



CHEUNG KONG INFRASTRUCTURE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 1038)

DISCLOSEABLE TRANSACTION

On 28th April, 2004, the Vendor, Vendor Guarantor, Purchaser and Purchaser Guarantor entered into the Agreement, pursuant to which CKI UK has acquired the entire issued share capital of Cambridge Water. The Company has guaranteed the obligations of the Purchaser under the Agreement.

The consideration for the Sale Shares, which was paid in cash on completion of the Agreement, is £51,375,000 (HK\$717,708,750). In addition, the Purchaser has assumed £4,945,000 (HK\$69,081,650) debt in Cambridge Water.

The consideration for the acquisition of the Sale Shares was initially financed by internal resources of the Group. After completion, approximately 50% of the acquisition cost will be refinanced by project loans.

Cambridge Water is a company appointed as a water undertaker under the Water Act 1989 of the United Kingdom. It supplies a population of some 298,000 in an area of some 1,173 square kilometres in South Cambridgeshire, the United Kingdom.

The Company is a diversified infrastructure investment company with a focus in the development, investment and operation of infrastructure businesses currently in Hong Kong, Mainland China, Australia, Canada, the Philippines and other countries.

The Acquisition reflects the Company's strategy of investing in infrastructure opportunities around the world, leveraging the Group's strong financial position and solid experience in infrastructure. It is expected that the equity internal rate of return on the Acquisition will be in low-teens.

The Company has long seen the United Kingdom as an important market offering attractive investment opportunities. The Acquisition provides the Company with an entry to this market, and a platform to further expand in the region.

The Acquisition constitutes a discloseable transaction of the Company under the Listing Rules. A circular containing further information on the Acquisition will be despatched to shareholders as soon as practicable.

SALE AND PURCHASE AGREEMENT DATED 28TH APRIL, 2004

Parties	
Vendor:	UFACEX UK Holdings Plc, a corporation organised and existing under the laws of England and Wales and a wholly-owned subsidiary of Unión Fenosa Internacional, S.A.
Vendor Guarantor:	Unión Fenosa Internacional, S.A., a corporation organised and existing under the laws of Spain
Purchaser:	CKI UK Water Limited, a wholly-owned subsidiary of the Company
Purchaser Guarantor:	Cheung Kong Infrastructure Holdings Limited, the shares of which are listed on the main board of the Stock Exchange

Acquisition

On 28th April, 2004, the Vendor, Vendor Guarantor, Purchaser and Purchaser Guarantor entered into the Agreement, pursuant to which CKI UK has acquired from the Vendor the Sale Shares free from all encumbrances and together with all associated rights and benefits attaching or accruing to them on or after the date of the Agreement. Completion of the Agreement took place on the date the Agreement was entered into.

The Sale Shares represent the entire issued share capital of Cambridge Water. Cambridge Water has accordingly become a wholly-owned indirect subsidiary of the Company and its accounts will be consolidated in the Group's financial statements.

The Company has guaranteed the obligations of the Purchaser under the Agreement.

Consideration

The consideration for the Sale Shares, which was paid in cash on completion of the Agreement, is £51,375,000 (HK\$717,708,750). The consideration was agreed between the parties after arm's length negotiations. In addition, the Purchaser has assumed £4,945,000 (HK\$69,081,650) debt in Cambridge Water.

The consideration for the Acquisition of the Sale Shares was initially financed by internal resources of the Group. After completion, approximately 50% of the acquisition cost will be refinanced by project loans.

INFORMATION ON CAMBRIDGE WATER

Cambridge Water is a company appointed as a water undertaker under the Water Act 1989 of the United Kingdom. It supplies a population of some 298,000 in an area of some 1,173 square kilometres in South Cambridgeshire, the United Kingdom.

For the financial year ended 31st December, 2003, Cambridge Water reported audited profits before taxation of £10,839,000 (HK\$151,420,830) (2002: £3,567,000/HK\$49,830,990) and audited profits after taxation of £9,804,000 (HK\$136,961,880) (2002: £2,509,000/HK\$35,050,730) inclusive of profit of £7,681,000 (HK\$107,303,570) made from sales of tangible fixed assets on turnover of £14,736,000 (HK\$205,861,920) (2002: £14,841,000/HK\$207,328,770). Save as stated, there were no extraordinary items for such financial years. As at 31st December, 2003, Cambridge Water had net assets of £28,010,000 (HK\$391,299,700).

REASONS FOR THE ACQUISITION

The Company is a diversified infrastructure investment company with a focus in the development, investment and operation of infrastructure businesses currently in Hong Kong, Mainland China, Australia, Canada, the Philippines and other countries.

The Acquisition reflects the Company's strategy of investing in infrastructure opportunities around the world, leveraging the Group's strong financial position and solid experience in infrastructure.

The Company has long seen the United Kingdom as an important market offering attractive investment opportunities. The Acquisition provides the Company with an entry to this market, and a platform to further expand in the region.

The Directors of the Company believe the terms of the transaction are fair and reasonable and in the interests of the shareholders of the Company as a whole. It is expected that the equity internal rate of return on the Acquisition will be in low-teens.

GENERAL

The Acquisition constitutes a discloseable transaction of the Company under the Listing Rules. A circular containing further information on the Acquisition will be despatched to shareholders as soon as practicable.

As at the date of this announcement, the Directors of the Company comprise Li Tzar Kuoi, Victor (Chairman), KAM Hing Lam (Group Managing Director), George Colin MAGNUS, FOK Kin Ning, Canning, IP Tak Chuen, Edmond (each Deputy Chairman), KWAN Bing Sing, Eric (Deputy Managing Director), CHOW WOO Mo Fong, Susan, Frank John SIXT, TSO Kai Sum (each Executive Director), CHEONG Ying Chew, Henry, LEE Pui Ling, Angelina (each Independent Non-executive Director) and Barrie COOK (Non-executive Director).

Unión Fenosa, whose shares are listed on the Madrid Stock Exchange, has a presence in more than 40 countries, especially in North and South America. Its main business activities are in the electricity and gas sectors, professional services and telecoms. The main business activities of the Vendor are energy generation and distribution. To the best of the knowledge, information and belief of the Directors of the Company having made all reasonable enquiries, the Vendor and Unión Fenosa and their respective ultimate beneficial owners are third parties independent of the Company and connected persons (as defined under the Listing Rules) of the Company.

DEFINITIONS

"Acquisition"	means	the acquisition of the Sale Shares by CKI UK pursuant to the terms of the Agreement
"Agreement"	means	the Sale and Purchase Agreement dated 28th April, 2004 relating to the sale and purchase of the Sale Shares and the transaction documents to be entered into under such agreement
"Board"	means	the Board of Directors of the Company
"Cambridge Water"	means	Cambridge Water plc, a company incorporated in England
"CKI UK" or "Purchaser"	means	CKI UK Water Limited, a company incorporated in England and a wholly-owned subsidiary of the Company
"Company"	means	Cheung Kong Infrastructure Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange (Stock Code: 1038)
"Group"	means	the Company and its subsidiaries
"Hong Kong"	means	the Hong Kong Special Administrative Region of the People's Republic of China
"Listing Rules"	means	the Rules Governing the Listing of Securities on the Stock Exchange
"Sale Shares"	means	the entire issued share capital of Cambridge Water
"Stock Exchange"	means	The Stock Exchange of Hong Kong Limited
"Vendor"	means	UFACEX UK Holdings Plc, a corporation organised and existing under the laws of England and Wales and a wholly-owned subsidiary of the Vendor Guarantor
"Unión Fenosa" or "Vendor Guarantor"	means	Unión Fenosa Internacional, S.A., a corporation organised and existing under the laws of Spain
"£"	means	pounds sterling, the lawful currency of the United Kingdom
"HK\$"	means	Hong Kong dollars, the lawful currency of Hong Kong

Note: The figures in £ are translated into HK\$ at the rate of £1 = HK\$13.97 throughout this announcement for indication purposes only.

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