

[Press Release]

CKI-Led Consortium Completed Acquisition of UK Northumbrian Water

(16 October, 2011, Hong Kong) – Following an announcement made on 2 August 2011, UK Water (2011) Limited, a company formed by a consortium led by Cheung Kong Infrastructure Holdings Limited (“CKI”) has completed the acquisition of Northumbrian Water Group plc (“Northumbrian Water”).

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

The acquisition of Northumbrian Water was implemented by way of a court-sanctioned Scheme of Arrangement between Northumbrian Water and its shareholders. All conditions for the completion of the transaction have been fulfilled.

Shares of Northumbrian Water have been delisted from the London Stock Exchange on 14 October 2011.

Northumbrian Water Generated HK\$ 2.2 Billion Annual Profit

Mr. H L Kam, Group Managing Director of CKI, said, “We are very pleased about the acquisition of Northumbrian Water. This regulated business is poised to bring in strong and recurrent cash flow to CKI.”

“Northumbrian Water is a premium investment which provides CKI with immediate earnings,” Mr. Kam continued.

“Upon completion of the acquisition in October, CKI will book 2.5 months of profit contribution in the 2011 financial year,” Mr. Kam commented.

For the year ended 31 March 2011, Northumbrian Water reported GBP 178.3 million (approximately HK\$ 2.2 billion) in profits. A 40% shareholding would mean an earning of approximately GBP 71.3 million (approximately HK\$ 872.8 million) during that period.

“The acquisition of Northumbrian Water marks CKI’s second investment in the United Kingdom in 12 months. This transaction follows closely the purchase of the GBP 5.775 billion UK Power Networks which took place in October last year,” Mr. Kam said.

“These two significant projects – Northumbrian Water and UK Power Networks, are expected to bring us to a new level in earnings,” Mr. Kam added.

“The successful acquisitions of Northumbrian Water and UK Power Networks reflect clearly the strength of our financial capacity and the capability of our team in sourcing and acquiring attractive infrastructure projects,” Mr. Kam expressed.

Currently, CKI has a comprehensive portfolio of investments which includes gas and electricity distribution, water and waste water services, as well as electricity generation in the United Kingdom. The size of CKI’s investments in the United Kingdom is about GBP 5.1 billion (approximately HK\$ 62.4 billion).

“With cash on hand of approximately HK\$ 4.2 billion, and a net debt to equity ratio of below 20% after this Northumbrian Water transaction, we will continue to seek good infrastructure projects in different sectors for further expansion,” Mr. Kam concluded.

Enterprise Value of Northumbrian Water

The enterprise value of this Northumbrian Water acquisition is about GBP 4.8 billion (approximately HK\$ 58.8 billion). This is made up of:

- i) Northumbrian Water’s entire issued share capital of about GBP 2.4 billion (approximately HK\$ 29.4 billion), ie. an offer price of 465 pence per share; and
- ii) Northumbrian Water’s existing debt of about GBP 2.4 billion (approximately HK\$ 29.4 billion).

Attachment 1 – Northumbrian Water Fact Sheet

Attachment 2 –List of CKI’s UK Investments

Attachment 3 – CKI UK Investments’ Service Areas

The conversion of GBP into HK\$ throughout this press release are based on the exchange rate of GBP 1.00 to HK\$ 12.241.

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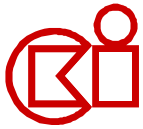
Photo Captions

Photo 1: Mr. H L Kam, Group Managing Director of CKI (centre); Mr. Andrew Hunter, Deputy Managing Director of CKI (third from left); and Mr. Duncan Macrae (first from left), Head of International Business of CKI, are given a tour of Northumbrian Water's facilities on the day the acquisition was completed.



Photo 2: Mr. H L Kam, Group Managing Director of CKI (front row, centre); Mr. Andrew Hunter, Deputy Managing Director of CKI (front row, second from right); and Mr. Duncan Macrae, Head of International Business of CKI (front row, second from left), met with Heidi Mottram, CEO of Northumbrian Water (front row, third from left) and the rest of Northumbrian Water's management team at the company's Broken Scar Water Treatment Works in Darlington.





Northumbrian Water Group

Fact Sheet

Northumbrian Water Group plc (“Northumbrian Water”) operates in the water supply, sewerage and waste water industries in the United Kingdom. It is one of the ten regulated water and sewerage companies in England and Wales. The company 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 Water’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



List of CKI's UK Investments

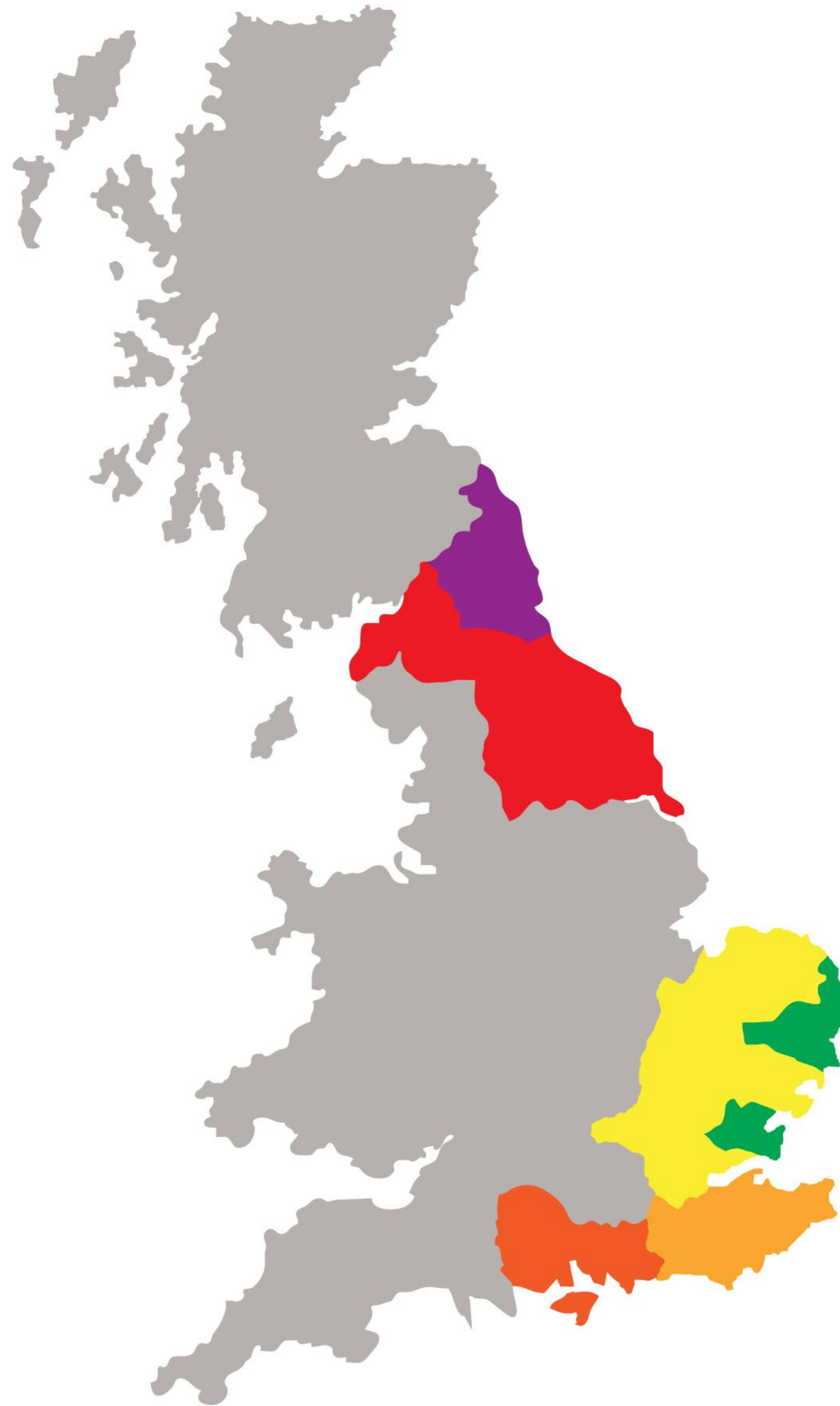
Fact Sheet

CKI has built a strong portfolio of investments comprising electricity, gas and water businesses in the United Kingdom that amounts to about GBP 5.1 billion (approximately HK\$ 62.4 billion). Apart from the newly acquired Northumbrian Water, CKI also owns Northern Gas Networks, a major gas distribution business that serves the North of England; UK Power Networks, one of the United Kingdom's largest power distributors; and Seabank Power, an electricity-generating company located in Bristol. CKI also owns a strategic stake in Southern Water, a business that provides water and waste water services to the South of England.

Business	Project	Area Served/ Operation Location	Consumer Coverage
Water and waste water services	Northumbrian Water	North East of England and South East of England	Served population: Approx. 4.5 million
	Southern Water	South of England	Served population: Water – Approx. 2.3 million Sewerage – Approx. 4.3 million
Gas distribution	Northern Gas Networks	North of England	Number of customers: Over 2.6 million
Power distribution	UK Power Networks	London, South East England and East of England	Number of customers: Approx. 8 million
Power generation	Seabank Power	Bristol	N/A

CKI UK Investment's Service Areas

長江基建英國業務之服務區域



- Northumbrian Water + Northern Gas Networks
- Northern Gas Networks
- UK Power Networks
- UK Power Networks + Northumbrian Water
- Southern Water
- Southern Water + UK Power Networks