In 2012, CKI achieved a record high performance with profit attributable to shareholders reaching HK$9,427 million. This represents a 22% increase over last year, and marks the highest profit performance reported since the Group’s listing in 1996. This also reflects CKI’s performance of nearly doubling over the last five years, almost tripling over the last ten years, and quadrupling over the last 15 years.

In addition, CKI’s dividend hit a record high in 2012. CKI may be one of very few companies which have increased its dividend every year for 16 consecutive years since listing.

Fuelling this growth is CKI’s strategy to acquire quality assets overseas. Through diversification and globalisation, CKI has expanded rapidly over the years and its portfolio now includes electricity generation, transmission and distribution, gas distribution, water treatment and distribution, waste management, toll roads and infrastructure materials in a number of major markets spanning Hong Kong, Mainland China, the United Kingdom, Australia, New Zealand and Canada.
International Award
CKI was awarded “The DHL/SCMP Hong Kong Business Awards – International Award” in 2012. This is the second time that CKI has won this award; the first time being in 2004. Back then, CKI’s profit contribution was HK$4,167 million. By 2012, this figure has risen to HK$11,279 million, a significant 171% increase.

New 2012 Acquisitions to Enhance Earnings
CKI has been working actively over the last decade to acquire new projects to expand our portfolio of infrastructure investments around the world. 2012 marked another milestone year in this aspect.

Wales & West Utilities
In October 2012, a consortium led by CKI completed the acquisition of Wales & West Utilities, a gas distribution network that serves a population of 7.5 million in Wales and the South West of England. The enterprise value of the transaction was about GBP1.957 billion. CKI holds a 30% stake in the business, with Power Assets and Cheung Kong (Holdings) Limited each holding a 30% interest respectively, and the Li Ka Shing Foundation Limited holding the remaining 10%.

Following the acquisition, CKI now has interests in two of the eight gas distribution networks in the United Kingdom, providing services to areas covering about 22% of the population in the country.
Renewable Energy Power Transmission Link
CKI announced in September 2012 that it was expanding into the renewable energy power transmission sector in Australia by investing A$33.6 million to build a power transmission link in Victoria jointly with Power Assets on a 50/50 basis. Construction is expected to be completed by the end of 2013.

Strong Acquisition Momentum Continues into 2013
CKI’s acquisition momentum continued into 2013. In January, we expanded into the arena of waste management through the acquisition of EnviroWaste for a cash consideration of NZ$490 million. EnviroWaste is a diversified, vertically integrated waste management business with national coverage in New Zealand. Completion is expected to take place in the second quarter of 2013.

Other Recent Noteworthy Acquisitions
In the recent years, two acquisitions of project sizes amounting to over GBP10 billion together, have significantly enriched CKI’s portfolio.

Northumbrian Water
In October 2011, CKI led a consortium to acquire Northumbrian Water, one of the ten regulated water and sewerage companies in England and Wales which had an enterprise value of about GBP4.8 billion. We now hold a 40% stake in the asset. Northumbrian Water supplies water to 4.5 million people in the North East and South East of England, and provides wastewater services to 2.7 million people in the North East of England.

UK Power Networks
A CKI led consortium acquired the GBP5.775 billion UK Power Networks in October 2010. CKI has a 40% stake in the asset. The remaining shareholdings are held by Power Assets and the Li Ka Shing Foundation whose shareholdings are 40% and 20% respectively.

UK Power Networks supplies electricity to over 8 million customers in London, South East England and East of England. It distributes approximately 30% of the total power demand in the country.

In 2012, UK Power Networks provided safe and reliable services during the 2012 London Olympic Games, and received widespread recognition from both the United Kingdom Government and the International Olympic Committee. During the year, UK Power Networks was awarded “Utility of the Year” and “Team of the Year” at the Utility Industry Achievement Awards in the United Kingdom.
A DIVERSIFIED PORTFOLIO OF GLOBAL QUALITY ASSETS

Our success in building up the Group as a global infrastructure player can be attributed to our ability to seek and pursue quality, secure, as well as profitable investments around the world. Since CKI’s listing in 1996, we have amassed a global portfolio of infrastructure investments. These include:

- 6,238 MW of power plants in Hong Kong, the United Kingdom and Canada;
- 432 kilometres of electricity transmission network in Hong Kong and 21 kilometres of renewable energy power transmission link in Australia;
- electricity distribution networks serving (i) the entire state of South Australia and over 65% of the state of Victoria in Australia; (ii) Wellington, the capital of New Zealand; (iii) the whole of Hong Kong Island and Lamma Island; as well as (iv) approximately 30% of the total power demand in the United Kingdom;
- gas distribution with service areas covering about 22% of the population of the United Kingdom, and a stake in one of Australia’s largest natural gas distribution companies;
- interests in 2 water companies providing water services to a population of around 6.9 million, and wastewater services to a population of approximately 7.1 million in the United Kingdom; as well as water supply services to 4 towns in the state of Victoria in Australia;
- about 400 kilometres of toll roads in Mainland China;
- infrastructure materials companies operating in 4 business categories namely cement, concrete, aggregates, and asphalt in Hong Kong and Mainland China;
- waste management services to approximately half a million commercial and residential sources via collection service, landfills and transfer stations throughout New Zealand. Completion of the acquisition of EnviroWaste is expected to take place in the second quarter of 2013.
SUCCESSFUL ACQUISITION STRATEGY FUELS LONG-TERM GROWTH

CKI’s acquisition strategy has produced outstanding results in the past. The future continues to look promising for CKI which has achieved a good growth record in the past 16 years.

Looking forward, we will continue to nurture the development of our existing businesses to maximise the performance of our global portfolio. At the same time, with a strong balance sheet, cash on hand of HK$6,980 million and a net debt to net total capital ratio of 5%, CKI is well-positioned to capitalise on any attractive acquisition opportunities that could arise.

By leveraging on our solid business foundation, sound fundamentals and management expertise, we will continue our growth momentum and expand our portfolios around the world to generate returns for our shareholders.

H L KAM
Group Managing Director