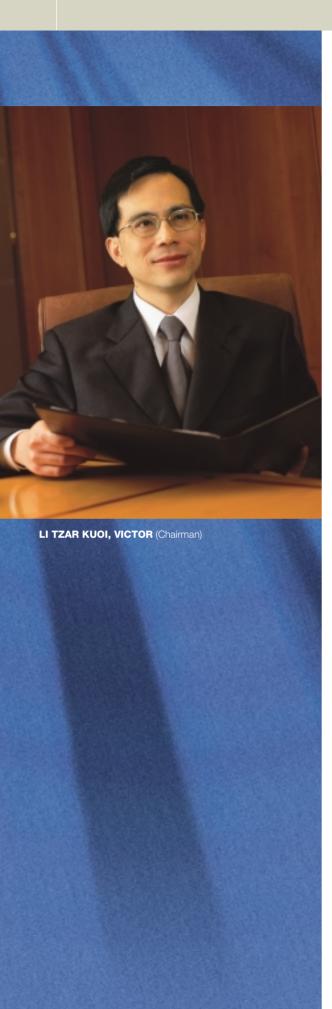
# **Chairman's Letter**



# TO OUR SHAREHOLDERS

We are pleased to report that
Cheung Kong Infrastructure
Holdings Limited ("CKI")'s
audited consolidated profit
attributable to shareholders
for the year ended
31st December, 2001 was
HK\$3,323 million, an increase
of 3 per cent. from the previous
year. Earnings per share
were HK\$1.47.

# Grow from Solid Foundations Venture towards New Heights

The Board of Directors is recommending a final dividend of HK\$0.42 per share. Together with the interim dividend of HK\$0.21 per share, this will bring the total dividend for the year to HK\$0.63 per share, a 5 per cent. increase from the HK\$0.60 per share paid in 2000. The proposed dividend will be paid on 14th May, 2002 following approval at the Annual General Meeting, to shareholders whose names appear on the Register of Members on 9th May, 2002.

Despite a year of difficulties for economies worldwide and in the absence of new acquisitions, CKI has recorded several achievements in 2001 which have enabled the Group to capture new investment opportunities.

# 1. Solid Revenue Base

- Investment in Hongkong Electric Holdings Limited has continued to generate a high profit contribution during the year due to the exceptional gain from its overseas investment.
- Profit contributions from Australian infrastructure business operations exceeded initial projections.
- Significant revenue and cash contribution from China infrastructure operations continued.

# Chairman's Letter (Cont'd)

### 2. Divestment Gains

- A one-off gain of HK\$351 million was generated from the sale of Powercor Australia Limited ("Powercor")'s retail business.
- The disposal of Nanhai Power Plant I realised a profit of HK\$221 million for the Group.
- Further divestment of underperforming assets continues to be carried out, in particular, the disposal of the Nanhai Road Network and Shantou Power Plants which are being finalised.

### 3. Efficient Cost and Operating Structure

- The Group's cement and concrete businesses continued to be adversely affected by a deflationary economy and sluggish construction sector, and reported negative growth during the year. CKI's infrastructure-materials operations and systems were further streamlined resulting in a more efficient cost and operating structure, improved productivity and modest profit.
- With continued leadership in the cement and concrete sectors, the Group's infrastructurematerials business is poised to resume its prominence when the market rebounds.

# 4. Prudent Financial Management

- A prudent HK\$500 million provision has been made against the HK\$8 billion China infrastructure portfolio.
- Commitments from major international banking groups have been secured to refinance the HK\$3.8 billion syndicated loan.
- A strong balance sheet with net debt-to-equity of 16 per cent. and cash in hand of HK\$4 billion have been recorded at the end of 2001.
- Standard and Poor's A- rating has been maintained.

## **Outlook**

The current global recessionary environment continues to provide CKI with many investment opportunities. Government initiatives to privatise state-owned assets and other capital-intensive government infrastructure initiatives, combined with the secondary sales of quality assets of other global infrastructure players form an area of opportunity for the Group. Since the listing of CKI and the string of notable acquisitions, the Group has become a prominent player in the infrastructure industry worldwide. Going forward into 2002, CKI is in a uniquely strong position to capitalise on any suitable investment opportunities that may arise in view of the following:

- CKI's current portfolio of investments in energy, transportation, and other infrastructure-related businesses provides a strong and secure revenue base for the Group giving it ample financial resources for investment expansion.
- Divestment of the Group's China infrastructure portfolio and the sale of Powercor's retail operations further strengthen the solid balance sheet and strong cash position.
- The wealth of expertise acquired from the various infrastructure investments has equipped our management team with the judgement, wisdom and experience to take on new opportunities.
- Connections and relationships forged amongst business associates and relevant government departments in many countries worldwide will facilitate considerably the acquisition and operation of new infrastructure investments.

CKI is in a strong position to embark on quality infrastructure investments and enhance the shareholder value further, given its keen interest to invest, its solid balance sheet, and its cash-rich position. Many capital-intensive projects around the globe are currently under review by the Group. A number of projects are in the final stage of discussion. One recent case in point is the Sydney Cross City Tunnel project.

I would like to thank the Board of Directors and our staff for their hard work and dedication in this very difficult environment. I would also like to thank our shareholders for their continued support of our vision.

# LI TZAR KUOI, VICTOR

Chairman

Hong Kong, 14th March, 2002