

CHAIRMAN'S LETTER

CKI ACHIEVED A STRONG PERFORMANCE FOR THE YEAR ENDED 31ST DECEMBER, 2009. WITH THE GROUP'S STRONG CASH POSITION OF OVER HK\$10 BILLION, WE ARE WELL-PLACED TO CONSIDER LARGE-SCALE ACQUISITIONS THAT ADD VALUE TO CKI'S QUALITY PORTFOLIO.



SUMMARY OF RESULTS

- Profit attributable to shareholders was HK\$5,568 million, a 26% increase over 2008
- Profit contribution from various business segments was:

	HK\$ Million	Variation (YoY)
HK Electric – Note 1	2,578	-17%
China portfolio	1,720	+29%
Australia portfolio – Note 2	805	-5%
UK portfolio	616	+12%
Canada portfolio	138	+116%
New Zealand portfolio	80	+142%
Materials business	146	+15%

- Total dividend for 2009 is HK\$1.201, up 5.8%, marking 13th consecutive year of dividend growth since listing
- Strong balance sheet, cash and deposits of HK\$10,736 million as at 2009 year end

Note 1 – The decrease is a result of lower returns permitted under the new Scheme of Control Agreement which adversely impacted earnings from HK Electric's business in Hong Kong by 34%. This was partially offset by increased profit contribution from HK Electric's international investments, which doubled during the year under review.

Note 2 – The decrease is primarily due to currency fluctuation. The underlying operations generated a steady increase in profit contribution.

The impact of the global financial crisis continued to resonate and bring uncertainty to the world markets in 2009. The first half of 2009 remained volatile, while signs of recovery and improvement were seen towards the second half of the year.

Cheung Kong Infrastructure Holdings Limited (“CKI” or the “Group”) achieved a strong performance for the year ended 31st December, 2009, which was pleasing given the prevailing economic conditions.

Audited profit attributable to shareholders was HK\$5,568 million in 2009, up by 26 per cent as compared to 2008. Earnings per share were HK\$2.47, an increase from HK\$1.96 recorded last year.

The Board of Directors of CKI (the “Board”) has recommended a final dividend of HK\$0.88 per share. Together with the interim dividend of HK\$0.321 per share, this will bring the total dividend for the year

CHAIRMAN'S LETTER

to HK\$1.201, a 5.8 per cent increase over last year. This signifies an unbroken sequence of dividend growth for CKI since its listing in 1996. The proposed dividend will be paid on 11th May, 2010 following approval at the Annual General Meeting to those shareholders whose names appear on the Register of Members of the Company on 6th May, 2010.

2009 BUSINESS REVIEW

HK ELECTRIC

In 2009, earnings from Hongkong Electric Holdings Limited ("HK Electric") continued to be the largest contributor to CKI. 42 per cent of CKI's total profit contribution came from HK Electric during the year.

Overall profit contribution from HK Electric decreased by 17 per cent in 2009 to HK\$2,578 million.

The businesses of HK Electric are two-fold, comprising operations in Hong Kong and an international portfolio of power related businesses outside of Hong Kong.

In regard to the Hong Kong operations, lower returns permitted under the new Scheme of Control Agreement had adversely impacted earnings from HK Electric's local business, resulting in a decrease of 34 per cent to HK\$4,646 million.

In regard to international businesses, HK Electric acquired three power plants in Mainland China in 2009 to enhance its international portfolio of investments. These power plants delivered good results to HK Electric during the year. Together with the strong performance of other international investments, earnings from the international portfolio doubled from HK\$1,021 million in 2008 to HK\$2,051 million in 2009. The proportion of international investments continued to increase in significance for HK Electric, amounting to 31 per cent of the company's total profit contribution for the year, up from 13 per cent last year.

INFRASTRUCTURE INVESTMENTS

Mainland China

CKI's investments in Mainland China generated profit contribution of HK\$1,720 million in 2009, an increase of 29 per cent. This included a one-off gain of HK\$1,314 million from the divestment of three power plants to HK Electric. The Group's well-managed toll road portfolio continued to contribute stable and satisfactory returns.

Australia

Profit contribution from CKI's Australian businesses was HK\$805 million, a 5 per cent decrease as compared to 2008. This drop can be attributed to Australian dollar fluctuation in 2009. In terms of operations, the Group's power distribution assets – namely ETSA Utilities, CitiPower and Powercor – all delivered good performances during the year, and generated a steady increase in profit contribution. These companies are currently undergoing the regulatory re-set process for the period from 2010-2015 and will continue to focus on providing the highest levels of reliability, safety and customer service. During the year, CKI's investments in Envestra and Spark Infrastructure also continued to provide stable cashflow and profit contribution.

United Kingdom

In 2009, profit contribution from the United Kingdom businesses increased by 12 per cent to HK\$616 million.

Northern Gas Networks represents a stable and reliable business that has contributed good returns to CKI since it was acquired. CKI and HK Electric spent approximately HK\$1 billion at the end of 2009 to increase their joint stake in Northern Gas Networks from around 75.1 per cent to 88.4 per cent.

For the Group's water investments, satisfactory results were recorded during the period under review. For both Cambridge Water and Southern Water, the

regulatory re-set for the period from 2010-2015 had been completed. This provides a framework for improved water supply operations and services, as well as increased certainty for future returns.

Canada

Contributions from Canada increased by 116 per cent to HK\$138 million in 2009. Through Stanley Power, the Group's power generation projects in Canada continued to deliver solid and stable income to CKI during the period under review. Performance in Canada was also enhanced in 2009 by the recording of a tax credit by Stanley Power.

New Zealand

In New Zealand, the Wellington Electricity distribution network provided its first full year of contribution and profit increased by 142 per cent to HK\$80 million. The business has provided CKI with a satisfactory and steady income stream.

MATERIALS BUSINESS

In 2009, the Group's materials business achieved profit contribution of HK\$146 million, a 15 per cent increase over last year. CKI's concrete and cement operations are benefiting from increased construction activities in Hong Kong.

STRONG FINANCIAL PLATFORM

CKI has a healthy balance sheet as at 2009 year end, with cash and deposits totalling HK\$10,736 million. With debt being HK\$7,871 million, the Group has a net cash position. CKI's "A-" rating from Standard & Poor's was reaffirmed, a rating which has been consistently maintained since shortly after listing in 1996.

Amidst the tight credit environment in the second half of 2009, ETSA Utilities, CitiPower, Powercor and Northern Gas Networks all successfully completed the refinancing of their short-term liabilities well ahead of their maturity dates.

PROSPECTS

While the global financial crisis has had a severe macro-economic impact on the world markets, there have been signs of economic recovery since the second half of 2009 – albeit at different levels of intensity and different paces in different markets. Against this backdrop, CKI is optimistic about future prospects for the company and we will continue to build on our growth momentum, sound fundamentals and solid business foundation. Building on our strong performance in 2009 and our past efforts in consolidating our businesses, we are well-prepared for the coming decade.

With the Group's strong cash position of over HK\$10 billion, we are well-placed to consider large-scale acquisitions that add value to CKI's quality portfolio. Currently, we are working on a number of international acquisition opportunities in different sectors.

CKI has an established track record of steady growth and continued increase in dividends, as well as the capability to overcome challenges and difficulties, such as that of the recent financial crisis. While CKI is solid and dependable, we are also dynamic and growing. The Group's continued achievements can be attributed to the strength of leadership from our Board, the prudent approach of our management team and the efforts of our enthusiastic and dedicated staff, and I would like to thank them for their contributions.

LI TZAR KUOI, VICTOR

Chairman

Hong Kong, 4th March, 2010