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**CK Infrastructure Holdings Limited**  
**長江基建集團有限公司**

*(Incorporated in Bermuda with limited liability)*  
**(Stock Code: 1038)**

**CONNECTED TRANSACTION RELATING TO  
THE SUBSCRIPTION OF ADDITIONAL SHARES IN  
NORTHUMBRIAN WATER GROUP LIMITED**

The Board announces that on 14 December 2020, CKI 5, CKI 6 and Ever Summit (which are wholly-owned subsidiaries of the Company) entered into the Implementation Agreement with among others, NWGL, relating to the internal reorganisation of the capital structure of NWGL, a joint venture of the Company. In connection with the Reorganisation, CKI 5 agreed to subscribe for additional A Shares in NWGL in proportion to its existing holding of A Shares in NWGL, as further described below, for an aggregate consideration of approximately GBP462.66 million (equivalent to approximately HK\$4,770.0 million). The Subscription will be completed on or before 16 December 2020.

The purpose of the Reorganisation and the Subscription is to simplify NWGL's capital structure and thereby address concerns from the industry regulator, Ofwat, in relation to complex structures involving loans from overseas shareholders.

CKHH currently holds approximately 71.93% of the issued share capital of the Company. As CKHH is a substantial shareholder of the Company, CKHH is a connected person of the Company. NWGL is an associate of CKHH and is therefore a connected person of the Company. Accordingly, the Subscription contemplated under the Implementation Agreement will constitute a connected transaction for the Company under the Listing Rules.

As one or more of the applicable percentage ratios of the Company in relation to the Subscription exceeds 0.1% but all of the applicable percentage ratios are less than 5%, the Subscription is subject to the reporting and announcement requirements but is not subject to the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

**1. INTRODUCTION**

The Board announces that on 14 December 2020, CKI 5, CKI 6 and Ever Summit (which are wholly-owned subsidiaries of the Company) entered into the Implementation Agreement with the other Parties relating to the Reorganisation of NWGL. In connection with the Reorganisation, CKI 5 agreed to subscribe for additional A Shares in NWGL as further described below.

## **2. THE IMPLEMENTATION AGREEMENT AND THE SUBSCRIPTION**

The Company (through CKI 5 and CKI 6) holds A Shares and B Shares in NWGL while CKHH (through Business Thrive and Brockhill) and Li Ka Shing Foundation Limited (through Mondrem and Mara) hold A Shares only in NWGL. Through such holding, CKI 5 and CKI 6 (together), Brockhill and Mara are entitled to 40%, 40% and 20%, respectively, of the assets and profits of NWGL, and NWGL is accounted for as a joint venture by the Company.

The shareholders of NWGL had previously provided interest-bearing loans in the form of loan notes to NWGL. In order to simplify NWGL's capital structure, the Parties agreed to implement the Reorganisation which would involve NWGL repaying a substantial portion of the principal amount of the loan notes owing to the shareholders of NWGL together with accrued interest and for such shareholders to subscribe for A Shares in NWGL for a subscription price equal to the amount of the loans and accrued interest to be received by them from NWGL.

Accordingly, CKI 5, Brockhill and Mara have each agreed to subscribe for additional A Shares in NWGL in proportion to their respective existing holding of A Shares in NWGL. CKI 5 has agreed to subscribe for an additional 74 A Shares in NWGL for an aggregate subscription price of approximately GBP462.66 million (equivalent to approximately HK\$4,770.0 million), which is equal to the amount of the loans and accrued interest to be received by it from NWGL. The Subscription will be completed on or before 16 December 2020. CKI 6 does not hold any A Shares.

The subscription of the A Shares by CKI 5, Brockhill and Mara will not result in any change to the respective entitlement of CKI 5 and CKI 6 (together), Brockhill and Mara to the assets and profits of NWGL, which will remain as 40%, 40% and 20%, respectively. NWGL will continue to be accounted for as a joint venture by the Company following the Subscription.

## **3. REASONS FOR AND BENEFITS OF THE REORGANISATION AND THE SUBSCRIPTION**

The purpose of the Reorganisation and the Subscription is to simplify NWGL's capital structure and thereby address concerns from the industry regulator, Ofwat, in relation to complex structures involving loans from overseas shareholders. On completion of the Reorganisation, only a small portion of loans will remain outstanding by NWGL to its shareholders. The Subscription will also enable CKI 5 together with the other holders of A Shares to maintain their proportionate holding of A Shares in NWGL, without any change to the shareholders' respective entitlement to the assets and profits of NWGL.

For the above reasons, the Directors (including the independent non-executive Directors) consider that the terms of the Subscription to be on normal commercial terms and in the ordinary and usual course of business of the Group and are fair and reasonable and in the interests of the Group and its shareholders as a whole. Since Mr. Victor T K Li may be regarded as having a material interest in the transactions contemplated by the Implementation Agreement, he has voluntarily abstained from voting on the board resolutions of the Company in relation to the Implementation Agreement and the Subscription.

#### **4. INFORMATION ON THE PARTIES**

CKHH and its subsidiaries are principally engaged in five core businesses: ports and related services, retail, infrastructure, energy, and telecommunications. Brockhill and Business Thrive are investment holding companies and associates of CKHH.

The principal activities of the Group are development, investment and operation of infrastructure businesses in Hong Kong, Mainland China, the United Kingdom, Continental Europe, Australia, New Zealand and Canada. CKI 5, CKI 6 and Ever Summit are investment holding companies and wholly-owned subsidiaries of the Company.

Mara and Mondrem are investment holding companies and wholly-owned subsidiaries of Li Ka Shing Foundation Limited.

NWGL is one of the 10 regulated water and sewerage companies in England and Wales and supplies water and sewerage services in the north east of England and supplies water services to the south east of England.

The audited consolidated profit before and after taxation of NWGL for the financial year ended 31 March 2019 were GBP81.3 million (equivalent to approximately HK\$838.2 million) and GBP54.8 million (equivalent to approximately HK\$565.0 million), respectively, and the audited consolidated profit before and after taxation of NWGL for the financial year ended 31 March 2020 were GBP118.9 million (equivalent to approximately HK\$1,225.9 million) and GBP43.8 million (equivalent to approximately HK\$451.6 million), respectively. NWGL had audited consolidated net liabilities of GBP518.3 million (equivalent to approximately HK\$5,343.7 million) as at 31 March 2020.

#### **5. IMPLICATION UNDER THE LISTING RULES**

CKHH currently holds approximately 71.93% of the issued share capital of the Company. As CKHH is a substantial shareholder of the Company, CKHH is a connected person of the Company. NWGL is an associate of CKHH and is therefore a connected person of the Company. Accordingly, the Subscription contemplated under the Implementation Agreement will constitute a connected transaction for the Company under the Listing Rules.

As one or more of the applicable percentage ratios of the Company in relation to the Subscription exceeds 0.1% but all of the applicable percentage ratios are less than 5%, the Subscription is subject to the reporting and announcement requirements but is not subject to the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

#### **6. DEFINITIONS**

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

<b>“A Shares”</b>	A ordinary shares in the capital of NWGL which have 5 votes per share
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<b>“associate”</b>	has meaning ascribed to it in the Listing Rules
<b>“B Shares”</b>	B ordinary shares in the capital of NWGL which have 1 vote per share
<b>“Board”</b>	the board of directors of the Company
<b>“Brockhill”</b>	Brockhill Investments Corporation, a company incorporated in the British Virgin Islands with limited liability and an associate of CKHH
<b>“Business Thrive”</b>	Business Thrive Limited, a company incorporated in the British Virgin Islands with limited liability and an associate of CKHH
<b>“CKHH”</b>	CK Hutchison Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1)
<b>“CKI 5”</b>	CKI UK Co 5 Limited, a company incorporated in the United Kingdom with limited liability and a wholly-owned subsidiary of the Company
<b>“CKI 6”</b>	CKI UK Co 6 Limited, a company incorporated in the United Kingdom with limited liability and a wholly-owned subsidiary of the Company
<b>“Company”</b>	CK 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)
<b>“connected person”</b>	has meaning ascribed to it in the Listing Rules
<b>“Director(s)”</b>	the director(s) of the Company
<b>“Ever Summit”</b>	Ever Summit Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
<b>“GBP”</b>	Pound Sterling, the lawful currency of the United Kingdom
<b>“Group”</b>	the Company and its subsidiaries
<b>“Implementation Agreement”</b>	the letter agreement dated 14 December 2020 entered into by the Parties relating to the implementation of the Reorganisation (including the Subscription)

<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on the Stock Exchange
<b>“Mara”</b>	Mara Development Inc., a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of Li Ka Shing Foundation Limited
<b>“Mondrem”</b>	Mondrem Corporation, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of Li Ka Shing Foundation Limited
<b>“NWGL”</b>	Northumbrian Water Group Limited, a company incorporated in the United Kingdom with limited liability, and accounted for as a joint venture of the Company
<b>“Ofwat”</b>	Water Services Regulation Authority of the United Kingdom
<b>“Parties”</b>	Brockhill, Business Thrive, CKI 5, CKI 6, Ever Summit, Mara, Mondrem and NWGL, being the parties to the Implementation Agreement
<b>“Reorganisation”</b>	the internal reorganisation of the capital structure of NWGL
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited
<b>“Subscription”</b>	the subscription of 74 A Shares in the capital of NWGL by CKI 5

*Note: The figures in “GBP” are converted into HK\$ at the rate of GBP1.00 : HK\$10.31 in this announcement for indicative purposes only, and should not be construed as a representation that any amount has been, could have been or may be, exchanged at this or any other rate.*

By Order of the Board  
**CK Infrastructure Holdings Limited**  
**Eirene Yeung**  
*Company Secretary*

14 December 2020

*As at the date of this announcement, 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. Frank John SIXT, Mr. Andrew John HUNTER (Deputy Managing Director), Mr. CHAN Loi Shun (Chief Financial Officer) and Ms. CHEN Tsien Hua; 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), Mr. Paul Joseph TIGHE (Independent Non-executive Director), Mrs. LEE Pui Ling, Angelina and Mr. George Colin MAGNUS; and the Alternate Directors are Mrs. CHOW WOO Mo Fong, Susan (Alternate Director to Mr. FOK Kin Ning, Canning), Mr. MAN Ka Keung, Simon (Alternate Director to Mr. IP Tak Chuen, Edmond) and Ms. Eirene YEUNG (Alternate Director to Mr. KAM Hing Lam).*