





165,387,000
Electricity distribution network in Australia in metres

325,000
Barrels of oil equivalent per day by Husky

1,000,000
Electricity to be produced by HKE's first commercial wind turbine in kWh



- 1 Australia
- 2 Indonesia
- 3 The Philippines
- 4 Hong Kong
- 5 Mainland China
- 6 Thailand
- 7 Libya
- 8 Luxembourg*
- 9 United Kingdom
- 10 Canada

* Finance and investments

The energy, infrastructure, finance and investments division includes the Group's 84.6% interest in Cheung Kong Infrastructure ("CKI"), a leading investor in the infrastructure sectors in Hong Kong, the Mainland and Australia, and a 34.64% interest in Husky Energy, one of Canada's largest integrated energy and energy related companies. Also reported in this division is finance and investment income, derived from the Group's treasury operations which manage a substantial pool of cash and other liquid investments. Turnover for the energy, infrastructure, finance and investments division for 2004 totalled HK\$34,725 million, a 13% increase from last year and EBIT totalled HK\$16,711 million, an 11% increase. The

aggregate net increase is mainly due to the effect of increased returns on the Group's holdings of cash and other liquid investments.

Cheung Kong Infrastructure

The Group has an 84.6% interest in CKI, which is listed on the Stock Exchange of Hong Kong. CKI announced turnover of HK\$4,460 million, an increase of 4%, and profit attributable to shareholders of HK\$3,556 million, an increase of 6% compared to last year. CKI contributed 8% and 9% of the Group's turnover and EBIT from its established businesses respectively.

CKI is the largest publicly listed infrastructure company in Hong Kong with diversified investments in energy, transportation and water infrastructure as well as



- Upon completion, the Cross City Tunnel will allow motorists to avoid up to 18 sets of traffic lights in downtown Sydney.

infrastructure related business. Operating in Hong Kong, the Mainland, Australia, the UK, Canada and the Philippines, it is also a leading player in the global infrastructure arena. CKI is continuing to develop its environmental business in areas related to recycling waste materials, reduction of natural resources usage and reduction of emissions to the environment.

CKI holds a 38.9% interest in Hongkong Electric Holdings ("HEH"), which is the largest contributor to CKI's results. HEH, which is also listed on the Stock Exchange of Hong Kong being the sole provider of electricity to Hong Kong and Lamma islands, announced a profit attributable to shareholders of HK\$6,280 million, an increase of 4% compared to last year. In February, HEH finalised shareholder arrangements with five other shareholders for a 1,400-megawatt gas-fired power plant project in Thailand and became the largest shareholder in the joint venture company. CKI's other infrastructure businesses recorded increased profits reflecting improved contributions from the Mainland and Australian energy projects, operation synergy from the Australian electricity distribution businesses and the stronger Australian dollar. CKI's cement, concrete, asphalt and aggregates businesses in Hong Kong and the Mainland experienced another difficult year due to the depressed market conditions and a provision was made in 2004 against certain assets.

CKI has continued to expand its businesses during the year. In April, CKI acquired a 100% interest in Cambridge Water in the UK, a company appointed



- *A barge lays the new pipeline for Hongkong Electric to carry environmentally friendly natural gas from Shenzhen to East Lamma Island for future LNG-powered turbines.*

under the Water Act 1989 of the UK to develop and maintain the water supply that serves a population of approximately 298,000 in an area of approximately 1,173 square kilometres in South Cambridgeshire. In July, CKI acquired a 40% interest in Lane Cove Tunnel Company which was awarded a 30-year concession, excluding the construction period, to build and operate the Lane Cove Tunnel in Sydney, Australia. In August, CKI entered into an option arrangement to acquire, on completion, a 69.8% interest in the North of England Gas Distribution Network, which operates a major natural gas distribution network in the UK. The

EBIT from Energy, Infrastructure,
Finance and Investments:

HK\$16,711 million



● *Husky Energy has a 40% interest in the Wenchang oil field in the South China Sea.*

total consideration of the project was £1,393 million (approximately HK\$20,000 million). Following the announcement of the transaction, CKI divested a 19.9% interest to HEH and further disposed of 9.9% to third parties, reducing its effective direct holding to 40%. The transaction is subject to regulatory approval and is expected to be completed in mid-2005. These investments are expected to continue the earnings growth trend of CKI.

Husky Energy

The Group has a 34.64% interest in Husky Energy ("Husky"), a listed Canadian based integrated energy

and energy related company. Husky announced turnover of C\$8,440 million, 10% above last year and net earnings of C\$1,006 million, 25% below last year, mainly due to the negative impact of Husky's crude oil hedging programme, which expired at the end of 2004, the relative performance of the Canadian dollar to the US dollar this year and last year, and a non-recurring tax rate reduction in 2003. In November, Husky declared a special cash dividend of C\$0.54 per share from which the Group received C\$79 million in January 2005. Husky contributed 11% and 5% to the Group's turnover and EBIT from its established businesses respectively.

In 2004, Husky's gross production volume averaged approximately 325,000 barrels of oil equivalent ("boe") per day compared to 312,500 boe per day during 2003, a 4% increase.

In July, Husky announced the commencement of its Tucker oil sands project, a 30,000-barrel per day project near Cold Lake, Alberta. Husky also filed, in August, an application with the Alberta government for approval of its 200,000-barrel per day Sunrise oil sands project in the Athabasca region.

At the end of 2004, Husky's total proved oil and gas reserves amounted to 791 million boe after a heavy oil price revision and 911 million boe before the price revision. In western Canada, Husky replaced 106% of production in 2004, mainly through heavy oil additions and the acquisition of Marathon Canada. Reserves were added at Lloydminster White Rose and in the foothills and Deep Basin of Alberta and northeast British Columbia.

The White Rose development is progressing on schedule and first oil production is expected by late 2005 or early 2006. Internationally, Husky plans to drill two exploration wells in the South China Sea in 2005 and to pursue its development in Indonesia, where it increased its interest to 100% in a production sharing contract in the Madura Strait, Indonesia.



- *Husky brand fuel products are delivered to over 500 retail outlets and bulk distributors from British Columbia to Ontario.*



- *Reducing emissions is an ongoing project of Hongkong Electric. Here the desulphurisation plant "scrubs" sulphur, which reduces emissions.*