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CHEUNG KONG INFRASTRUCTURE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 1038)

DISCLOSEABLE TRANSACTION SUBSCRIPTION OF EQUITY AND LOAN INTEREST IN GREENSANDS HOLDINGS LIMITED

On 10th December, 2007, the Company entered into the Subscription Agreement with GHIL and GEL whereby the Company agrees to acquire through its indirect wholly-owned subsidiary, the GHIL Shares and the Shareholders' Loans for a consideration of £62.6 million (approximately HK\$990.3 million).

The Subscription constitutes a discloseable transaction for the Company under Rule 14.06(2) of the Listing Rules. A circular containing further information of the Subscription will be despatched to the Shareholders in accordance with the relevant requirements of the Listing Rules.

THE SUBSCRIPTION AGREEMENT

Date

10th December, 2007

Parties

- (1) The Company
- (2) GHIL
- (3) GEL

The Directors confirm that to the best of their knowledge, information and belief having made all reasonable enquiries, each of GHIL and GEL and their ultimate beneficial owners are third parties independent of the Company and its connected persons. The Directors also confirm that to the best of their knowledge, information and belief, there was no prior transaction between the Group and GHIL or GEL that requires aggregation under Rules 14.22 and 14A.25 of the Listing Rules.

Subject of the Subscription

Pursuant to the Subscription Agreement, the Company has agreed to acquire, through an indirect wholly-owned subsidiary, the GHIL Shares and the Shareholders' Loans subject to the Condition (as defined below).

Subscription Consideration

The Subscription Consideration, which will be payable in full by the Company through its indirect wholly-owned subsidiary to GHIL and GEL in cash on Completion, is £62.6 million (approximately HK\$990.3 million).

The Subscription Consideration will be funded through internal resource of the Company.

The Subscription Consideration was arrived at after taking into account the Company's internal valuation of the value of GHIL and following arm's length negotiations between the Company and GHIL on normal commercial terms.

Pursuant to the Subscription Agreement, the Company shall procure its indirect wholly-owned subsidiary to execute a deed of accession in respect of the shareholders agreement of GHIL. Pursuant to the deed of accession, the indirect wholly-owned subsidiary of the Company, as a new shareholder, will indemnify the existing investors and members of the GHIL group for any reasonable costs incurred in connection with any investigation by the competition commission under section 32 of the Water Industry Act 1991 up to an amount not more than £1 million (approximately HK\$15.82 million).

Condition

Under the Subscription Agreement, the Subscription is conditional upon the amendment of the subscription and shareholders' agreement relating to GHIL dated 4th October, 2007, as amended on 8th October, 2007.

If the above condition is not satisfied on or before 20th December, 2007 (London time) (or such later date as is agreed by the parties to the Subscription Agreement), the Subscription Agreement will lapse and the Subscription will not proceed.

INFORMATION ON GHIL AND GEL

GHIL is the holding company of Southern Water.

GEL is a wholly-owned subsidiary of GHIL.

Southern Water is a regulated water and waste water company serving the southern part of England.

Based on the accounts of Southern Water as at 31st March, 2007, the net asset value of Southern Water was approximately £123.5 million (approximately HK\$1,953.8 million). The audited net profits before taxation and extraordinary items of Southern Water for the two years ended 31st March, 2006 and 31st March, 2007 were approximately £55.2 million (approximately HK\$873.3 million) and approximately £47.7 million (approximately HK\$754.6 million) respectively. The respective audited net profits after taxation and extraordinary items of Southern Water for the two years ended 31st March, 2006 and 31st March, 2007 were approximately £34.8 million (approximately HK\$550.5 million) and approximately £30.6 million (approximately HK\$484.1 million). The above accounts were prepared under the UK GAAP. The Company does not hold any shares in GHIL prior to completion of the Subscription. It is intended that the Company will account for the GHIL Shares and Shareholders' Loans as non-current assets in the Group's balance sheet immediately after completion of the Subscription.

INFORMATION ON THE GROUP

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

REASONS FOR THE SUBSCRIPTION

The Company is a diversified infrastructure investment company with a focus on the development, investment and operation of infrastructure business in Hong Kong, the Mainland, Australia, Canada, Philippines and the United Kingdom. The Subscription 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 Subscription represents consolidation of the Company's position in the United Kingdom.

The Directors (including independent non-executive directors) of the Company consider the terms of the Subscription Agreement are on normal commercial terms and the Subscription is in the ordinary and usual course of its business and fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

The Subscription constitutes a discloseable transaction for the Company under Rule 14.06(2) of the Listing Rules. A circular containing further details of the Subscription will be dispatched to the Shareholders in accordance with the relevant requirements of the Listing Rules.

DEFINITIONS

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

“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)
“Completion”	completion of the Subscription in accordance with the terms of the Subscription Agreement
“connected persons”	has the meaning ascribed to it in the Listing Rules
“Directors”	the directors of the Company
“GEL”	Greensands Europe Limited, a company incorporated under the laws of England and registered in England and Wales and a wholly-owned subsidiary of GHL
“GHL”	Greensands Holdings Limited, a company incorporated under the laws of Jersey
“GHL Shares”	43,789,016 shares of GHL, representing 4.879% of the entire issued share capital of GHL immediately after completion of the Subscription
“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
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Shareholders”	shareholders of the Company
“Shareholders’ Loans”	4.879% of the shareholders’ loans owed by GEL
“Southern Water”	Southern Water Capital Limited, a company incorporated under the laws of England and registered in England and Wales with registration no. 04608528

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the Subscription of the GHL Shares and the Shareholders’ Loans
“Subscription Agreement”	the subscription agreement dated 10th December, 2007 entered into by the Company
“Subscription Consideration”	the consideration payable by the Company, through its indirect wholly-owned subsidiary to GHL and GEL for the Subscription pursuant to the Subscription Agreement
“UK GAAP”	generally accepted accounting principles in the United Kingdom
“£”	pounds sterling, the lawful currency of the United Kingdom
“%”	per cent.

Note: The figures in £ are converted into HK\$ at the rate of £1.00:HK\$15.82 throughout this announcement for indication purposes only.

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

Hong Kong, 10th December, 2007

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. Andrew John HUNTER, Mrs. CHOW WOO Mo Fong, Susan (also alternate to Mr. FOK Kin Ning, Canning and Mr. Frank John SIXT), Mr. Frank John SIXT and Mr. TSO Kai Sum; and 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), Mrs. LEE Pui Ling, Angelina, Mr. Barrie COOK and Mr. George Colin MAGNUS.