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30 August 2011

**Recommended cash offer for Northumbrian Water Group plc by UK Water (2011) Limited (a company indirectly wholly owned by a consortium comprising Cheung Kong Infrastructure Holdings Limited, Cheung Kong (Holdings) Limited and Li Ka Shing Foundation Limited) to be implemented by way of a scheme of arrangement under Part 26 of the Companies Act 2006**

### **Sale of Northumbrian Shares by Artemis Investment Management LLP**

On 2 August 2011, the boards of UK Water (2011) Limited (“**UK Water**”) and Northumbrian Water Group plc (“**Northumbrian**”) released an announcement (the “**Announcement**”) that they had reached agreement on the terms of a recommended acquisition of the entire issued share capital of Northumbrian by UK Water, to be implemented by way of a scheme of arrangement under Part 26 of the Companies Act 2006.

In the Announcement, it was stated that UK Water had received a non-binding letter of intent from Artemis Investment Management LLP (“**Artemis**”) confirming its intention to vote in favour of the Scheme and the resolutions to be proposed at the Court Meeting and the General Meeting in respect of 15,082,281 Northumbrian Shares, representing approximately 2.9 per cent. of Northumbrian’s existing issued share capital.

On 17 August 2011, UK Water released an announcement that it had been notified by Artemis that, on 16 August 2011, Artemis sold 4,000,896 Northumbrian Shares (representing approximately 0.8 per cent. of Northumbrian’s existing share capital).

On 19 August 2011, UK Water released an announcement that it had been notified by Artemis that, on 17 August 2011 and on 18 August 2011, Artemis sold 2,258,248 Northumbrian Shares (representing approximately 0.4 per cent. of Northumbrian’s existing share capital) and 1,100,000 Northumbrian Shares (representing approximately 0.2 per cent. of Northumbrian’s existing share capital) respectively.

On 22 August 2011, UK Water released an announcement that it had been notified by Artemis that, on 19 August 2011, Artemis sold 1,300,000 of its Northumbrian Shares (representing approximately 0.3 per cent. of Northumbrian’s existing share capital).

On 23 August 2011, UK Water released an announcement that it had been notified by Artemis that, on 22 August 2011, Artemis sold 3,526,904 of its Northumbrian Shares (representing approximately 0.7 per cent. of Northumbrian’s existing share capital).

On 26 August 2011, Northumbrian posted the Scheme Document to the Northumbrian Shareholders. In the Scheme Document, it was stated that the non-binding letter of intent from Artemis applied to 2,896,233 Northumbrian Shares (representing approximately 0.6 per cent. of Northumbrian’s existing share capital).

Since the publication of the Scheme Document, UK Water has been notified by Artemis that, on 23 August 2011, 24 August 2011 and 25 August 2011, Artemis sold the remaining 2,896,233 of

its Northumbrian Shares (representing approximately 0.6 per cent. of Northumbrian's existing share capital). Accordingly, Artemis no longer holds any Northumbrian Shares and its letter of intent is no longer of any effect.

This announcement is being made in accordance with Rule 2.11(d)(ii) of the City Code.

Terms and expressions used in this announcement shall, unless the context otherwise requires, have the same meanings as given to them in the Announcement.

In accordance with Rule 19.11 of the City Code, a copy of this announcement will be published on [www.cki.com.hk](http://www.cki.com.hk).

#### **Enquiries**

**UK Water** +852 2122 2150

Wendy Tong Barnes

Chief Corporate Affairs Officer, CKI

**RBC** +44 (0)20 7653 4000

*(Lead financial adviser and corporate broker to UK Water)*

Dai Clement

Mark Preston

Edward Golder

Alexander Thomas

**HSBC** +44 (0)20 7991 8888

*(Financial adviser and corporate broker to UK Water)*

Charles Packshaw

Eric Lyons

James Pincus

Stuart Dickson (Corporate Broking)

#### ***Further Information***

*RBC and HSBC, which are authorised and regulated in the United Kingdom by the Financial Services Authority, are acting for UK Water and no one else in connection with the Acquisition and this announcement and will not be responsible to anyone other than UK Water for providing the protections afforded to their respective clients or for providing advice in connection with the Acquisition or any matter referred to herein.*

*This announcement is not intended to, and does not, constitute, or form part of, an offer or invitation to sell or the solicitation of an offer to subscribe for or buy or an invitation to purchase or subscribe for any securities or the solicitation of any vote or approval in any jurisdiction pursuant to the Acquisition or otherwise, nor shall there be any sale, issuance or transfer of the securities in any jurisdiction in contravention of applicable law. Any vote in respect of the Scheme or other response in relation to the Acquisition should be made only on the basis of the information in the Scheme Document or any document by which the Acquisition is made.*

#### ***Overseas Jurisdictions***

*The release, publication or distribution of this announcement in jurisdictions other than in the United Kingdom may be restricted by law and therefore any persons who are subject to the laws of any jurisdiction other than the United Kingdom should inform themselves about, and observe, any applicable requirements. Any failure to comply with the applicable restrictions may*

*constitute a violation of the securities laws of any such jurisdiction. To the fullest extent permitted by applicable law, the companies involved in the Acquisition disclaim any responsibility or liability for the violation of such restrictions by any person. This announcement has been prepared for the purposes of complying with English law, the Listing Rules, the rules of the London Stock Exchange and the City Code and the information disclosed may not be the same as that which would have been disclosed if this announcement had been prepared in accordance with the laws of any jurisdiction outside the United Kingdom.*

### ***Dealing Disclosure Requirements***

*Under Rule 8.3(a) of the City Code, any person who is interested in 1 per cent. or more of any class of relevant securities of an offeree company or of any paper offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any paper offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any paper offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 pm (London time) on the 10th Business Day following the commencement of the offer period and, if appropriate, by no later than 3.30 pm (London time) on the 10th Business Day following the announcement in which any paper offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a paper offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.*

*Under Rule 8.3(b) of the City Code, any person who is, or becomes, interested in 1 per cent. or more of any class of relevant securities of the offeree company or of any paper offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any paper offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any paper offeror, save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 pm (London time) on the Business Day following the date of the relevant dealing.*

*If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a paper offeror, they will be deemed to be a single person for the purpose of Rule 8.3.*

*Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).*

*Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Takeover Panel's website at [www.thetakeoverpanel.org.uk](http://www.thetakeoverpanel.org.uk), including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. If you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure, you should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129.*