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**CHEUNG KONG INFRASTRUCTURE
HOLDINGS LIMITED**

(Incorporated in Bermuda with limited liability)
(Stock code: 1038)

**DISCLOSEABLE TRANSACTION
ACQUISITION OF ADDITIONAL
INTEREST IN NORTHERN GAS
NETWORKS HOLDINGS LIMITED**



**HONGKONG ELECTRIC
HOLDINGS LIMITED**

(Incorporated in Hong Kong with limited liability)
(Stock code: 6)

**CONNECTED TRANSACTION
ACQUISITION OF ADDITIONAL
INTEREST IN NORTHERN GAS
NETWORKS HOLDINGS LIMITED**

On 16th November, 2009, (i) PGA, an indirect wholly-owned subsidiary of CKI, entered into the CKI Deed with UU pursuant to which PGA agreed to acquire the CKI Sale Shares from UU; and (ii) BCP, an indirect wholly-owned subsidiary of HEH, entered into the HEH Deed with UU pursuant to which BCP agreed to acquire the HEH Sale Shares from UU.

As at the date of this announcement, NGN was owned by its shareholders, namely PGA, BCP, UU and Independent Investor, as to approximately 40%, 35.1%, 15% and 9.9% respectively. UU agreed to transfer the CKI Sale Shares, the HEH Sale Shares and the Investor Sale Shares to PGA, BCP and Independent Investor respectively, and each shareholder of NGN agreed to waive its rights of pre-emption in relation to the transfer of such shares conferred on it by the articles of association of NGN, the shareholders' agreement in relation to NGN or otherwise.

Upon Completion, PGA and BCP will become the beneficial owners of approximately 47.06% and 41.29% interests in NGN respectively.

In the event that Independent Investor fails to complete the acquisition of the Investor Sale Shares from UU on or before 30th November, 2009, PGA and BCP shall each enter into an agreement with UU for the acquisition of the Additional CKI Sale Shares and the Additional HEH Sale Shares respectively, on the same terms and at the same price per ordinary share as set out in the CKI Deed or the HEH Deed (as the case may be).

As the revenue ratio in respect of the transactions under the CKI Deed calculated pursuant to Rule 14.07 of the Listing Rules is more than 5% but less than 25%, the entering into of the CKI Deed constitutes a discloseable transaction for CKI under the Listing Rules and is therefore subject to the announcement requirements under the Listing Rules.

The entering into of the HEH Deed constitutes a connected transaction for HEH under Rule 14A.13(1)(b)(i) of the Listing Rules. As each of the applicable percentage ratios in respect of the transactions under the HEH Deed calculated pursuant to Rule 14.07 of the Listing Rules is more than 0.1% but less than 2.5%, the entering into of the HEH Deed is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirements under the Listing Rules.

INTRODUCTION

On 16th November, 2009, (i) PGA, an indirect wholly-owned subsidiary of CKI, entered into the CKI Deed with UU pursuant to which PGA agreed to acquire the CKI Sale Shares from UU; and (ii) BCP, an indirect wholly-owned subsidiary of HEH, entered into the HEH Deed with UU pursuant to which BCP agreed to acquire the HEH Sale Shares from UU.

As at the date of this announcement, NGN was owned by its shareholders, namely PGA, BCP, UU and Independent Investor, as to approximately 40%, 35.1%, 15% and 9.9% respectively. UU agreed to transfer the CKI Sale Shares, the HEH Sale Shares and the Investor Sale Shares to PGA, BCP and Independent Investor respectively, and each shareholder of NGN agreed to waive its rights of pre-emption in relation to the transfer of such shares conferred on it by the articles of association of NGN, the shareholders' agreement in relation to NGN or otherwise.

Upon Completion, PGA and BCP will become the beneficial owners of approximately 47.06% and 41.29% interests in NGN respectively.

The principal terms and conditions of the Deeds are described below.

THE DEEDS

The CKI Deed

Date

16th November, 2009

Parties

- (1) UU (as vendor)
- (2) PGA, an indirect wholly-owned subsidiary of CKI (as purchaser)

The directors of CKI confirm that to the best of their knowledge, information and belief having made all reasonable enquiries, UU and its ultimate beneficial owners are third parties independent of CKI and its connected persons.

Interest to be acquired

PGA agreed to acquire the CKI Sale Shares (representing approximately 7.06% interest in NGN) from UU free from all encumbrances on the terms set out in the CKI Deed.

Consideration

The total consideration for the acquisition of the CKI Sale Shares is £40,353,245 (approximately HK\$522,978,055), payable in cash by PGA to UU by way of electronic funds transfer for value on the date of Completion.

The consideration for the CKI Sale Shares was determined after arm's length negotiations between PGA and UU with reference to the historical financial performance of NGN. Such consideration will be funded by CKI's internal resources.

Completion

Completion of the CKI Deed is conditional upon completion of the HEH Deed, save for any condition in the HEH Deed that relates to completion of the CKI Deed. Completion of the CKI Deed is scheduled to take place on 18th November, 2009 subject to the fulfillment of such condition.

Dividends

PGA shall be entitled to one-twelfths (1/12ths) of the aggregate of all dividends declared by NGN during the Dividend Period in respect of the CKI Sale Shares, whereas UU shall be entitled to the remaining portion i.e. eleven-twelfths (11/12ths) of such dividends. If UU does not receive by the end of the Interim Period an amount equal to not less than £1,650,000 (approximately HK\$21,384,000) in aggregate in respect of any dividend declared and paid by NGN during the Interim Period for its shareholding in NGN as at the date of CKI Deed (which represents eleven-twelfths (11/12ths) of the dividends in respect of UU's shareholding in NGN declared but not yet paid as of the date of the CKI Deed), PGA shall pay to UU an amount equal to approximately 53.26% of the difference between the aggregate amount of dividend received by UU by the end of the Interim Period and £1,650,000 (approximately HK\$21,384,000).

Acquisition of additional shares in NGN

In the event that Independent Investor fails to complete the acquisition of the Investor Sale Shares from UU on or before 30th November, 2009, PGA shall enter into an agreement with UU for the acquisition of the Additional CKI Sale Shares, on the same terms and at the same price per ordinary share as set out in the CKI Deed. If PGA acquires the Additional CKI Sale Shares, an additional consideration of £5,319,536 (approximately HK\$68,941,187) will be payable by PGA to UU and the interest of PGA in NGN upon completion of such acquisition will be increased to approximately 47.99%.

The HEH Deed

Date

16th November, 2009

Parties

- (1) UU (as vendor)
- (2) BCP, an indirect wholly-owned subsidiary of HEH (as purchaser)

The directors of HEH confirm that to the best of their knowledge, information and belief having made all reasonable enquiries, UU and its ultimate beneficial owners are third parties independent of HEH and its connected persons.

Interest to be acquired

BCP agreed to acquire the HEH Sale Shares (representing approximately 6.19% interest in NGN) from UU free from all encumbrances on the terms set out in the HEH Deed.

Consideration

The total consideration for the acquisition of the HEH Sale Shares is £35,409,973 (approximately HK\$458,913,250), payable in cash by BCP to UU by way of electronic funds transfer for value on the date of Completion.

The consideration for the HEH Sale Shares was determined after arm's length negotiations between BCP and UU with reference to the historical financial performance of NGN. Such consideration will be funded by HEH's internal resources and/or bank borrowings.

Completion

Completion of the HEH Deed is conditional upon completion of the CKI Deed, save for any condition in the CKI Deed that relates to completion of the HEH Deed. Completion of the HEH Deed is scheduled to take place on 18th November, 2009 subject to the fulfillment of such condition.

Dividends

BCP shall be entitled to one-twelfths (1/12ths) of the aggregate of all dividends declared by NGN during the Dividend Period in respect of the HEH Sale Shares, whereas UU shall be entitled to the remaining portion i.e. eleven-twelfths (11/12ths) of such dividends. If UU does not receive by the end of the Interim Period an amount equal to not less than £1,650,000 (approximately HK\$21,384,000) in aggregate in respect of any dividend declared and paid by NGN during the Interim Period for its shareholding in NGN as at the date of HEH Deed (which represents eleven-twelfths (11/12ths) of the dividends in respect of UU's shareholding in NGN declared but not yet paid as of the date of the HEH Deed), BCP shall pay to UU an amount equal to approximately 46.74% of the difference between the aggregate amount of dividend received by UU by the end of the Interim Period and £1,650,000 (approximately HK\$21,384,000).

Acquisition of additional shares in NGN

In the event that Independent Investor fails to complete the acquisition of the Investor Sale Shares from UU on or before 30th November, 2009, BCP shall enter into an agreement with UU for the acquisition of the Additional HEH Sale Shares, on the same terms and at the same price per ordinary share as set out in the HEH Deed. If BCP acquires the Additional HEH Sale Shares, an additional consideration of £4,667,892 (approximately HK\$60,495,880) will be payable by BCP to UU and the interest of BCP in NGN upon completion of such acquisition will be increased to approximately 42.11%.

INFORMATION ON THE INTERESTS BEING ACQUIRED

NGN is principally engaged in the distribution of gas to homes and businesses across the North of England.

The net asset values of the CKI Sale Shares and the HEH Sale Shares calculated based on the audited consolidated accounts of NGN for the financial year ended 31st December, 2008 are approximately £24,770,000 (approximately HK\$321,020,000) and approximately £21,730,000 (approximately HK\$281,620,000) respectively.

For the financial year ended 31st December, 2007, the audited net profit before taxation and extraordinary items attributable to the CKI Sale Shares is approximately £1,070,000 (approximately HK\$13,870,000) and the audited net profit after taxation and extraordinary items attributable to the CKI Sale Shares is approximately £870,000 (approximately HK\$11,280,000), whereas the audited net profit before taxation and extraordinary items attributable to the HEH Sale Shares is approximately £940,000 (approximately HK\$12,180,000) and the audited net profit after taxation and extraordinary items attributable to the HEH Sale Shares is approximately £770,000 (approximately HK\$9,980,000).

For the financial year ended 31st December, 2008, the audited net profit before taxation and extraordinary items attributable to the CKI Sale Shares is approximately £1,350,000 (approximately HK\$17,500,000) and the audited net profit after taxation and extraordinary items attributable to the CKI Sale Shares is approximately £490,000 (approximately HK\$6,350,000), whereas the audited net profit before taxation and extraordinary items attributable to the HEH Sale Shares is approximately £1,190,000 (approximately HK\$15,420,000) and the audited net profit after taxation and extraordinary items attributable to the HEH Sale Shares is approximately £430,000 (approximately HK\$5,570,000).

INFORMATION ON UU

UU is an indirect wholly-owned subsidiary of United Utilities Group PLC. United Utilities Group PLC is the largest listed water business in the United Kingdom. It owns and manages the regulated water and wastewater network in the North West of England and also applies its core skills to operate water, wastewater, electricity and gas networks in competitive markets, principally in the United Kingdom.

INFORMATION ON THE CKI GROUP

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

REASONS FOR AND BENEFITS OF THE TRANSACTION TO CKI GROUP

The transactions under the CKI Deed provide CKI with the opportunity to increase its interest in an existing business and reflect CKI's strategy of investing in infrastructure projects outside Hong Kong.

The directors (including the independent non-executive directors) of CKI consider that the terms of the CKI Deed are on normal commercial terms and the transaction under the CKI Deed is fair and reasonable and in the interests of CKI and its shareholders as a whole.

INFORMATION ON THE HEH GROUP

The principal activity of the HEH Group is the generation of electricity and its transmission and distribution to Hong Kong and Lamma Islands. HEH is also a joint partner with CKI in several power-related businesses in Australia, New Zealand and Canada and in NGN in the United Kingdom.

REASONS FOR AND BENEFITS OF THE TRANSACTION TO HEH GROUP

The transactions under the HEH Deed provide HEH with the opportunity to increase its interest in an existing business and reflect HEH's strategy of investing in infrastructure projects outside Hong Kong.

The directors (including the independent non-executive directors) of HEH consider that the terms of the HEH Deed are on normal commercial terms and the transaction under the HEH Deed is fair and reasonable and in the interests of HEH and its shareholders as a whole.

LISTING RULES IMPLICATIONS

As the revenue ratio in respect of the transactions under the CKI Deed calculated pursuant to Rule 14.07 of the Listing Rules is more than 5% but less than 25%, the entering into of the CKI Deed constitutes a discloseable transaction for CKI under the Listing Rules and is subject to the announcement requirements under the Listing Rules.

CKI currently holds approximately 38.87% of the issued share capital of HEH and is therefore a controlling shareholder of HEH. The transactions under the HEH Deed involve HEH's acquisition (through BCP) of interest in NGN where CKI, being a holder (through PGA) of 40% interests in NGN immediately prior to the date of the Deeds, is a controller (as defined in the Listing Rules) of HEH. Accordingly, the entering into of the HEH Deed constitutes a connected transaction for HEH under Rule 14A.13(1)(b)(i) of the Listing Rules. As each of the applicable percentage ratios in respect of the transactions under the HEH Deed calculated pursuant to Rule 14.07 of the Listing Rules is more than 0.1% but less than 2.5%, the entering into of the HEH Deed is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirements under the Listing Rules.

DEFINITIONS

Unless the context otherwise requires, the following expressions shall have the meanings set out below:

“Additional CKI Sale Shares”	5,319,536 ordinary shares of £1.00 (approximately HK\$12.96) each in the share capital of NGN, representing approximately 0.93% of the issued share capital of NGN as at the date of the CKI Deed and as at Completion
“Additional HEH Sale Shares”	4,667,892 ordinary shares of £1.00 (approximately HK\$12.96) each in the share capital of NGN, representing approximately 0.82% of the issued share capital of NGN as at the date of the HEH Deed and as at Completion
“BCP”	Beta Central Profits Limited, a company incorporated under the laws of England and Wales with limited liability and an indirect wholly-owned subsidiary of HEH
“CKI”	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)
“CKI Deed”	the deed dated 16th November, 2009 and entered into between PGA and UU in respect of the acquisition of the CKI Sale Shares by PGA from UU
“CKI Group”	CKI and its subsidiaries
“CKI Sale Shares”	40,353,245 ordinary shares of £1.00 (approximately HK\$12.96) each in the share capital of NGN, representing approximately 7.06% of the issued share capital of NGN as at the date of the CKI Deed and as at Completion
“Completion”	completion of the sale and purchase of the CKI Sale Shares and the HEH Sale Shares in accordance with the terms of the CKI Deed and the HEH Deed respectively
“connected person”	has the meaning ascribed to it in the Listing Rules
“Deeds”	the CKI Deed and the HEH Deed

“Dividend Period”	the period from 1st January, 2009 up to and including 31st December, 2009
“HEH”	Hongkong Electric Holdings Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 6)
“HEH Deed”	the deed dated 16th November, 2009 and entered into between BCP and UU in respect of the acquisition of the HEH Sale Shares by BCP from UU
“HEH Group”	HEH and its subsidiaries
“HEH Sale Shares”	35,409,973 ordinary shares of £1.00 (approximately HK\$12.96) each in the share capital of NGN, representing approximately 6.19% of the issued share capital of NGN as at the date of the HEH Deed and as at Completion
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Investor”	a third party which is independent of CKI, HEH and their respective connected persons
“Interim Period”	the period beginning on the date of the Deeds and ending on the last day of the Dividend Period
“Investor Sale Shares”	9,987,428 ordinary shares of £1.00 (approximately HK\$12.96) each in the share capital of NGN, representing approximately 1.75% of the issued share capital of NGN as at the date of the Deeds and as at Completion
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“NGN”	Northern Gas Networks Holdings Limited, a company incorporated under the laws of England and Wales with limited liability
“PGA”	PG (April) Limited, a company incorporated under the laws of England and Wales with limited liability and an indirect wholly-owned subsidiary of CKI
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“UU”	United Utilities Energy & Contracting Services Holdings Limited, a company incorporated under the laws of England and Wales with limited liability and an indirect wholly-owned subsidiary of United Utilities Group PLC
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong

“£” British pound, the lawful currency of the United Kingdom

“%” per cent

Note: The figures in £ are converted into HK\$ at the rate of £1.00 : HK\$12.96 throughout this announcement for indication purposes only. No representation is made that any amounts in £ or HK\$ have been, could have been or could be converted at the above rate or at any other rates or at all.

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

By Order of the Board
**HONGKONG ELECTRIC
HOLDINGS LIMITED**
Lillian Wong
Company Secretary

Hong Kong, 16th November, 2009

As at the date of this announcement, the Executive Directors of CKI 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 Director to Mr. FOK Kin Ning, Canning and Mr. Frank John SIXT), Mr. Frank John SIXT and Mr. TSO Kai Sum; 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; and the Alternate Directors are Mr. MAN Ka Keung, Simon (Alternate Director to Mr. IP Tak Chuen, Edmond) and Ms. Eirene YEUNG (Alternate Director to Mr. KAM Hing Lam).

As at the date of this announcement, the Executive Directors of HEH are Mr. FOK Kin Ning, Canning (Chairman), Mr. TSO Kai Sum (Group Managing Director), Mrs. CHOW WOO Mo Fong, Susan (also Alternate Director to Mr. FOK Kin Ning, Canning and Mr. Frank John SIXT), Mr. Andrew John HUNTER, Mr. KAM Hing Lam (Mr. CHAN Loi Shun, Alternate Director to Mr. KAM Hing Lam), Mr. LI Tzar Kuoi, Victor, Mr. Neil Douglas MCGEE, Mr. Frank John SIXT, Mr. WAN Chi Tin and Mr. YUEN Sui See; and the Non-executive Directors are Mr. Ronald Joseph ARCULLI, Mr. LEE Lan Yee, Francis, Mr. George Colin MAGNUS, Mr. Holger KLUGE (Independent Non-executive Director), Mr. Ralph Raymond SHEA (Independent Non-executive Director) and Mr. WONG Chung Hin (Independent Non-executive Director).