



[Press Release]

CKI – led Consortium Spends HK\$9.7 Billion to Acquire Netherlands’ Largest Energy from Waste Company

(June 17, 2013 – Hong Kong) A consortium led by Cheung Kong Infrastructure Holdings Limited (“CKI”) has entered into an agreement to acquire AVR Afvalverwerking B.V. (“AVR”) in the Netherlands. The enterprise value of the transaction is approximately HK\$9.7 billion (EUR940 million).

Members of the consortium include Cheung Kong (Holdings) Limited and CKI, each taking a 35% stake; Power Assets Holdings Limited (“Power Assets”) a 20% stake; and the Li Ka Shing Foundation Limited holding 10%.

AVR is the largest energy from waste (“EfW”) player in the Netherlands. It is the country’s market leader, commanding a 23% market share of the waste processing industry.

AVR’s revenue streams are very stable with long term contracts in place for both gate fees for processing waste as well as off-take for energy generated.

AVR Represents an Attractive Proposition

Leading this acquisition move is Mr. Andy Hunter, Deputy Managing Director of CKI. Mr. Hunter said, “since the acquisition of EnviroWaste in New Zealand in January, we have been presented a number of waste treatment business opportunities around the world.”

“With its secured and stable income as well as good profitability, AVR represents an attractive proposition,” continued Mr. Hunter.

“The experienced management team, market leadership position and potential growth opportunities are other key factors which add appeal to AVR,” commented Mr. Hunter.

“The prospects of AVR are also enticing. Further growth opportunities include the treatment of import waste of which AVR has already started,” Mr. Hunter expressed.

CKI Making Good Inroads in Waste Management

“We are very happy with the acquisition of AVR. It fits in well with CKI’s stringent investment requirements, generating immediate recurring cash flow with profitable and stable returns,” said Mr. H L Kam, Group Managing Director of CKI.

“CKI is making good inroads in the area of waste management. In the United Kingdom, Northumbrian Water is one of the leading companies treating waste water and sludge in the country. While, in New Zealand, EnviroWaste is one of the leading waste management companies in the country and operates the largest landfill there. The acquisition of AVR will see us investing in a leading waste management company in Europe, possessing the largest EfW plant capacity in the continent. With waste treatment being an imminent issue in most places around the world, we see good growth potential in this business,” expressed Mr. Kam.

This HK\$9.7 billion AVR acquisition is the second waste treatment investment that CKI has participated in this year, following the HK\$3.2 billion EnviroWaste acquisition which took place in January.

New Milestone for Power Assets

“The acquisition poses a new milestone for Power Assets. AVR represents an attractive diversification of our investment portfolio into the energy from waste industry,” commented Mr. C T Wan, Group Managing Director of Power Assets.

“Power Assets now has a strong portfolio of electricity generation and distribution, gas distribution as well as renewable energy business in six markets outside of Hong Kong. Furthering our strategy of expanding our portfolio outside of Hong Kong, the investment in AVR extends our geographic reach into the European Continent,” Mr. Wan continued.

The AVR acquisition transaction is subject to customary approvals, including a Central Works Council consultation process as well as approval pursuant to European Union Merger Regulation (EUMR). Completion of the transaction is expected to take place in the third quarter of the year.

Upon completion, AVR will become the newest investment in Cheung Kong Group's portfolio in the Netherlands, which currently encompasses retail business and container port.

Together with AVR's 430 employees, the Group will have about 20,000 staff in the Netherlands.

- End -



AVR Fact Sheet

- AVR is the largest energy from waste (“EfW”) player in the Netherlands.
- AVR currently commands the highest waste treatment market share in the country, amounting to 23% of the total incineration volume.
- AVR generates its income from three sources:
 - (i) gate fees for processing waste;
 - (ii) the sale of output generated from waste processing in the forms of electricity, steam, and district heating; as well as
 - (iii) the sale of recovered materials.
- Majority of gate fees have been secured through long term contracts from municipalities and commercial customers. Steam and district heating are also sold under long term contracts to local municipal district heating networks, and process steam to the neighbouring industrial users.
- AVR operates two waste treatment plants: Rozenburg in the Port of Rotterdam area; and Duiven near the German border.
- The Rozenburg and Duiven plants together have the capacity to process 1,700 kilo tonnes per year, the largest amongst waste treatment companies in Europe.

- The Rozenburg and Duiven plants encompass facilities for waste processing in the following form:
 - (i) energy from waste (EfW);
 - (ii) biomass energy;
 - (iii) liquid waste treatment;
 - (iv) paper residue incineration; and
 - (v) composting.

- Both Rozenburg and Duiven plants are qualified energy efficient waste treatment plants. They are of “R1” status, entitling them to import waste from other member countries and states of the European Union.

- In addition to domestic market, AVR has already started processing import waste.

- With direct jetty access in Rotterdam port area, Rozenburg has a strategic advantage in its growth plans for processing import waste. Being located close to Germany, Duiven also benefits in this aspect.

- AVR also operates 4 transfer stations in the Netherlands. They have a handling capacity of 1,000 kilo tonnes per year.

Overview of AVR Assets



Rozenburg portfolio

Energy from Waste
Capacity: 1,300 kt/yr
7 incineration lines

Biomass Energy
Capacity: 140 kt/yr
1 incineration line

Liquid Waste Treatment
Capacity: 325 kt/yr waste water
4 incineration lines

Duiven portfolio

Energy from Waste
Capacity: 400 kt/yr
3 incineration lines

Paper Residue Incineration
Capacity: 200 kt/yr
1 incineration line

Composting
Capacity: 60 kt/yr
Organic waste processing

Logistics

4 Transfer stations
Capacity: 1,000 kt/yr
1 boat, 5 tugboats