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**CHEUNG KONG (HOLDINGS)
LIMITED**

(Incorporated in Hong Kong with limited liability)
(Stock Code: 0001)



**CHEUNG KONG INFRASTRUCTURE
HOLDINGS LIMITED**

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



**Power Assets
電能**

**POWER ASSETS HOLDINGS
LIMITED**

(Incorporated in Hong Kong with limited liability)
(Stock Code: 0006)

Hutchison Whampoa Limited 

**HUTCHISON WHAMPOA
LIMITED**

(Incorporated in Hong Kong with limited liability)
(Stock Code: 0013)

**CONNECTED TRANSACTION
FORMATION OF A JOINT VENTURE**

On 24 July 2012 (UK time), being 25 July 2012 Hong Kong time, CKH, CKI, PAH and LKSFL entered into the Shareholders' Agreements in relation to the Bidcos, being joint venture companies formed for the purpose of the Acquisition.

On 24 July 2012 (UK time), being 25 July 2012 Hong Kong time, the Vendors as vendors, the Bidcos as purchasers and the Guarantors as guarantors to the Bidcos entered into the Share Purchase Agreement for the sale and purchase of the Vendors' Shares and the Vendors' Loan Notes. In accordance with the Share Purchase Agreement, immediately following the date thereof, the Vendors and the Bidcos will issue a notice to Whaley exercising the tag-along and drag-along rights under the WWU Shareholders' Agreement to require Whaley to sell the Whaley Shares and the Whaley Loan Notes to the Bidcos. Completion of the Acquisition will be conditional upon fulfillment of the condition precedent set out in the paragraph entitled "Condition precedent to the Acquisition" below. None of the Bidcos and the Vendors will be obliged to complete the sale and purchase of the Vendors' Shares or the Vendors' Loan Notes unless the sale and purchase of all the Vendors' Shares, the Vendors' Loan Notes, the Whaley Shares and the Whaley Loan Notes is completed simultaneously in accordance with the terms of the Share Purchase Agreement.

Given that LKSFL may be regarded as an associate of each of Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor, directors of CKH, LKSFL is thus a connected person of CKH. Therefore, the JV Transaction constitutes a connected transaction for CKH under the Listing Rules. As the relevant percentage ratios for CKH in respect of the financial contribution to be provided by CKH to the Bidcos under the JV Transaction exceed 0.1% but are less than 5%, the JV Transaction for CKH is subject to the reporting and announcement requirements of Chapter 14A of the Listing Rules but exempt from the independent shareholders' approval requirements.

Given that LKSFL may be regarded as an associate of Mr. Li Tzar Kuoi, Victor, a director of CKI, LKSFL is thus a connected person of CKI. Therefore, the JV Transaction constitutes a connected transaction for CKI under the Listing Rules. As the relevant percentage ratios for CKI in respect of the financial contribution to be provided by CKI to the Bidcos under the JV Transaction exceed 0.1% but are less than 5%, the JV Transaction for CKI is subject to the reporting and announcement requirements of Chapter 14A of the Listing Rules but exempt from the independent shareholders' approval requirements.

CKI currently holds approximately 38.87% of the issued share capital of PAH. By virtue of this shareholding interest, CKI is a substantial shareholder of PAH and accordingly, a connected person of PAH. Furthermore, given that LKSFL may be regarded as an associate of Mr. Li Tzar Kuoi, Victor, a director of PAH, LKSFL is thus also a connected person of PAH. Therefore, the JV Transaction constitutes a connected transaction for PAH under the Listing Rules. As the relevant percentage ratios for PAH in respect of the financial contribution to be provided by PAH to the Bidcos under the JV Transaction exceed 0.1% but are less than 5%, the JV Transaction for PAH is subject to the reporting and announcement requirements of Chapter 14A of the Listing Rules but exempt from the independent shareholders' approval requirements.

Given that CKH is a connected person of HWL by virtue of it being a substantial shareholder of HWL at the issuer's level and that LKSFL may be regarded as an associate of each of Mr. Li Ka-shing (a director of HWL) and Mr. Li Tzar Kuoi, Victor (a director of each of HWL and CKI) and so a connected person of HWL, the entering into of the JV Transaction by CKI (a subsidiary of HWL) constitutes a connected transaction for HWL under the Listing Rules. As the relevant percentage ratios for HWL in respect of the financial contribution to be provided by CKI (a subsidiary of HWL) to the Bidcos under the JV Transaction exceed 0.1% but are less than 5%, the JV Transaction for HWL is subject to the reporting and announcement requirements of Chapter 14A of the Listing Rules but exempt from the independent shareholders' approval requirements.

INTRODUCTION

On 24 July 2012 (UK time), being 25 July 2012 Hong Kong time, CKH, CKI, PAH and LKSFL entered into the Shareholders' Agreements in relation to the Bidcos, being joint venture companies formed for the purpose of the Acquisition.

On 24 July 2012 (UK time), being 25 July 2012 Hong Kong time, the Vendors as the vendors, the Bidcos as the purchasers and the Guarantors as the guarantors to the Bidcos entered into the Share Purchase Agreement for the sale and purchase of the Vendors' Shares and the Vendors' Loan Notes. In accordance with the Share Purchase Agreement, immediately following the date thereof, the Vendors and the Bidcos will issue a notice to Whaley exercising the tag-along and drag-along rights under the WWU Shareholders' Agreement to require Whaley to sell the Whaley Shares and the Whaley Loan Notes to the Bidcos. Completion of the Acquisition will be conditional upon fulfillment of the condition precedent set out in the paragraph entitled "Condition precedent to the Acquisition" below. None of the Bidcos and the Vendors will be obliged to complete the sale and purchase of the Vendors' Shares or the Vendors' Loan Notes unless the sale and purchase of all the Vendors' Shares, the Vendors' Loan Notes, the Whaley Shares and the Whaley Loan Notes is completed simultaneously in accordance with the terms of the Share Purchase Agreement.

The major terms of the JV Transaction and the Acquisition, and other information relating thereto are set out below.

MAJOR TERMS OF THE JV TRANSACTION

The major terms of the JV Transaction as contemplated in the Shareholders' Agreements comprise the following:

Funding

On or prior to Acquisition Completion, each of CKH, CKI, PAH and LKSFL, acting through one or more of their respective subsidiaries, will provide funding to the Bidcos to enable them to pay the Acquisition Consideration by a combination of equity and shareholders' loans on a 30:30:30:10 basis pro rata to their respective equity interests in the Bidcos. For each of CKH, CKI and PAH, it is contemplated that the cash to be funded by each of them will be financed by internal resources.

Shareholding

CKH, CKI, PAH and LKSFL, through one or more of their respective subsidiaries, will subscribe for shares in the capital of each of the Bidcos, and their respective proportions of the total issued share capital in each Bidco will be 30%, 30%, 30% and 10% respectively. Based on the Acquisition Consideration, the estimated costs and expenses associated with the Transactions and the working capital requirements of the Bidcos, the aggregate subscription price to be paid by each of CKH, CKI and PAH, through one or more of their respective subsidiaries, will be up to approximately £108.6 million (approximately HK\$1,305.4 million).

Subject to the completion of the JV Transaction, each of the Bidcos will be accounted for as an associate company of each of CKH, CKI and PAH in their respective consolidated financial statements.

Shareholders' loans

CKH, CKI, PAH and LKSFL, through one or more of their respective subsidiaries, will advance shareholders' loans to the Bidcos on a 30:30:30:10 basis pro rata to their respective equity interests in the Bidcos. Based on the Acquisition Consideration, the estimated costs and expenses associated with the Transactions and the working capital requirements of the Bidcos, it is expected that the aggregate amount of shareholders' loans to be advanced by each of CKH, CKI and PAH, through one or more of their respective subsidiaries, to the Bidcos will be approximately £95.4 million (approximately HK\$1,146.7 million).

Aggregate funding

Each of CKH Group's, CKI Group's and PAH Group's aggregate funding (through equity and shareholders' loan) to the Bidcos will be up to approximately £204 million (approximately HK\$2,452.1 million). The aggregate funding of CKH, CKI, PAH and LKSFL to the Bidcos will hence be up to £680 million (approximately HK\$8,173.6 million).

Board composition

Each of the Guarantors will be entitled to appoint one director of each of the Bidcos in respect of each complete 10% of the shares in the capital of the Bidco which it, directly or indirectly through its subsidiaries, owns. Accordingly, each of the Bidcos shall have up to ten directors, and as at the date of the Shareholders' Agreement, CKH, CKI and PAH have each appointed one director and LKSFL has not appointed a director to the board of directors of each of the Bidcos.

The quorum for the transaction of business at any board meeting of each of the Bidcos shall be at least one director appointed by each of the Guarantors having the right to appoint a director and which has exercised that right.

Profits distribution and return of capital

Profits available for distribution will be distributed to CKH, CKI, PAH and LKSFL (through one or more of their respective subsidiaries) on a 30:30:30:10 basis pro rata to their respective equity interests in the Bidcos. Return of capital on the passing of a resolution for the winding-up of each of the Bidcos will also be made amongst CKH, CKI, PAH and LKSFL (through one or more of their respective subsidiaries) on a 30:30:30:10 basis pro rata to their respective equity interests in the Bidcos.

Reserved matters

It is provided for in each of the Shareholders' Agreements that the Guarantors shall exercise their respective rights and powers in respect of the relevant Bidco and each Target Group Company so as to procure that neither the relevant Bidco nor any Target Group Company shall transact any of the following business without the prior written approval of the Guarantors controlling (directly or indirectly through its subsidiaries) at least 80% of the votes able to be cast at a general meeting called to consider the matter:

- (i) amending its articles of association;
- (ii) the creation or issue of any shares to any person other than a Target Company or the grant of any option over any shares, other than: (a) the allotment and issue of Bidco Shares to the Guarantors or their subsidiaries at Acquisition Completion; and (b) except to the extent necessary to avoid or cure an event of default under the terms of any banking facilities of the Bidco or the Target Group and in such case any Bidco Shares to be issued shall first be offered to the Guarantors on identical terms *pro rata* to their shareholdings (held directly or indirectly) in the Bidco, with any shares not taken up being offered round to accepting Guarantors (or their subsidiaries) *pro rata* to their shareholdings (held directly or indirectly) in the Bidco before being offered to persons who are not Guarantors;
- (iii) the capitalisation, repayment or other form of distribution of any amount standing to the credit of any reserve or the redemption of any Bidco Shares or any other reorganisation of its share capital;
- (iv) the making of any petition or passing of any resolution for winding-up or liquidation or the making of an application for an administration order;
- (v) up until Acquisition Completion, the exercise by the Bidco of any rights under the Acquisition Documents;

- (vi) up until Acquisition Completion, the waiver of any rights by the Bidco under the Acquisition Documents; and
- (vii) up until Acquisition Completion, the amendment of the Share Purchase Agreement or any documents to be entered into pursuant to the Share Purchase Agreement to which a Bidco is a party.

The Shareholders' Agreements further provide that the Guarantors shall exercise their respective rights and powers in respect of the relevant Bidco and each Target Group Company so as to procure that neither the relevant Bidco nor any Target Group Company shall transact any of the following business unless the approval of the board of directors of the relevant Bidco has been obtained by 80% or more of the votes cast on a poll taken at a board meeting of the relevant Bidco:

- (i) the making of any consensual amendment to any licence held by the Target Group (other than any change which is considered by Ofgem to be routine);
- (ii) the Bidco or any Target Group Company entering into any legally binding obligation or commitment with Ofgem or making any material submission to Ofgem;
- (iii) any change in the nature of the business carried on by the Bidco or any Target Group Company including any change resulting from:
 - (a) any acquisition or investment in another company (other than a wholly-owned subsidiary of the Bidco) or participation in any partnership or joint venture;
 - (b) amalgamation or merger with any other company or legal entity; or
 - (c) any expansion or extension of, or amendment to, the core business of the Bidco or any Target Group Company;
- (iv) any change of auditors;
- (v) any change to the accounting reference date;
- (vi) any change of dividend policy;
- (vii) any change of tax election or grouping (which shall mean a change in the nature of the tax status of the Bidco or any Target Group Company in a manner which would have an adverse effect on either the Guarantors as a group or any individual Guarantor or the introduction of a new entity into the structure currently comprising the Bidco and the Target Group which would have the same effect);
- (viii) any purchase by the Bidco of its own shares;
- (ix) the disposal of intellectual property rights or rights or assets relating to information technology if such disposal is likely to prejudice the operation of the business of the Target Group;

- (x) the acquisition of any assets or business which are not related to the operation of the business of the Target Group where the assets or business to be acquired have a value in excess of £15,000,000 (approximately HK\$180,300,000) or the disposal of any assets or part of the business of the Target Group which is likely to prejudice the operation of the business of the Target Group;
- (xi) the entering into of any contract, whether for the provision of services or for the acquisition or disposal of any assets or otherwise, involving payments by or to the Bidco or any Target Group Company or the assumption by the Bidco or any Target Group Company of liabilities in excess of £25,000,000 (approximately HK\$300,500,000) in aggregate;
- (xii) the Bidco or any Target Group Company borrowing money in excess of £25,000,000 (approximately HK\$300,500,000) per annum in aggregate (it being acknowledged that any such borrowing may only be made to the extent permitted by banking covenants and required for the ordinary course of the business of the Target Group or as the case may be any of its subsidiaries);
- (xiii) the creation of any mortgage, charge, lien or encumbrance on any assets;
- (xiv) the settlement or compromise of any legal dispute or proceedings involving the payment or receipt of £10,000,000 (approximately HK\$120,200,000) or more in aggregate in any one year;
- (xv) the appointment or removal of any chief executive officer, chief financial officer or any other key employee;
- (xvi) the adoption of or amendment to an annual business plan; and
- (xvii) (except for a disposal which is likely to prejudice the operation of the business of the Target Group) the disposal of intellectual property rights or rights or assets relating to information technology for consideration exceeding £10,000,000 (approximately HK\$120,200,000) in aggregate in any one year.

Condition precedent to the Shareholders' Agreements

Completion of the obligations of the parties under each of the Shareholders' Agreements will be conditional on satisfaction of the condition precedent in the Share Purchase Agreement as set out below in the paragraph entitled "Condition precedent to the Acquisition" under the section "Major terms of the Acquisition".

Termination

The Shareholders' Agreements shall terminate and cease to have any further effect upon termination of the Share Purchase Agreement in accordance with its terms.

MAJOR TERMS OF THE ACQUISITION

The Acquisition

The Vendors as vendors, the Bidcos as purchasers, and the Guarantors as guarantors to the Bidcos have entered into the Share Purchase Agreement on 24 July 2012 (UK time), being 25 July 2012 Hong Kong time, pursuant to which the Vendors have agreed to sell and the Bidcos have agreed to acquire the Vendors' Shares and the Vendors' Loan Notes upon the terms and conditions of the Share Purchase Agreement. In accordance with the Share Purchase Agreement, immediately following the date thereof, the Vendors and the Bidcos will issue a notice to Whaley exercising the tag-along and drag-along rights under the WWU Shareholders' Agreement to require Whaley to sell the Whaley Shares and the Whaley Loan Notes to the Bidcos.

Acquisition Consideration

The Acquisition Consideration is £645 million (approximately HK\$7,752.9 million), comprising approximately £544.7 million (approximately HK\$6,547.3 million) for the acquisition of the Sale Shares (which comprise the Vendors' Shares and the Whaley Shares) and approximately £100.3 million (approximately HK\$1,205.6 million) for the acquisition of the Sale Loan Notes (which comprise the Vendors' Loan Notes and the Whaley Loan Notes). That part of the Acquisition Consideration payable for the Vendors' Shares and Vendors' Loan Notes is approximately £624.6 million (approximately HK\$7,507.7 million) and that part of the Acquisition Consideration payable for the Whaley Shares and Whaley Loan Notes is approximately £20.4 million (approximately HK\$245.2 million).

Subject to fulfilment of the condition precedent in the following paragraph entitled "Condition precedent to the Acquisition": (i) that part of the Acquisition Consideration payable for the Vendors' Shares and Vendors' Loan Notes less the Vendors' proportion of the Escrow Amount (if any) will be paid by the Bidcos to the Vendors in cash on the date of completion of the Acquisition; and (ii) that part of the Acquisition Consideration payable for the Whaley Shares and Whaley Loan Notes less Whaley's proportion of the Escrow Amount (if any) will be paid by the Bidcos to Whaley on the date of completion of the Acquisition; plus, in each case, (in the event completion of the Acquisition occurs after 30 September 2012) the Interest Amount.

The Acquisition Consideration was determined after arm's length negotiations between the consortium comprising CKH, CKI, PAH and LKSFL, on the one hand, and the Vendors, on the other hand.

Condition precedent to the Acquisition

Completion of the Acquisition will be conditional on the Bidcos receiving confirmation that the European Commission has decided not to oppose the transaction or any part of the transaction contemplated in the Share Purchase Agreement and has declared it compatible with the Common Market pursuant to Article 6(1)(b) of Council Regulation (EC) 139/2004, either unconditionally or subject to conditions, requirements, undertakings or modifications, other than any such condition, obligation or undertaking which requires the relevant members of the Bidcos' group and/or the Guarantors' group to dispose of (i) interests in Northern Gas Networks to a third party, such that following such disposal the Bidcos' group or the Guarantors' group (taken together) would no longer hold a majority of the voting rights in Northern Gas Networks; or (ii) more than 50% of the assets of Northern Gas Networks.

The Share Purchase Agreement requires the Bidcos to use all reasonable endeavours to ensure the satisfaction of the above condition as soon as possible and if such condition is not satisfied on or before the Longstop Date, the Share Purchase Agreement shall lapse and the Bidcos or the Vendors may, in their sole discretion, terminate the Share Purchase Agreement.

Completion of the Acquisition

Completion of the Acquisition shall take place on the 10th business day after notification of fulfilment of the condition precedent as set out above, or at such other time or date as may be agreed between the Bidcos and the Vendors. None of the Bidcos and the Vendors will be obliged to complete the sale and purchase of the Vendors' Shares or the Vendors' Loan Notes unless the sale and purchase of all the Vendors' Shares, the Vendors' Loan Notes, the Whaley Shares and the Whaley Loan Notes is completed simultaneously in accordance with the terms of the Share Purchase Agreement.

Guarantee

Each of the Guarantors will severally and pro-rata to its shareholding in the Bidcos guarantee to the Vendors the due and punctual performance and observance by the Bidcos of their payment obligations of the Acquisition Consideration to the extent of any limit on liability of the Bidcos in the Share Purchase Agreement, in each case in so far as such obligations of the Bidcos fail to be satisfied on or before completion of the Acquisition.

INFORMATION ON THE TARGET GROUP, THE VENDORS AND WHALEY

The Target Company indirectly holds the entire issued share capital of Wales & West Utilities Limited, which is principally engaged in the management of gas transportation assets, gas distribution and meter work services throughout Wales and the South West of England. The regulated distribution network area supplies 7.4 million customers within an area of 42,000 square kilometers, or almost one-sixth the area of the UK. The total length of main gas pipeline is about 35,000 kilometers.

For the financial years ended 31 March 2012 and 31 March 2011, the audited consolidated net loss before tax and extraordinary items of the Target Group were approximately £63.4 million (approximately HK\$762.1 million) and £62.8 million (approximately HK\$754.9 million) respectively and the audited consolidated net loss after tax and extraordinary items of the Target Group were approximately £63.1 million (approximately HK\$758.5 million) and £62.5 million (approximately HK\$751.3 million) respectively. The audited consolidated net liability value of the Target Group as at 31 March 2012 was approximately £250.4 million (approximately HK\$3,009.8 million). The audited accounts referred to above were prepared in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The Vendors comprise a group of investors including Macquarie Luxembourg Gas SARL, Macquarie Global Infrastructure Funds 2 SARL, CPP Investment Board European Holdings SARL, Codan Trust Company (Cayman) Limited and AMP Capital Investors (MGN Gas) SARL.

Macquarie Luxembourg Gas SARL is the common holding vehicle for Macquarie European Infrastructure Fund LP (MEIF1) and Macquarie European Infrastructure Fund II LP (MEIF2), two Macquarie-managed infrastructure investment funds. MEIF1 and MEIF2 are wholesale investment funds that invest in high-quality infrastructure businesses located across Europe. Investors in the funds are primarily pension funds and other institutional investors from Europe and around the world.

Macquarie Global Infrastructure Funds 2 SARL is the holding vehicle for Macquarie Global Infrastructure Fund II(A) and Macquarie Global Infrastructure Fund II(B) (collectively, "GIF II"). GIF II is a series of unlisted, 10-year, closed-end Macquarie-managed investment funds, with a focus on infrastructure investments in OECD countries.

CPP Investment Board European Holdings SARL is a wholly owned subsidiary of the Canada Pension Plan Investment Board and is a professional investment management organization based in Toronto, Canada. Its purpose is to invest the assets of the Canada Pension Plan in a way that maximizes returns without undue risk of loss.

Codan Trust Company (Cayman) Limited is the trustee of the IFM Global Infrastructure Fund, which is managed by Industry Funds Management Pty Ltd ("IFM"). IFM is a large investment manager which manages portfolios across infrastructure, listed equities, private equity and debt via a global team based in Australia, North America and Europe.

AMP Capital Investors (MGN Gas) SARL is an investment entity managed by AMP Capital. AMP Capital is one of the leading investment houses and specializes in real estate and infrastructure investments and provides investment advice in fixed income, equities and multi-asset portfolios.

Whaley Pty Limited is a trustee vehicle which acts as a nominee for a number of smaller institutional investors and high net worth individuals.

To the best of the CKH Directors' knowledge, information and belief, having made all reasonable enquiry, the Vendors, Whaley and their respective ultimate beneficial owners are third parties independent of the CKH Group and connected persons of CKH. To the best of the CKI Directors' knowledge, information and belief, having made all reasonable enquiry, the Vendors, Whaley and their respective ultimate beneficial owners are third parties independent of the CKI Group and connected persons of CKI. To the best of the PAH Directors' knowledge, information and belief, having made all reasonable enquiry, the Vendors, Whaley and their respective ultimate beneficial owners are third parties independent of the PAH Group and connected persons of PAH. To the best of the HWL Directors' knowledge, information and belief, having made all reasonable enquiry, the Vendors, Whaley and their respective ultimate beneficial owners are third parties independent of the HWL Group and connected persons of HWL.

INFORMATION ON THE CKH GROUP

The principal activities of the CKH Group are investment holding, property development and investment, hotel and serviced suite operation, property and project management and investment in securities.

INFORMATION ON THE CKI GROUP

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

INFORMATION ON THE PAH GROUP

The principal businesses of the PAH Group are the investment in power-related facilities outside Hong Kong and the generation and supply of electricity to Hong Kong Island and Lamma Island.

INFORMATION ON THE HWL GROUP

The HWL Group operates and invests in six core businesses: ports and related services, property and hotels, retail, infrastructure, energy, and telecommunications.

INFORMATION ON LKSFL

LKSFL is a charitable organization established by Mr. Li Ka-shing to nurture a culture of giving and to co-ordinate donations towards educational, healthcare, cultural and community welfare projects. LKSFL makes selective investment in quality projects both in Hong Kong and overseas from time to time to increase capital return for its charitable objectives.

REASONS FOR AND BENEFITS OF THE JV TRANSACTION

CKH and CKI, and CKI and PAH have worked together on joint venture projects in the past and their previous experience of working together successfully makes each a suitable partner for the others for the JV Transaction.

For CKH, the Acquisition is considered to be a quality investment which would provide long-term steady recurring income contribution to the CKH Group and reflects CKH's strategy to embrace new growth opportunities through diversification and globalisation.

CKI is a diversified infrastructure investment company with a focus on the development, investment in and operation of infrastructure businesses in Hong Kong, Mainland China, the UK, Australia, New Zealand and Canada. The Acquisition reflects CKI's strategy of investing in infrastructure opportunities around the world.

For PAH, the investment represents a sizeable portfolio of gas network assets in the UK, a country in which the PAH Group already has gas network assets and other investments, and reflects the PAH Group's strategy of investing outside Hong Kong.

Each of CKH, CKI and PAH therefore considers that, subject to completion of the Acquisition, it would benefit from the co-operation with the others in the JV Transaction.

The CKH Directors (including the independent non-executive CKH Directors) consider that the terms of the JV Transaction are on normal commercial terms, fair and reasonable and in the interest of CKH and the CKH Shareholders as a whole. As none of the CKH Directors has any material interest in the connected transaction herein announced, no CKH Directors were required to abstain from voting on the board resolutions passed in connection with this announcement.

The CKI Directors (including the independent non-executive CKI Directors) consider that the terms of the JV Transaction are on normal commercial terms, fair and reasonable and in the interest of CKI and the CKI Shareholders as a whole. As none of the CKI Directors has any material interest in the connected transaction herein announced, no CKI Directors were required to abstain from voting on the board resolutions passed in connection with this announcement.

The PAH Directors (including the independent non-executive PAH Directors) consider that the terms of the JV Transaction are on normal commercial terms, fair and reasonable and in the interest of PAH and the PAH Shareholders as a whole. As none of the PAH Directors has any material interest in the connected transaction herein announced, no PAH Directors were required to abstain from voting on the board resolutions passed in connection with this announcement.

The HWL Directors (including the independent non-executive HWL Directors) consider, having regard to the views of the CKI Directors expressed above which the HWL Directors duly endorse, that the terms of the JV Transaction are on normal commercial terms, fair and reasonable and in the interest of HWL and the HWL Shareholders as a whole. As none of the HWL Directors has any material interest in the connected transaction herein announced, no HWL Directors were required to abstain from voting on the board resolutions passed in connection with this announcement.

IMPLICATIONS UNDER THE LISTING RULES

For CKH

Given that LKSFL may be regarded as an associate of each of Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor, directors of CKH, LKSFL is thus a connected person of CKH. Therefore, the JV Transaction constitutes a connected transaction for CKH under the Listing Rules. As the relevant percentage ratios for CKH in respect of the financial contribution to be provided by CKH to the Bidcos under the JV Transaction exceed 0.1% but are less than 5%, the JV Transaction for CKH is subject to the reporting and announcement requirements of Chapter 14A of the Listing Rules but exempt from the independent shareholders' approval requirements.

For CKI

Given that LKSFL may be regarded as an associate of Mr. Li Tzar Kuoi, Victor, a director of CKI, LKSFL is thus a connected person of CKI. Therefore, the JV Transaction constitutes a connected transaction for CKI under the Listing Rules. As the relevant percentage ratios for CKI in respect of the financial contribution to be provided by CKI to the Bidcos under the JV Transaction exceed 0.1% but are less than 5%, the JV Transaction for CKI is subject to the reporting and announcement requirements of Chapter 14A of the Listing Rules but exempt from the independent shareholders' approval requirements.

For PAH

CKI currently holds approximately 38.87% of the issued share capital of PAH. By virtue of this shareholding interest, CKI is a substantial shareholder of PAH and accordingly, a connected person of PAH. Furthermore, given that LKSFL may be regarded as an associate of Mr. Li Tzar Kuoi, Victor, a director of PAH, LKSFL is thus also a connected person of PAH. Therefore, the JV Transaction constitutes a connected transaction for PAH under the Listing Rules. As the relevant percentage ratios for PAH in respect of the financial contribution to be provided by PAH to the Bidcos under the JV Transaction exceed 0.1% but are less than 5%, the JV Transaction for PAH is subject to the reporting and announcement requirements of Chapter 14A of the Listing Rules but exempt from the independent shareholders' approval requirements.

For HWL

Given that CKH is a connected person of HWL by virtue of it being a substantial shareholder of HWL at the issuer's level and that LKSFL may be regarded as an associate of each of Mr. Li Ka-shing (a director of HWL) and Mr. Li Tzar Kuoi, Victor (a director of each of HWL and CKI) and so a connected person of HWL, the entering into of the JV Transaction by CKI (a subsidiary of HWL) constitutes a connected transaction for HWL under the Listing Rules. As the relevant percentage ratios for HWL in respect of the financial contribution to be provided by CKI (a subsidiary of HWL) to the Bidcos under the JV Transaction exceed 0.1% but are less than 5%, the JV Transaction for HWL is subject to the reporting and announcement requirements of Chapter 14A of the Listing Rules but exempt from the independent shareholders' approval requirements.

DEFINITIONS

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

“Acquisition”	the acquisition of the Vendors' Shares and the Vendors' Loan Notes by the Bidcos from the Vendors pursuant to the Share Purchase Agreement and the acquisition of the Whaley Shares and the Whaley Loan Notes by the Bidcos from Whaley pursuant to the Whaley Transfer
“Acquisition Completion”	the Acquisition Documents being executed by the parties to them and becoming unconditional in all respects other than the payment of any consideration
“Acquisition Consideration”	the consideration for the acquisition of the Sale Shares and the Sale Loan Notes pursuant to the Share Purchase Agreement and the Whaley Transfer
“Acquisition Documents”	the Share Purchase Agreement and any documents to be entered into pursuant to the Share Purchase Agreement
“associate”	has the meaning ascribed to such term in the Listing Rules

“Bidcos”	Western Gas Networks Limited and West Gas Networks Limited, being companies incorporated under the laws of England and Wales and “Bidco” means any one of them
“Bidco Shareholders”	the shareholders of the Bidco from time to time
“Bidco Shares”	shares of whatever class in the capital of the Bidco in issue from time to time
“business day”	a day which is not a Saturday or Sunday and on which banks in London, Luxembourg and Hong Kong are open for business
“CKH”	Cheung Kong (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: 0001)
“CKH Board”	the board of CKH Directors
“CKH Director(s) ”	the director(s) of CKH
“CKH Group”	CKH and its subsidiaries
“CKH Share(s) ”	ordinary share(s) of HK\$0.50 each in the issued share capital of CKH
“CKH Shareholder(s) ”	holder(s) of the CKH Share(s)
“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 Board”	the board of CKI Directors
“CKI Director(s)”	the director(s) of CKI
“CKI Group”	CKI and its subsidiaries
“CKI Share(s)”	ordinary share(s) of HK\$1 each in the issued share capital of CKI
“CKI Shareholder(s)”	holder(s) of the CKI Share(s)
“connected person”	has the meaning ascribed to such term in the Listing Rules

“Escrow Amount”	up to £5,000,000 (approximately HK\$60,100,000), which will be paid by the Bidcos into an escrow account on the date of completion of the Acquisition in relation to certain possible issues in relation to the Target Group and may be applied to settle the related liability
“Guarantors”	CKH, CKI, PAH and LKSFL, and each of them a “Guarantor”
“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
“HWL”	Hutchison Whampoa 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: 0013)
“HWL Board”	the board of HWL Directors
“HWL Director(s)”	the director(s) of HWL
“HWL Group”	HWL and its subsidiaries
“HWL Share(s)”	ordinary share(s) of par value HK\$0.25 each in the share capital of HWL
“HWL Shareholder(s)”	holder(s) of the HWL Share(s)
“Interest Amount”	the aggregate amount of interest accrued at the rate of 1% per calendar month on the sum of that part of the Acquisition Consideration payable for the Sale Shares and the Sale Loan Notes from and including 30 September 2012 up to and including the date of completion of the Acquisition
“JV Transaction”	the entering into of the Shareholders’ Agreements by the Guarantors in relation to the Bidcos respectively
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“LKSFL”	Li Ka Shing Foundation Limited, a company limited by guarantee and incorporated in Hong Kong
“Longstop Date”	24 November 2012, being the date falling four (4) months after the date of the Share Purchase Agreement

“Northern Gas Networks”	Northern Gas Networks Holdings Limited, being a company incorporated in the UK, and each of its subsidiary undertakings
“Ofgem”	the Gas and Electricity Markets Authority of the UK or, as the case may be, the Office of Gas and Electricity Markets of the UK (or any successor to either of them)
“PAH”	Power Assets 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: 0006)
“PAH Board”	the board of PAH Directors
“PAH Director(s)”	the director(s) of PAH
“PAH Group”	PAH and its subsidiaries
“PAH Share(s)”	ordinary share(s) of HK\$1 each in the issued share capital of PAH
“PAH Shareholder(s)”	holder(s) of PAH Share(s)
“percentage ratios”	shall have the meaning ascribed to such term in Chapter 14 of the Listing Rules
“Sale Loan Notes”	the Vendors’ Loan Notes and the Whaley Loan Notes
“Sale Shares”	the Vendors’ Shares and the Whaley Shares
“Share Purchase Agreement”	the share purchase agreement entered into between the Vendors, the Bidcos and the Guarantors in relation to the Acquisition on 24 July 2012 (UK time), being 25 July 2012 Hong Kong time
“Shareholders’ Agreements”	the two shareholders’ agreements entered into by the Guarantors on 24 July 2012 (UK time), being 25 July 2012 Hong Kong time, which respectively set out the Guarantors’ capital contribution to, shareholding in and other rights and obligations in respect of each of the Bidcos
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to such term in the Listing Rules
“Target Company”	MGN Gas Networks (UK) Limited, being a company incorporated in the UK

“Target Group”	the Target Company and its subsidiaries and “Target Group Company” means any one of them
"Transactions"	the JV Transaction and the Acquisition
“UK”	the United Kingdom
“Vendors”	Macquarie Luxembourg Gas SARL, Macquarie Global Infrastructure Funds 2 SARL, CPP Investment Board European Holdings SARL, Codan Trust Company (Cayman) Limited and AMP Capital Investors (MGN Gas) SARL, all being independent third parties
“Vendors’ Loan Notes”	the floating rate unsecured loan notes due 2024 issued by the Target Company pursuant to the deed poll dated 14 September 2004 constituting such loan notes held by the Vendors
“Vendors’ Shares”	281,109,640 ordinary shares of £1 each in the Target Company owned by the Vendors, representing approximately 96.84% of the issued share capital of the Target Company
“Whaley”	Whaley Pty Limited, an independent third party
“Whaley Loan Notes”	the floating rate unsecured loan notes due 2024 issued by the Target Company pursuant to the deed poll dated 14 September 2004 constituting such loan notes held by Whaley
“Whaley Shares”	9,162,866 ordinary shares of £1 each in the Target Company owned by Whaley, representing approximately 3.16% of the issued share capital of the Target Company
“Whaley Transfer”	the sale of the Whaley Shares and the Whaley Loan Notes by Whaley to the Bidcos pursuant to the notice to be issued by the Vendors and the Bidcos to Whaley exercising the tag-along and drag-along rights under the WWU Shareholders’ Agreement
“WWU Shareholders’ Agreement”	the shareholders’ agreement relating to the Target Company dated 9 August 2004 (as amended or supplemented from time to time)
“£”	Pound Sterling, the lawful currency of the UK

“%”

per cent

Note: The figures in “£” are converted into HK\$ at the rate of £1.00 : HK\$12.02 as at 24 July 2012 throughout this announcement for indicative purpose only.

By order of the CKH Board
**CHEUNG KONG (HOLDINGS)
LIMITED**
Eirene Yeung
Company Secretary

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

By order of the PAH Board
**POWER ASSETS HOLDINGS
LIMITED**
Lillian Wong
Company Secretary

By order of the HWL Board
**HUTCHISON WHAMPOA
LIMITED**
Edith Shih
Company Secretary

Hong Kong, 25 July 2012

The Directors (Note) of CKH as at the date of this announcement are Mr. LI Ka-shing (Chairman), Mr. LI Tzar Kuoi, Victor (Managing Director and Deputy Chairman), Mr. KAM Hing Lam (Deputy Managing Director), Mr. IP Tak Chuen, Edmond (Deputy Managing Director), Mr. CHUNG Sun Keung, Davy, Ms. PAU Yee Wan, Ezra, Ms. WOO Chia Ching, Grace and Mr. CHIU Kwok Hung, Justin as Executive Directors; Mr. LEUNG Siu Hon, Mr. FOK Kin Ning, Canning, Mr. Frank John SIXT, Mr. CHOW Kun Chee, Roland and Mr. George Colin MAGNUS as Non-executive Directors; and Mr. KWOK Tun-li, Stanley, Mr. YEH Yuan Chang, Anthony, Mr. Simon MURRAY, Mr. CHOW Nin Mow, Albert, Ms. HUNG Siu-lin, Katherine, Dr. WONG Yick-ming, Rosanna (also Alternate Director to Mr. Simon MURRAY) and Mr. CHEONG Ying Chew, Henry as Independent Non-executive Directors.

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 (Deputy Managing Director), Mr. CHAN Loi Shun (Chief Financial Officer), 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), Mr. Barrie COOK (Independent Non-executive Director), Mrs. LEE Pui Ling, Angelina 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 PAH are Mr. FOK Kin Ning, Canning (Chairman), Mr. TSO Kai Sum (Group Managing Director), Mr. CHAN Loi Shun (also Alternate Director to Mr. KAM Hing Lam), 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. LI Tzar Kuoi, Victor, Mr. Neil Douglas MCGEE, Mr. Frank John SIXT, Mr. WAN Chi Tin and Mr. YUEN Sui See; the Non-executive Directors are Mr. Holger KLUGE (Independent Non-executive Director), Mr. LEE Lan Yee, Francis (Independent Non-executive Director), Mr. Ralph Raymond SHEA (Independent Non-executive Director), Mr. WONG Chung Hin (Independent Non-executive Director), Mr. Ronald Joseph ARCULLI and Mr. George Colin MAGNUS.

As at the date of this announcement, the Executive Directors of HWL are Mr. LI Ka-shing (Chairman), Mr. LI Tzar Kuoi, Victor (Deputy Chairman), Mr. FOK Kin Ning, Canning, Mrs. CHOW WOO Mo Fong, Susan, Mr. Frank John SIXT, Mr. LAI Kai Ming, Dominic and Mr. KAM Hing Lam; the Non-executive Directors are The Hon Sir Michael David KADOORIE (Independent Non-executive Director), Mr. Holger KLUGE (Independent Non-executive Director), Mrs. Margaret LEUNG KO May Yee (Independent Non-executive Director), Mr. George Colin MAGNUS, Mr. William SHURNIAK (Independent Non-executive Director) and Mr. WONG Chung Hin (Independent Non-executive Director); and the Alternate Director is Mr. William Elkin MOCATTA (Alternate to The Hon Sir Michael David KADOORIE).

Note: Other than Chairman, Managing Director and Deputy Managing Directors, order by date of appointment, and in the case of Non-executive Directors (“NED”) / Independent Non-executive Directors (“INED”), order by date of appointment as NED / INED.