CHAIRMAN’S LETTER

FUTURE DIRECTION VISION GLOBAL

DIRECTION GLOBAL
I am pleased to announce that for the year ended 31st December, 2011, Cheung Kong Infrastructure Holdings Limited (“CKI” or the “Group”) reported profit attributable to shareholders of HK$7,745 million, a 54 per cent increase over last year. This marks the highest profit achieved in the Group’s history.
CHAIRMAN’S LETTER

The Board of Directors of CKI (the “Board”) has recommended a final dividend of HK$1.165 per share. Together with the interim dividend of HK$0.365 per share, this will bring the total dividend for the year to HK$1.53, a 15 per cent increase over the previous year. This represents the Group’s 15th consecutive year of dividend growth since listing in 1996. The proposed dividend will be paid on 8th June, 2012 following approval at the 2012 Annual General Meeting to those shareholders whose names appear on the Register of Members of the Company at close of business on 29th May, 2012.

NEW ACQUISITIONS PROVIDE GROWTH CATALYST

During the year, CKI has made two acquisitions:

(i) In April, CKI increased its stake in the Meridian Cogeneration Plant, a natural gas-fired cogeneration plant in Canada with an installed capacity of 220MW. This increase in stake has enhanced CKI’s power portfolio and further strengthened its business footprint in Canada.

(ii) In October, the Group led a consortium to acquire the Northumbrian Water Group Limited. CKI now holds a 40 per cent stake in this premium asset. Northumbrian Water provides water and sewerage services to 2.7 million people in the North East of England, and water services to 1.8 million people in the South East of England. With an enterprise value of about GBP4.8 billion (approximately HK$59 billion), this newly acquired business has provided 2.5 months of immediate profit contribution to CKI in 2011.

These acquisitions, in particular Northumbrian Water, are expected to act as a growth catalyst, similar to UK Power Networks which was acquired in 2010. These businesses are poised to propel the Group’s earnings to new heights.
STRONG RESULTS FROM GLOBAL PORTFOLIO

<table>
<thead>
<tr>
<th>Profit contribution from:</th>
<th>Year ended 31st December, 2011 (HK$ million)</th>
<th>Year ended 31st December, 2010 (HK$ million)</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Power Assets</td>
<td>3,503</td>
<td>2,770</td>
<td>+26%</td>
</tr>
<tr>
<td>United Kingdom portfolio</td>
<td>3,735</td>
<td>1,183</td>
<td>+216%</td>
</tr>
<tr>
<td>Australia portfolio</td>
<td>1,306</td>
<td>1,026</td>
<td>+27%</td>
</tr>
<tr>
<td>Mainland China portfolio</td>
<td>378</td>
<td>374</td>
<td>+1%</td>
</tr>
<tr>
<td>Canada portfolio</td>
<td>156</td>
<td>113</td>
<td>+38%</td>
</tr>
<tr>
<td>New Zealand portfolio</td>
<td>73</td>
<td>96</td>
<td>-24%</td>
</tr>
<tr>
<td>Materials business</td>
<td>282</td>
<td>256</td>
<td>+10%</td>
</tr>
</tbody>
</table>

In 2011, our businesses in Hong Kong, Mainland China, the United Kingdom, Australia, New Zealand and Canada have generated strong results and have recorded good organic growth.

**International Operations Propelled Growth of Power Assets**

Profit contribution from Power Assets Holdings Limited was HK$3,503 million, a 26 per cent increase over last year.

The results benefited from the first full year of contribution from UK Power Networks, of which Power Assets holds a 40 per cent stake.

Profit from Power Assets’ businesses outside of Hong Kong grew by 80 per cent; and the international portion of profit contribution increased from 35 per cent of total in 2010 to over 50 per cent this year, reflecting the increasingly global focus of Power Assets’ businesses.

Profit from Hong Kong operations was almost at a par as compared to last year.

**Tremendous UK Performance Driven by Acquisitions**

CKI’s profit contribution from the United Kingdom was HK$3,735 million, a substantial increase of 216 per cent over last year.

This significant growth can be attributed to the first full year contribution from UK Power Networks and Seabank Power, both of which were acquired in 2010. Particularly, UK Power Networks, which supplies electricity to London, South East England and the East of England, has been the main driver for the profit increase and has generated excellent returns to the Group.

Existing UK operations also performed well in the year. Northern Gas Networks, CKI’s gas distribution business in the United Kingdom, continued to deliver good results and achieved a 18 per cent increase in profitability.

This year’s results also included 2.5 months of profit contribution, about HK$130 million, from Northumbrian Water.
CHAIRMAN’S LETTER

Good Returns from Australia
Profit contribution from CKI’s Australian businesses, which comprise investments in ETSA Utilities, CitiPower, Powercor, Envestra and Spark Infrastructure, was HK$1,306 million, up 27 per cent from the previous year.

The good returns were mainly attributed to ETSA Utilities’ strong contribution which grew 23 per cent in 2011, as well as the one-off gain of HK$145 million generated by the disposal of the Group’s interest in the Manager of Spark Infrastructure.

Stable Operational Performance in New Zealand
The Group’s business in New Zealand, namely Wellington Electricity, delivered a stable operational performance.

However, profit contribution to CKI decreased by 24 per cent to HK$73 million due to taxation and refinancing matters. The 2010 results benefited from a deferred tax credit which did not recur in 2011; in addition, the project loan guaranteed by the shareholders which was obtained at a lower interest rate at the time of acquisition was refinanced during the year by a non-recourse facility at a higher interest rate, adversely affecting the contribution to the Group.

Increased Power Plant Stake Adds to Canadian Contribution
CKI’s businesses in Canada performed well, with profit contribution of HK$156 million recorded. This represented a 38 per cent increase over the previous year.

Good operational performance was achieved by Stanley Power’s electricity plants in Ontario, Alberta and Saskatchewan.

The acquisition of an increased stake in the Meridian Cogeneration Plant in Saskatchewan has provided an additional profit contribution stream since April 2011.

Steady Performance in Mainland China
The Group’s portfolio in Mainland China achieved a stable performance generating a profit contribution of HK$378 million, a 1 per cent increase over last year.

CKI’s toll road and bridge investments in Mainland China all achieved satisfactory performances, providing steady cash returns to the Group.

Continued Growth of Materials Business
In 2011, the Group’s materials business achieved a profit contribution of HK$282 million, a 10 per cent increase over the previous year.

Performance benefited from both volume and pricing growth, resulting from increased infrastructure activities in Hong Kong.

STRONG FINANCIAL PLATFORM

Despite the recent substantial acquisitions made by CKI, the Group’s balance sheet continues to be strong. As at 31st December, 2011, CKI had cash on hand of HK$5.9 billion. Gearing remained low with a net debt to equity ratio of 14 per cent.
Our credit rating of “A-” from Standard & Poor’s has been maintained since 1997.

In 2011, our balance sheet was further strengthened following the share placement exercise in July that raised over HK$3.4 billion.

In February 2012, about US$300 million (approximately HK$2.3 billion) of additional funds were raised through an issue of fixed rate callable perpetual securities via a fiduciary.

From this strong financial platform, we are in a good position to continue to make value enhancing acquisitions and drive profitability to new heights.

OUTLOOK

Since listing in 1996, CKI has grown from a regional infrastructure company with investments primarily in Hong Kong and Mainland China to one of the most important players in the global infrastructure arena today.

Throughout the years, the Group has been following a three-pronged strategy:
(i) to grow existing operations organically;
(ii) to acquire businesses with strong and recurrent returns to expand the Group’s portfolio; and
(iii) to maintain a strong balance sheet with steady cashflow and low gearing.
This strategy has borne fruit, especially evident in the strong results reported for 2011.

We are confident of the outlook for CKI’s portfolio of infrastructure investments over the coming year. In addition to healthy organic growth, revenue will also increase with the inclusion of the first full year profit contribution from Northumbrian Water.

Following the share placement exercise in 2011 and the issue of perpetual securities via a fiduciary earlier in 2012, CKI has ample cash on hand and a strong balance sheet. We continue to be in an excellent position to pursue infrastructure projects around the world.

I would like to take this opportunity to thank the Board, management and staff for their efforts, as well as our shareholders for their support.

LI TZAR KUOI, VICTOR
Chairman

Hong Kong, 8th March, 2012