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## **Cheung Kong Infrastructure Holdings Limited**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 1038)**

### **MAJOR TRANSACTION ACQUISITION OF 50% OF THE ISSUED SHARE CAPITAL OF SEABANK POWER LIMITED**

On 28th April, 2010, the Purchaser, being an indirect wholly owned subsidiary of the Company, and the Company entered into the Share Sale Agreement with the Vendor pursuant to which: (i) the Vendor has agreed to sell and the Purchaser has agreed to purchase the Shares and the Vendor's interests under the Shareholder Loan; and (ii) the Company, as guarantor, has agreed to guarantee certain obligations of the Purchaser under the Share Sale Agreement.

As one or more of the applicable percentage ratios in respect of the Acquisition is greater than 25% and less than 100%, as calculated under Rule 14.07 of the Listing Rules, the entering into of the Share Sale Agreement constitutes a major transaction for the Company under the Listing Rules. A circular containing, among other things, information relating to the Share Sale Agreement and the Acquisition will be dispatched to the shareholders of the Company in accordance with the relevant requirements of the Listing Rules.

Pursuant to the Listing Rules, shareholders' approval is required for a major transaction. As no shareholder of the Company is required to abstain from voting if the Company were to convene a general meeting for approving the Acquisition, and as the Company has obtained a written approval of the Acquisition from Hutchison Infrastructure Holdings Limited (which currently holds 1,906,681,945 shares in the Company, representing approximately 84.58% of the issued share capital of the Company), pursuant to Rule 14.44 of the Listing Rules, the Company is not required to convene a general meeting for approving the Acquisition.

### **INTRODUCTION**

On 28th April, 2010, the Purchaser, being an indirect wholly owned subsidiary of the Company, and the Company entered into the Share Sale Agreement with the Vendor pursuant to which: (i) the Vendor has agreed to sell and the Purchaser has agreed to purchase the Shares and the Vendor's interests under the Shareholder Loan; and (ii) the Company, as guarantor, has agreed to guarantee certain obligations of the Purchaser under the Share Sale Agreement. The Share Sale Agreement was entered into after the trading hours of the Stock Exchange on 28th April, 2010.

Following Closing, the Purchaser will be the beneficial owner of the Shares and the holder of the interests under the Shareholder Loan. Further information of Seabank Power is set out below in the section headed "Information on the interests being acquired" below.

The principal terms and conditions of the Share Sale Agreement are as follows:

## **SHARE SALE AGREEMENT**

### **Date**

28th April, 2010

### **Parties**

- (1) The Purchaser
- (2) The Company
- (3) The Vendor

The Directors confirm that to the best of their knowledge, information and belief having made all reasonable enquiries, the Vendor and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the Listing Rules). The Directors also confirm that to the best of their knowledge, information and belief having made all reasonable enquiries, there is no prior transaction with the Vendor or its ultimate beneficial owners which is required to be aggregated with the Acquisition pursuant to Rule 14.22 of the Listing Rules.

### **Interests to be acquired**

The Purchaser has agreed to acquire from the Vendor the Shares, representing 50% of the entire issued share capital of Seabank Power, together with all rights and advantages attaching thereto, which include the right to receive all dividends or distributions declared, made or paid on or after Closing.

The Purchaser also agreed to acquire the Vendor's interests under the Shareholder Loan.

### **Consideration**

The Total Consideration under the Acquisition will be GBP211,666,666 (approximately HK\$2,508,249,992) (subject to adjustment as a result of any deduction from the consideration of the Shares as set out below), comprising:

- (A) the consideration for the Shares will be an amount equal to:

GBP151,300,000 (approximately HK\$1,792,905,000);

less the following amounts:

- (1) the Pre-Closing Dividend (if any);
- (2) any interest paid to the Vendor under the Shareholder Loan on or after 1st April, 2010;

- (3) any unpaid interest accrued to the Vendor under the Shareholder Loan from and including 1st April, 2010 to Closing; and
- (B) the consideration for the Shareholder Loan will be an amount in cash equal to the amount of principal outstanding to the Vendor at Closing, being GBP60,366,666 (approximately HK\$715,344,992) as at the date of the Share Sale Agreement, together with interest accrued to the Vendor, but unpaid by Seabank Power at Closing.

The Company will satisfy the Total Consideration from its internal resources and by financing by way of shareholders' loan, Eurobond or by such other method(s) as the Company may decide.

The Total Consideration was determined after taking into account the Company's internal valuation of the Shares conducted with reference to various factors, including but not limited to the asset value, the historical financial information regarding the performance of Seabank Power and arm's length negotiations between the Company and the Vendor. The Share Sale Agreement was entered into following a private bid auction.

### **Conditions**

Closing of the Acquisition is conditional upon:

- (1) the Vendor having received notice that the other shareholder of Seabank Power has waived its pre-emption rights over the Shares;
- (2) the approval of the Acquisition by a majority of the members of the Company in accordance with Chapter 14 of the Listing Rules; and
- (3) no matter, fact or circumstance having occurred or arisen between the date of the Share Sale Agreement and the date of Closing which constitutes a Material Adverse Change.

If the conditions set out in (1) or (2) above are not satisfied by the Long Stop Date, then the Share Sale Agreement will terminate automatically.

If the condition set out in (3) above is not satisfied or waived by the Purchaser on or before Long Stop Date or such other date as the Vendor and the Purchaser may agree, then the Purchaser may terminate the Share Sale Agreement by notice in writing to the Vendor. However, if the Vendor is remedying a Material Adverse Change, the Long Stop Date can be delayed by the number of days remaining from a 45 day remedy period commencing on the occurrence of the Material Adverse Change.

### **Guarantee**

The Company unconditionally and irrevocably guarantees to the Vendor the due and punctual performance and observance by the Purchaser of certain of its obligations, commitments, undertakings, warranties and indemnities under the Share Sale Agreement, including but not limited to: (i) the purchase of the Shares and Shareholder Loan; (ii) the pre-Closing and Closing obligations of the Purchaser; (iii) payment of the consideration by the Purchaser; (iv) the truth and accuracy of the Purchaser's warranties; (v) confidentiality obligations; and (vi) the use of reasonable endeavours to procure, by Closing, the release of certain Vendor's guarantees relating to Seabank Power.

The obligations of the Company under the guarantee terminate on Closing without prejudice to any accrued liability.

### **Closing**

Closing will take place on the fifth Business Day following the later of:

- (1) fulfilment of each of the conditions set out in paragraphs (1) and (2) in the section headed “Conditions” above;
- (2) if applicable, remediation to the Purchaser’s reasonable satisfaction of any Material Adverse Change within the time period allowed under the Share Sale Agreement; and
- (3) if applicable, any determination by an expert that an unplanned outage at the Seabank Power Station after the date of the Share Sale Agreement will not constitute a Material Adverse Change,

or at such other time or date as may be agreed between the Purchaser and the Vendor.

### **INFORMATION ON THE VENDOR**

The Vendor is a wholly owned subsidiary of BG Group plc (LSE: BG.L), which is listed on the Official List of the UK Listing Authority and is admitted to trading on the London Stock Exchange’s main market for listed securities. BG Group plc and its group of companies engage in the exploration, development, production, transmission, distribution and supply of natural gas and oil. BG Group plc and its group of companies also have a number of power generation interests worldwide. BG Group plc has a strategy focused on connecting competitively priced resources to high-value markets. Active in more than 25 countries on five continents, BG Group plc has a broad portfolio of exploration and production, Liquefied Natural Gas (LNG), transmission and distribution and power generation business interests.

### **INFORMATION ON THE GROUP**

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

### **INFORMATION ON THE INTERESTS BEING ACQUIRED**

Seabank Power owns the Seabank Power Station, which comprises two combined cycle gas turbine generating units with an aggregate (approximate) nominal capacity of 1,140 MW. All the plant capacity of Seabank Power Station is sold under contract to SSE Energy Supply Limited, a wholly owned subsidiary of Scottish and Southern Energy plc. The shares of Scottish and Southern Energy plc are listed and admitted to trading on the London Stock Exchange’s main market for listed securities and it is the ultimate shareholder of the remaining 50% of the issued share capital of Seabank Power.

The Purchaser is acquiring the Shares representing 50% of the issued share capital of Seabank Power. The transfer of the Shares by the Purchaser after Closing will be subject to customary transfer restrictions contained in the articles of association of Seabank Power and the shareholders' agreement relating to Seabank Power to which the Purchaser and the Company will become parties at Closing. Set out below is the financial information attributable to the entire issued share capital of Seabank Power as stated in its audited financial statements which were prepared in accordance with the United Kingdom Generally Accepted Accounting Practice.

The audited book value of Seabank Power as at 31st December, 2009 was approximately GBP90,985,000 (approximately HK\$1,078,172,250). The audited net profits before interest and tax attributable to Seabank Power for the two years ended 31st December, 2008 and 31st December, 2009 were approximately GBP60,841,000 (approximately HK\$720,965,850) and GBP45,457,000 (approximately HK\$538,665,450) respectively. The audited net profits after interest and tax attributable to Seabank Power for the two years ended 31st December, 2008 and 31st December, 2009 were approximately GBP33,859,000 (approximately HK\$401,229,150) and GBP23,458,000 (approximately HK\$277,977,300) respectively.

It is the Company's intention to on-sell part of its interests in Seabank Power to Hongkong Electric Holdings Limited. However, no formal agreement has yet been reached with Hongkong Electric Holdings Limited. Further announcements will be made in relation to this possible transaction if and when appropriate in compliance with the applicable requirements of the Listing Rules.

## **REASONS FOR THE ACQUISITION**

The Company is a diversified infrastructure investment company with a focus on the development, investment and operation of infrastructure businesses in Hong Kong, the Mainland, Australia, New Zealand, the United Kingdom, Canada and the Philippines. 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 Directors (including Independent Non-executive Directors) consider that the terms of the Share Sale Agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios in respect of the Acquisition is greater than 25% and less than 100%, as calculated under Rule 14.07 of the Listing Rules, the entering into of the Share Sale Agreement constitutes a major transaction for the Company under the Listing Rules. A circular containing, among other things, information relating to the Share Sale Agreement and the Acquisition will be dispatched to the shareholders of the Company in accordance with the relevant requirements of the Listing Rules.

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## **DEFINITIONS**

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

|                         |  |
|-------------------------|--|
| “Acquisition”           | the acquisition by the Purchaser from the Vendor of the Shares and the Vendor's interests under the Shareholder Loan on and subject to the terms and conditions of the Share Sale Agreement  |
| “Business Day”          | means a day which is not a Saturday, a Sunday or a public holiday in London or Hong Kong   |
| “Closing”               | completion of the Acquisition in accordance with the terms of the Share Sale Agreement   |
| “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), the guarantor to certain obligations of the Purchaser under the Share Sale Agreement                 |
| “Directors”             | the directors of the Company   |
| “Group”                 | the Company and its subsidiaries   |
| “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  |
| “London Stock Exchange” | the London Stock Exchange plc  |
| “Long Stop Date”        | 23rd June, 2010 or such other date as the Vendor and the Purchaser may agree. However, if the Vendor is remedying a Material Adverse Change, the Long Stop Date can be delayed by the number of days remaining from a 45 day remedy period commencing on the occurrence of the Material Adverse Change |

|                           |   |
|---------------------------|---|
| “Material Adverse Change” | <p>means any of the following:</p> <ul style="list-style-type: none"> <li>(i) the termination of either of the power purchase agreements entered into by Seabank Power or the long term maintenance agreements entered into by Seabank Power or the revocation of the electricity generation licence of Seabank Power;</li> <li>(ii) any material breach of certain significant warranties under the Share Sale Agreement given by the Vendor when repeated prior to Closing;</li> <li>(iii) any other changes, events or circumstances (excluding changes, events or circumstances affecting power plants in the United Kingdom generally) that, in the reasonable opinion of the Purchaser will result in losses for Seabank Power in excess of GBP30,000,000 (approximately HK\$355,500,000); and</li> <li>(iv) any unplanned outage at the Seabank Power Station occurring after the date of the Share Sale Agreement which is expected to last more than 3 months (as agreed between the Vendor and the Purchaser or, failing which, as determined by an expert).</li> </ul> |
| “Pre-Closing Dividend”    | 50% of the amount equal to any dividend or distribution declared or paid by Seabank Power between 1st January, 2010 and Closing   |
| “Purchaser”               | Electricity First Limited, a company incorporated in England and Wales  |
| “Seabank Power”           | Seabank Power Limited, a company registered in Cardiff, the United Kingdom with 5,280 shares in issue and which are divided into 2,640 A ordinary held by the Vendor and 2,640 B ordinary shares held by SSE Seabank Investments Limited  |
| “Share Sale Agreement”    | a conditional share sale agreement dated 28th April, 2010 entered into between the Purchaser, the Company and the Vendor in respect of the Acquisition  |
| “Shareholder Loan”        | means the Vendor’s interests in the shareholder loan pursuant to a shareholder loan agreement among the Vendor, Scottish and Southern Energy plc, Seabank Power and The Royal Bank of Scotland plc  |

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|-----------------------|---|
| “Shares”              | 2,640 A ordinary shares of £1.00 (approximately HK\$11.85) each in the capital of Seabank Power, representing 50% the entire issued share capital of Seabank Power  |
| “Stock Exchange”      | The Stock Exchange of Hong Kong Limited   |
| “Total Consideration” | The aggregate consideration payable to the Vendor by the Purchaser for the Shares and the Vendor’s interests under the Shareholder Loan in connection with the Acquisition and in accordance with the terms of the Share Sale Agreement |
| “Vendor”              | BG Energy Holdings Limited, a wholly owned subsidiary of BG Group plc   |
| “GBP” or “£”          | Great Britain Pounds, the lawful currency of the United Kingdom   |
| “HK\$”                | Hong Kong Dollars, the lawful currency of Hong Kong   |

Note: The figures in GBP are converted into HK\$ at the rate of GBP1 : HK\$11.85 throughout this announcement for indicative purpose only.

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

Hong Kong, 28th April, 2010

*As at the date hereof, 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 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).*