a discount of approximately 6.3% to the closing price of HK\$49.25 per Share as quoted on the Stock Exchange on the Last Trading Date;
- (ii) a discount of approximately 4.7% to the average closing price per Share of HK\$48.42 as quoted on the Stock Exchange for the five consecutive trading days prior to and including the Last Trading Date; and
- (iii) a discount of approximately 4.3% to the average closing price per Share of approximately HK\$48.21 as quoted on the Stock Exchange for the ten consecutive trading days prior to and including the Last Trading Date.

The Placing Price was determined with reference to the prevailing market price of the Shares and was negotiated on an arm's length basis between the Company and the Joint Placing Agents.

Placing Shares

The Placing Shares represent (i) approximately 2.044% of the existing issued share capital of the Company of 2,445,845,400 Shares (which includes 56,234,455 Shares issued to The Bank of New York Mellon (Luxembourg) S.A. on 28th February, 2012 in connection with the US\$ 7% fixed rate callable perpetual securities issued on 27th February, 2012) as at the date of this announcement; and (ii) approximately 2.003% of the issued share capital of the Company of 2,495,845,400 Shares as enlarged by the Subscription Shares.

Rights and Ranking of the Placing Shares

The Placing Shares are to be sold free from any lien, charge, option, warrant, pre-emptive right, or other encumbrance or third party right whatsoever and together with all rights attaching thereto at the Closing Date.

The Placing Shares rank pari passu among themselves and with Shares in issue as at the date of this announcement. As announced by the Company on 19th July, 2012, the Board has declared an interim dividend of HK\$0.40 per Share. The holders of the Placing Shares will be eligible to receive the proposed interim dividend.

Lock Up

Pursuant to the Placing and Subscription Agreement, the Vendor has undertaken to each of the Joint Placing Agents that (except for the sale of Placing Shares pursuant to the Placing and Subscription Agreement), for a period commencing on the date of the Placing and Subscription Agreement and ending on the 90th day after the Closing Date, it will not, and will procure that none of its nominees and companies controlled by it and/or any trusts associated with it (whether individually or together and whether directly or indirectly) will, (i) offer, lend, pledge, issue, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares (including the Subscription Shares) or any interests therein beneficially owned or held by the Vendor or any securities convertible into or exercisable or exchangeable for or substantially similar to any such Shares or interests or (ii) enter into any swap or similar agreement that transfers, in whole or in part, the economic risk of ownership of such Shares, whether any such transaction described in (i) or (ii) above is to be settled by delivery of Shares or such other securities, in cash or otherwise or (iii) announce any intention to enter into or effect any such transaction described in (i) or (ii) above, unless with the prior written consent of each of the Joint Placing Agents (not to be unreasonably withheld or delayed).

The Company has undertaken to each of the Joint Placing Agents that for a period commencing on the date of the Placing and Subscription Agreement and ending on the 90th day after the Closing Date, the Company will not, except for the Subscription Shares and save pursuant to (1) the terms of any employee share option scheme of the Company or (2) any outstanding subscription warrants or (3) bonus or scrip dividend or similar arrangements which provide for the allotment of Shares in lieu of the whole or part of a dividend on Shares in accordance with its articles of association or (4) conversion of outstanding convertible bonds, (i) allot or issue or offer to allot or issue or grant any option, right or warrant to subscribe (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares or any interests in Shares or any securities convertible into or exercisable or exchangeable for or substantially similar to any Shares or interest in Shares or (ii) agree (conditionally or unconditionally) to enter into or effect any such transaction with the same economic effect as any of the transactions described in (i) above or (iii) announce any intention to enter into or effect any such transaction described in (i) or (ii) above without first having obtained the written consent of each of the Joint Placing Agents (not to be unreasonably withheld or delayed).

Condition of the Placing

Completion of the Placing is unconditional.

Completion of the Placing

The Placing is expected to complete on the Closing Date.

Subscription

HIHL has conditionally agreed to subscribe for 50,000,000 new Shares equivalent to the number of the Placing Shares.

Subscription Price

The Subscription Price is equivalent to the Placing Price less the costs and expenses incurred by the Company and Vendor in connection with the Placing and Subscription. The gross proceeds from the Subscription will be approximately HK\$2,307.5 million and the net proceeds to be raised by the Company from the Subscription will be approximately HK\$2,297.3 million. The net price to the Company for each Subscription Share is approximately HK\$45.95.

Number of Subscription Shares

The number of Subscription Shares is equivalent to the number of Placing Shares, representing (i) approximately 2.044% of the existing issued share capital of the Company of 2,445,845,400 Shares (which includes 56,234,455 Shares issued to The Bank of New York Mellon (Luxembourg) S.A. on 28th February, 2012 in connection with the US\$ 7% fixed rate callable perpetual securities issued on 27th February, 2012) as at the date of this announcement; and (ii) approximately 2.003% of the issued share capital of the Company of 2,495,845,400 Shares as enlarged by the Subscription Shares. The aggregate nominal value of the Subscription Shares is HK\$50,000,000.

Rights and Ranking of the Subscription Shares

The Subscription Shares, when issued and fully paid, will rank pari passu among themselves and with Shares in issue at the time of issue and allotment of the Subscription Shares. The Subscription Shares to be issued will carry the right to be eligible to receive the proposed interim dividend as referred under the paragraph headed “Rights and Ranking of the Placing Shares”.

The Subscription Shares

The issue of the Subscription Shares is not subject to Shareholders’ approval. The Subscription Shares will be issued under the General Mandate to allot, issue and deal with Shares granted to the Directors by resolution of the Shareholders passed at the AGM which authorised the Directors to allot and issue a maximum of 489,169,080 Shares. Save for the Subscription, the General Mandate has not been utilised since the date of the grant.

Conditions of the Subscription

The Subscription is conditional upon:

- (i) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Subscription Shares (and such listing and permission not subsequently revoked prior to the delivery of definitive share certificate(s) representing the Subscription Shares under the Placing and Subscription Agreement); and
- (ii) completion of the Placing having occurred pursuant to the terms of the Placing and Subscription Agreement.

Completion of the Subscription

Under Rule 14A.31(3)(d) of the Listing Rules, the Subscription must be completed within 14 days from the date of the Placing and Subscription Agreement, that is, on or before 8th August, 2012.

REASONS FOR AND BENEFITS OF THE PLACING AND THE SUBSCRIPTION AND USE OF PROCEEDS

The gross proceeds from the Subscription will be approximately HK\$2,307.5 million. The net proceeds from the Subscription will be approximately HK\$2,297.3 million. The Company intends to apply the net proceeds for general funding purpose.

The Directors believe that the terms of the Placing and the Subscription are fair and reasonable and in the interests of the Company and its shareholders as a whole.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

As stated in the announcement of the Company dated 17th February, 2012, the Company agreed to issue 56,234,455 Shares to The Bank of New York Mellon (Luxembourg) S.A. for a consideration of approximately US\$295.4 million (approximately HK\$2,291 million). The Company has utilised the proceeds for general corporate purposes as intended.

Further, as stated in the announcement of the Company dated 15th March, 2012, a top-up placing of 50,901,000 Shares was conducted pursuant to a placing and subscription agreement, which generated net proceeds of approximately HK\$2,306.6 million. The proceeds will continue to be applied for general funding purposes as originally intended.

Save as disclosed above, the Company has not raised any funds on issue of equity securities in the 12 months immediately preceding this announcement.

EFFECTS ON SHAREHOLDING STRUCTURE

Assuming all the Placing Shares are placed under the Placing and Subscription Agreement, the shareholding structure of the Company before and after the Placing and the Subscription will be as follows respectively:

Shareholders of the Company	As at the date of this announcement		Immediately after the Placing but before the Subscription		Immediately after the Subscription	
	Number of Shares	%	Number of Shares	%	Number of Shares	%
HIHL	1,906,681,945	77.956	1,856,681,945	75.912	1,906,681,945	76.394
Li Ka-Shing Unity Trustee Company Limited as trustee of The Li Ka-Shing Unity Trust	5,428,000	0.222	5,428,000	0.222	5,428,000	0.218
Mr. Kam Hing Lam	100,000	0.004	100,000	0.004	100,000	0.004
The Bank of New York Mellon (Luxembourg) S.A.	56,234,455	2.299	56,234,455	2.299	56,234,455	2.253
Placees of the Placing Shares	-	-	50,000,000	2.044	50,000,000	2.003
Other public Shareholders	477,401,000	19.519	477,401,000	19.519	477,401,000	19.128
Total	2,445,845,400	100.000	2,445,845,400	100.000	2,495,845,400	100.000

Upon completion of the Placing and the Subscription, the shareholding of the Vendor in the Company would decrease from approximately 77.956% to approximately 76.394%. Notwithstanding the said reduction in shareholdings, the Vendor will continue to be the controlling shareholder of the Company which has control over the financial and operating decisions of the Company.

INFORMATION RELATING TO THE GROUP

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

RESUMPTION OF TRADING

Trading in the Shares and US\$1 billion 6.625% guaranteed perpetual capital securities issued by PHBS Limited (a wholly-owned subsidiary of the Company) and guaranteed by the Company (Stock Code: 4325) on the Stock Exchange were suspended at the request of the Company from 9:00 a.m. on 25th July, 2012 pending the release of this announcement. Application has been made to the Stock Exchange for resumption of trading in the Shares and the guaranteed perpetual capital securities with effect from 9:00 a.m. on 26th July, 2012.

DEFINITIONS

The following defined terms are used in the announcement:

“AGM”	the annual general meeting of the Company held on 23rd May, 2012
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“BOCI”	BOCI Asia Limited, a licensed corporation to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Closing Date”	30th July, 2012 or such other date as HIHL and the Joint Placing Agents may agree in writing
“Company”	Cheung Kong Infrastructure Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1038)
“connected persons”	has the meaning ascribed thereto under the Listing Rules
“controlling shareholder”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“General Mandate”	the mandate granted to the Directors by the Shareholders at the AGM to allot, issue and deal with up to 20% of the then issued share capital of the Company as at the date of the AGM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“HIHL” or “Vendor”	Hutchison Infrastructure Holdings Limited, a wholly-owned subsidiary of HWL and a controlling shareholder of the Company
“HSBC”	The Hongkong and Shanghai Banking Corporation Limited, a registered institution under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), registered to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) regulated activities and a licensed bank under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)
“HWL”	Hutchison Whampoa Limited, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 13), and is a controlling shareholder of the Company
“Joint Placing Agents”	BOCI and HSBC
“Last Trading Date”	24th July, 2012, being the last trading day for the Shares prior to the date of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Placee(s)”	any institutional or other professional investor(s) or any of their respective subsidiaries or associates procured by the Joint Placing Agents to subscribe for any of the Placing Shares pursuant to the Joint Placing Agents’ obligation under the Placing and Subscription Agreement
“Placing”	the placing of the Placing Shares beneficially owned by HIHL pursuant to the terms of the Placing and Subscription Agreement
“Placing and Subscription Agreement”	the Placing and Subscription Agreement among HIHL, the Company and the Joint Placing Agents dated 25th July, 2012 in relation to the Placing and the Subscription
“Placing Price”	HK\$46.15 per Placing Share

“Placing Shares”	an aggregate of 50,000,000 existing Shares beneficially owned by HIHL and to be placed pursuant to the Placing and Subscription Agreement
“Share(s)”	ordinary share(s) of HK\$1.00 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of the Subscription Shares by HIHL pursuant to the terms of the Placing and Subscription Agreement
“Subscription Price”	the Placing Price less the costs and expenses incurred by the Company and the Vendor in connection with the Placing and the Subscription
“Subscription Share(s)”	such number of new Shares to be subscribed for by HIHL pursuant to the Placing and Subscription Agreement equivalent to the number of Placing Shares sold by HIHL
“trading day(s)”	has the meaning ascribed thereto under the Listing Rules
“US\$”	United States dollars, the lawful currency of the United States
“%”	per cent

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

Hong Kong, 26th July, 2012

As at the date hereof, 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 (Deputy Managing Director), Mr. CHAN Loi Shun (Chief Financial Officer), 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), Mr. Barrie COOK (Independent Non-executive Director), Mrs. LEE Pui Ling, Angelina 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).