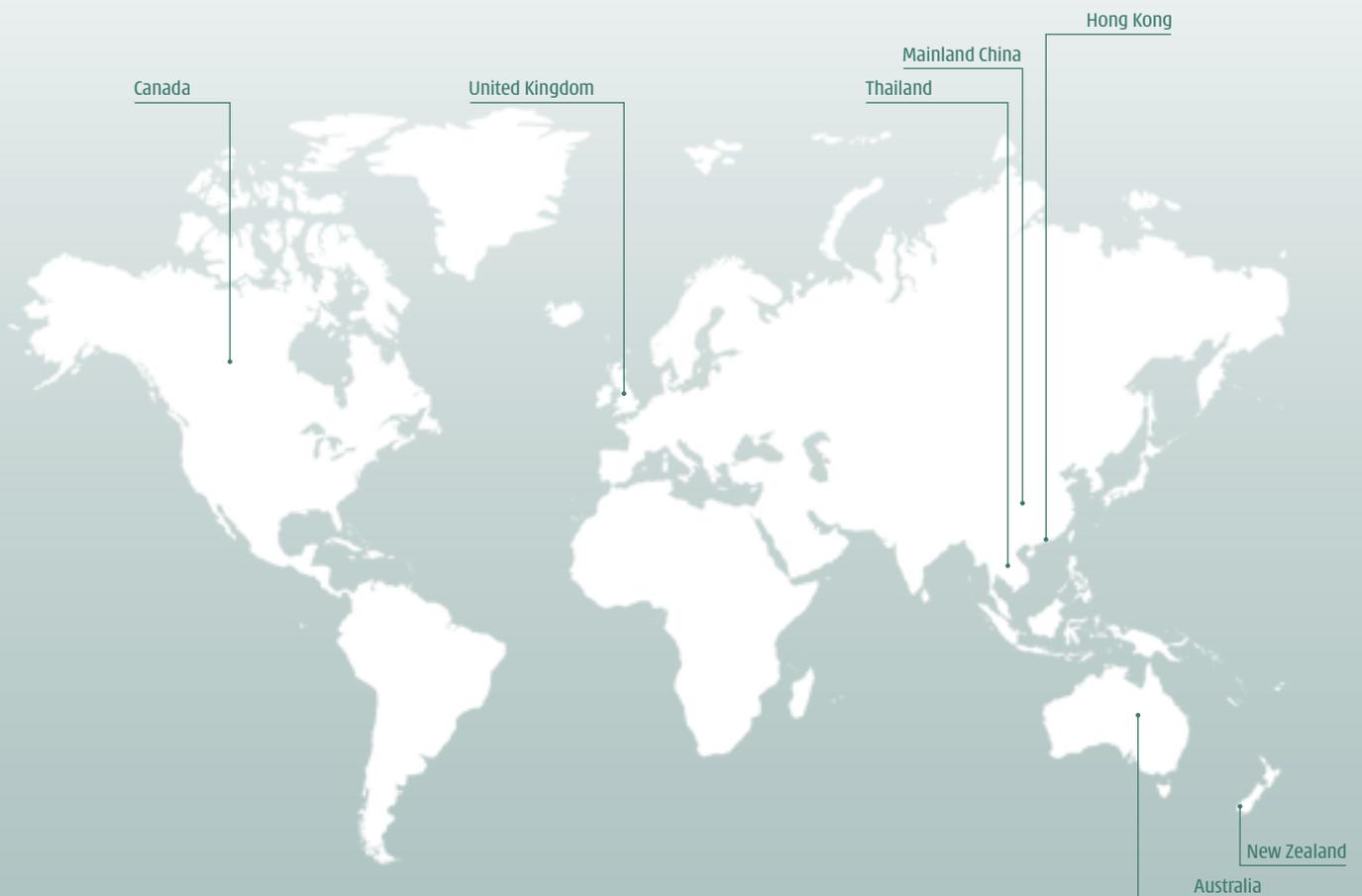


Operations Review



- CKI announced profit attributable to shareholders of HK\$9,427 million.
- The division contributed 10%, 24% and 29% respectively to the total revenue, EBITDA and EBIT of the Group's businesses.



CKI-led consortium invests in the UK gas distribution business and renewable energy power transmission in Australia.

Infrastructure

The infrastructure division comprises the Group's interest in Cheung Kong Infrastructure Holdings Limited ("CKI"), a leading investor in the infrastructure sectors in Hong Kong, the UK, the Mainland, Australia, New Zealand and Canada.

Operations Review – Infrastructure

The Group holds 78.2% ⁽¹⁾ of CKI, which contributed 10%, 24% and 29% respectively to the total revenue, EBITDA and EBIT of the Group's businesses.

	2012 HK\$ millions	2011 HK\$ millions	Change
Total Revenue	39,693	30,427	+30%
EBITDA	21,405	17,242	+24%
EBIT	16,643	13,478	+23%



HK Electric's solar power system at Lamma Power Station, the largest of its kind in Hong Kong, further expands its installed capacity to 1MW.

CKI is one of the largest publicly listed infrastructure companies on SEHK, with diversified investments in energy infrastructure, transportation infrastructure, water infrastructure and infrastructure-related businesses. Operating mainly in six jurisdictions: Hong Kong, the UK, the Mainland, Australia, New Zealand and Canada, it is one of the leading players in the global infrastructure arena.

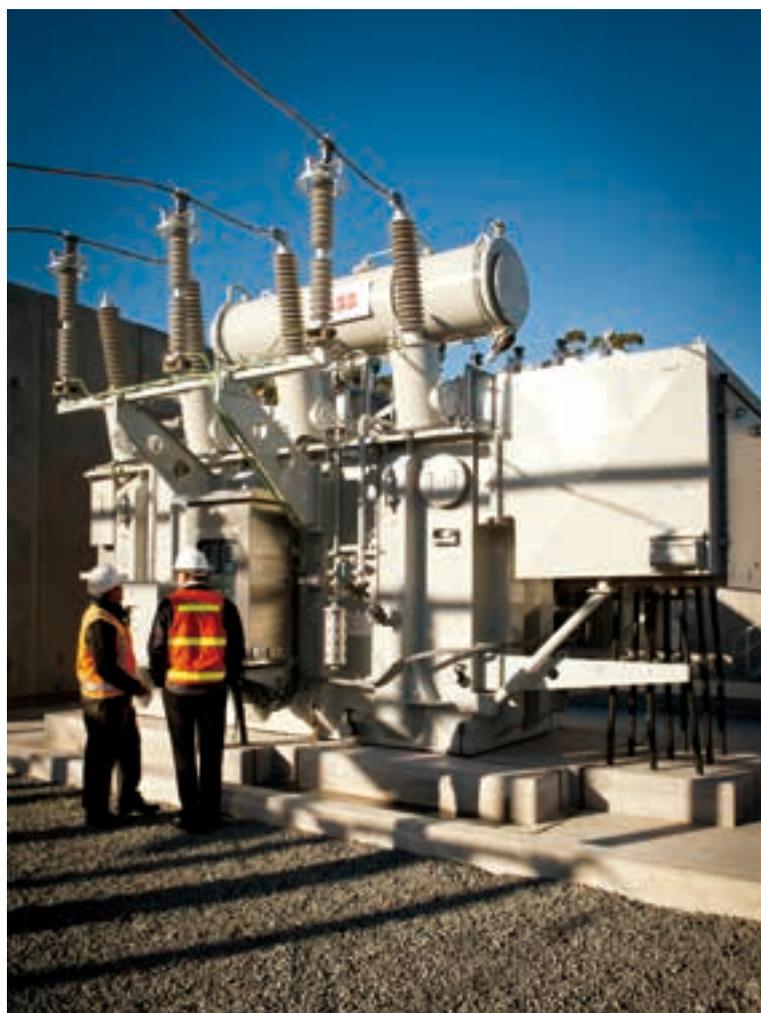
Note 1: The shareholding percentage excludes the shares issued to and held by the fiduciary in connection with the issue of perpetual capital securities in February 2012. Including these shares, the Group's interest reduces to 76.39%.

CKI announced profit attributable to shareholders of HK\$9,427 million. Total revenue, EBITDA and EBIT increased by 30%, 24% and 23% respectively in 2012. This mainly reflects the full year's profit contribution from Northumbrian Water acquired in October 2011 and higher profit contribution from UK Power Networks and Power Assets Holdings ("Power Assets") in 2012.

CKI holds a 38.87% interest in Power Assets, a company listed on SEHK. Power Assets has interests in power businesses in the UK, the Mainland, Australia, New Zealand, Thailand and Canada. Power Assets is also the sole provider of electricity to Hong Kong Island and Lamma Island through its wholly-owned subsidiary, The Hongkong Electric Company. Power Assets announced profit attributable to shareholders of HK\$9,729 million, an increase of 7% compared to last year of HK\$9,075 million. Earnings from Power Assets' operations outside of Hong Kong were HK\$5,108 million, 12% higher than 2011, mainly attributable to the higher profit contribution from UK Power Networks.

In September 2012, CKI and Power Assets jointly announced that they are expanding into renewable energy power transmission in Australia by investing A\$33.6 million in a power transmission link in Victoria, Australia. Construction of the high voltage network began in October 2012 and is scheduled to be completed in late 2013. In October 2012, a consortium led by CKI, in which CKI has a 30% stake, completed its acquisition of Wales & West Utilities, one of the eight major gas distribution networks in the UK.

In January 2013, CKI announced its expansion into the arena of Waste Management infrastructure in New Zealand through the acquisition of Enviro Waste Services Limited. Completion of the transaction remains subject to regulatory approval and is expected to take place in the second quarter of 2013.



Powercor is the largest electricity distributor in the state of Victoria, Australia. It distributes electricity reliably to customers in central and western Victoria, as well as the western suburbs of Melbourne.