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Investment in

INFRASTRUCTURE RELATED BUSINESS





Investment in
**POWER
ASSETS**

CKI is the major shareholder of Power Assets, with a 38.87% interest. Power Assets completed a spin-off exercise in January 2014 and reduced its ownership of the Hong Kong electricity business.

In 2014, Power Assets reported a profit attributable to shareholders of HK\$61,005 million, an increase of 446% over the previous year. The growth was mainly attributable to a one-off gain generated from the spin-off of the Hong Kong electricity business.

Power Assets has a portfolio of investments in Hong Kong, Mainland China, the United Kingdom, Australia, New Zealand, Thailand, Canada and the Netherlands.

In Hong Kong, Power Assets completed the spin-off of The Hongkong Electric Company, Limited ("HK Electric") in January 2014. Following this exercise, Power Assets owns a 49.9% interest in the Hong Kong electricity business. During the year, HK Electric reported solid results and continued to deliver high standards in reliability, affordability and customer service.

In Mainland China, the performance of the coal-fired power plants benefitted from lower coal costs and operating expenses; however this was partially offset by reductions in power sales and tariff. The completion of an engineering innovation programme during the year enhanced the productivity and reliability of the wind farms in Dali and Laoting.

The United Kingdom continued to be Power Assets' biggest market. The four operating companies, namely UK Power Networks, Northern Gas Networks, Wales & West Utilities and Seabank Power, all delivered satisfactory results. With effective operating procedures, customer service as well as high performance and environmental standards, the United Kingdom operating companies are poised to continue to deliver growth.

The Australian investments provided higher profit contribution than 2013. Overall revenues increased as a result of higher tariffs. During the year, Power Assets acquired a 27.5% stake in Envestra (now known as Australian Gas Networks), one of Australia's largest natural gas distribution companies. This newly acquired project delivered four months of earnings contribution in 2014.

Other investments outside of Hong Kong achieved steady performance. In New Zealand, Wellington Electricity delivered stable sales. The Thailand generation business met its production target during the year. As for power plants in Canada, revenues from the generation business were improved through steam sales and plant efficiencies. Meanwhile, the Dutch energy-from-waste business provided its first full year of profit contribution.



The spinning off of Power Assets' electricity business in Hong Kong was completed in January 2014.



Infrastructure Investment in
UNITED KINGDOM

Through investments in UK Power Networks, Northern Gas Networks and Wales & West Gas Networks, CKI delivers approximately 30% of Great Britain's electricity and distributes gas to an area inhabited by about 22% of the country's population. The Group also has an interest in Northumbrian Water which supplies water and wastewater services in the North East and South East of England.

In 2015, the Group expanded into the country's rolling stock industry by signing an agreement to acquire Eversholt Rail. Completion of the transaction is expected to take place around April 2015.

UK POWER NETWORKS HOLDINGS LIMITED

CKI and Power Assets each hold a 40% shareholding in UK Power Networks.

UK Power Networks owns and manages three of the 14 regulated electricity distribution networks in Great Britain. The three networks have a route length of approximately 190,000 kilometres and cover an area of about 30,000 square kilometres in London, the South East and the East of England. UK Power Networks has

approximately eight million customers. It accounts for about 30% of the country's total power demand.

Apart from the regulated business, UK Power Networks also develops and manages private networks for clients from both private and public sectors, including the British Airport Authority and the Ministry of Defence.

UK Power Networks has continued to deliver sound performance, exceeding its key financial targets. The company also invested over GBP640 million in its regulated networks during the year.

In 2014, excellent operational performance was demonstrated by reduction in the key targets of customer minutes lost and customer interruptions; and this good performance was rewarded by additional incentive revenue received by the company.

During the year, UK Power Networks received the "Gold Award" from "Investors in People", a scheme established by the Government of the United Kingdom which recognises people management excellence. The Gold status is achieved by only 7% of the scheme participants.

UK Power Networks has received the final determination of its regulatory reset which will commence in April 2015. The reset provides a high level of predictability for the company's revenue for the 2015-23 price control period.

NORTHUMBRIAN WATER GROUP LIMITED

CKI holds a 40% interest in Northumbrian Water.

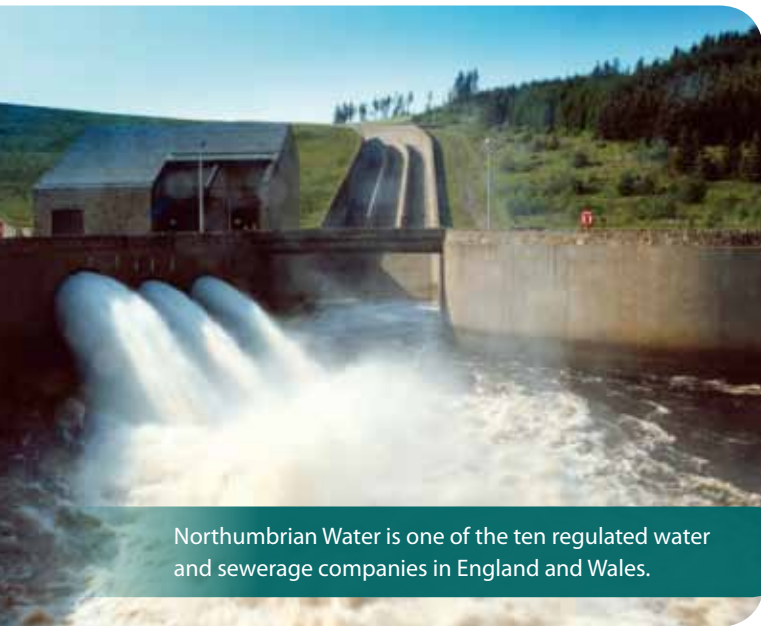
Northumbrian Water is one of the ten regulated water and sewerage companies in England and Wales. The company's network comprises approximately 26,000 kilometres of mains and about 30,000 kilometres of sewers. Through this network, drinking water is supplied to 4.5 million people in the North East and South East of England, while wastewater is collected and treated from 2.7 million people in the North East.

Northumbrian Water also runs a range of non-regulated businesses. The company operates Kielder Reservoir, the largest man-made reservoir in northern Europe. It also owns a number of companies which have long term water and wastewater contracts in Scotland, Ireland and Gibraltar.



Northumbrian Water was awarded the Queen's Award for Enterprise.

BUSINESS REVIEW



Northumbrian Water is one of the ten regulated water and sewerage companies in England and Wales.

Solid financial performance was delivered by Northumbrian Water during the year. Investments of approximately GBP230 million were made to ensure sustained provision of water and sewerage services.

Northumbrian Water was awarded the Queen's Award for Enterprise, one of the most prestigious business awards in the United Kingdom. This is the second time Northumbrian Water has received the accolade in the category of sustainable development. The company will hold this accolade until 2019.

The price review for the 2015-20 regulatory period has been concluded. The reset will provide predictable revenues to the company for five years commencing in April 2015.

NORTHERN GAS NETWORKS LIMITED

CKI and Power Assets jointly hold an 88.4% interest in Northern Gas Networks.

Northern Gas Networks is one of the eight major gas distribution networks in Great Britain, and operates, maintains and develops the North of England's gas distribution network. The company has 37,000 kilometres



Northern Gas Networks was ranked the most efficient gas distribution network by the national energy regulator Ofgem in the 2013/14 regulatory year.

of gas pipelines and serves a population of around 6.7 million.

Northern Gas Networks met or outperformed its key operational targets during the year. The company continued to be ranked the most efficient gas distribution network by the national energy regulator Ofgem in the 2013/14 regulatory year. Additional revenues were secured through achieving performance incentives.



In 2014, the company invested approximately GBP41 million in network enhancement and extension. The ongoing mains renewal programme has replaced over 500 kilometres of ageing iron mains to improve network safety and reliability.

Northern Gas Networks was ranked first in Ofgem's Customer Satisfaction Survey for the 2013/14 regulatory year. This outstanding customer service also won wide recognition. At the National Business Awards 2014,

Northern Gas Networks received the "Customer Focus Award". At the UK Customer Experience Awards 2014, the company was presented the highest prize – "Overall Best Customer Experience Award". It also received five "Best Customer Experience" awards in five different categories, namely "Professional & Government Services & Utilities", "Employee Engagement – Taking the Lead", "Business Change or Transformation – Simplification", "Contact Centre – Small" and "Team – Customers at the Heart".

BUSINESS REVIEW

WALES & WEST GAS NETWORKS (HOLDINGS) LIMITED

CKI and Power Assets both hold a 30% shareholding in Wales & West Gas Networks, which owns Wales & West Utilities. Like Northern Gas Networks, Wales & West Utilities is one of the eight major gas distribution networks in Great Britain.

Wales & West Utilities has a network of 35,000 kilometres of pipelines serving an area of 42,000 square kilometres and a population of 7.5 million in Wales and the South West of England.

Wales & West Utilities continued to perform well financially, providing a steady income stream. All key operational targets, licence obligations and standards of service were met or exceeded.

The company replaces approximately 440 kilometres of ageing metal gas mains every year. During 2014, around GBP75 million was invested in mains replacement.

Wales & West Utilities remains committed to its public awareness campaign on carbon monoxide poisoning. In recognition of its "Say NO to CO" gas safety promotional campaign, the company was awarded the "Building Stronger Communities Award" at the Wales Responsible Business Awards 2014.

SEABANK POWER LIMITED

CKI and Power Assets each have a 25% shareholding in Seabank Power, an electricity generation plant with two combined cycle gas turbine generation units, near Bristol, in the South West of England. The total generating capacity of the plant is approximately 1,140 MW.

Overall financial performance of Seabank Power was stable during the year.



Wales & West Utilities continued to perform well financially, providing a steady income stream to CKI.



A CKI-led joint venture entered into an agreement to acquire Eversholt Rail in January 2015.

SOUTHERN WATER SERVICES LIMITED

CKI has a 4.75% strategic interest in Southern Water.

Southern Water is a regulated water and sewerage company which supplies drinking water to 2.4 million people and treats wastewater from 4.5 million people in the South East of England across Sussex, Kent, Hampshire and the Isle of Wight.

EVERSHOLT RAIL GROUP

A joint venture led by CKI entered into an agreement to acquire Eversholt Rail in January 2015, representing a new development for the Group's transportation infrastructure business.

The enterprise value of the transaction is approximately HK\$29.3 billion (approximately GBP2.5 billion). Completion is expected to take place around April 2015.

Created in 1994 as part of the privatisation of British Rail, Eversholt Rail is one of the three major rolling stock operating companies in Great Britain.

Eversholt Rail leases a diverse range of rolling stock, including regional, commuter and high speed passenger trains, as well as freight locomotives, on long-term contracts.

The acquisition is expected to deliver stable and predictable cash flows to CKI.



Infrastructure Investment in **AUSTRALIA**

CKI, in conjunction with Power Assets, is one of the largest investors in electricity distribution in Australia. The Group's businesses, SA Power Networks and Victoria Power Networks, distribute electricity to the state of South Australia and over 65% of the state of Victoria respectively.

In 2014, CKI expanded its Australian portfolio by acquiring Envestra through an off-market takeover bid. The business, which was renamed Australian Gas Networks, is one of the major natural gas distributors in the country.

CKI's other investments in Australia include Transmission Operations Australia and Spark Infrastructure.

SA POWER NETWORKS

CKI and Power Assets jointly hold a 51% interest in SA Power Networks.

As the primary electricity distributor in the state of South Australia, SA Power Networks serves approximately 847,000 customers with networks of more than 88,000 kilometres.

Operational performance of SA Power Networks' regulated business was good despite difficult weather conditions. During the year, SA Power Networks was ranked the most efficient electricity distributor overall on a state wide basis in the annual distribution benchmarking report of the Australian Energy Regulator ("AER").

SA Power Networks is dedicated to maintaining a high level of safety. The company maintained its safety certifications of AS/NZS 4801 and OHSAS 18001. In addition, SA Power Networks was accredited against the stringent standards of the Australian Government Building and Construction Workplace Health and Safety Accreditation Scheme.

As a part of the tariff reset for the upcoming five-year regulatory period, SA Power Networks submitted its 2015-20 regulatory proposal to the AER. A final determination will be released in October 2015. It is expected that the result will provide certainty to the business.

VICTORIA POWER NETWORKS PTY LTD

Victoria Power Networks is the holding company of CitiPower and Powercor, in which CKI and Power Assets together hold a 51% interest.

CitiPower owns and operates an electricity distribution network in Melbourne's CBD and inner suburbs which serves about 340,000 customers.

Powercor is the largest electricity distributor in the state of Victoria, the service area of which covers regional and rural centres in central and western Victoria, as well as Melbourne's outer western suburbs. Powercor has approximately 760,000 customers.

Overall financial performance of Victoria Power Networks was sound. Key financial targets have been met or outperformed.



Victoria Power Networks' overall financial performance was sound.

BUSINESS REVIEW

Highly reliable distribution performance was achieved during the year, with CitiPower delivering a 99.99% network availability and Powercor achieving 99.96%. Customer satisfaction targets have been surpassed.

In 2014, the effort that Victoria Power Networks put into occupational health was recognised, when the company received the “Minister’s Award – Mental Health Employer Excellence” at the 2014 Victorian Public Healthcare Awards.

Preparations for the regulatory reset for the 2016-2020 control period are currently underway. A customer and stakeholder consultation in relation to Victoria Power Networks’ directions and priorities was completed. A regulatory proposal will be submitted to the AER in April 2015.

AUSTRALIAN GAS NETWORKS LIMITED

In May 2014, a consortium of CKI, Cheung Kong (Holdings) and Power Assets announced an off-market takeover bid for Envestra for a cash consideration of A\$1.32 per share. The total consideration of the acquisition was around HK\$14.1 billion (approximately A\$1.96 billion). The transaction was completed in the third quarter of 2014 and Envestra was renamed Australian Gas Networks.

Australian Gas Networks is one of the largest natural gas distribution companies in the country, serving approximately 1.2 million customers in South Australia, Victoria, Queensland, New South Wales and the Northern Territory.

CKI, together with Cheung Kong (Holdings) and Power Assets, acquired Envestra (now known as Australian Gas Networks) through an off-market takeover bid during the year.



Australian Gas Networks is one of the largest natural gas distribution companies in Australia.

CKI has been a shareholder of Envestra since 1999, and has benefitted from the company’s secure and steady returns. Prior to the completion of the takeover, CKI holds a strategic shareholding of 17.46% in Envestra. The shareholding also generated a one-off gain of approximately HK\$2.2 billion at completion.

Post-transaction, CKI has an interest of approximately 45% in the gas distributor, while Power Assets holds 27.5%. Four months of earnings contribution from this increased shareholding were delivered to the Group in 2014.



TRANSMISSION OPERATIONS (AUSTRALIA) PTY LTD

CKI and Power Assets have an equal shareholding in Transmission Operations Australia, each owning a 50% interest.

Transmission Operations Australia owns and operates a high voltage transmission network which transfers

renewable energy from the wind turbines at the 130 MW Mt Mercer Wind Farm to Victoria's power grid. The transmission network features 21 kilometres of overhead power lines, two transformers and a terminal station.

A 25-year off-take agreement with Mt Mercer Wind Farm is in place. The business is expected to provide long-term stable returns to the Group.



Infrastructure Investment in

NEW ZEALAND

CKI's businesses deliver electricity to New Zealand's capital city and the surrounding area, and provide waste collection and disposal services nationally.

WELLINGTON ELECTRICITY LINES LIMITED

CKI and Power Assets each own a 50% interest in Wellington Electricity.

With a network of over 4,600 kilometres, Wellington Electricity supplies electricity to approximately 165,000 domestic, commercial and industrial customers in Wellington, Porirua and Hutt Valley regions of New Zealand.

A satisfactory operational performance was achieved by Wellington Electricity in 2014. The company continued to expand its coverage by acquiring three embedded networks within its service area.

Wellington Electricity received the final determination for the regulatory price and quality reset which will commence in April 2015.

ENVIRO WASTE SERVICES LIMITED

CKI owns 100% of EnviroWaste, a leading waste management company in New Zealand with national coverage. The company provides waste collection and disposal services to more than half a million commercial and residential customers.

EnviroWaste also owns and manages Hampton PARRC, the largest landfill site in New Zealand which accounts for approximately 30% of annual landfill volumes in Greater Auckland. Situated outside Auckland and with an area of 360 hectares, the Hampton landfill has consent to receive

waste until 2030 while having capacity to receive waste for many more decades thereafter.

In 2014, EnviroWaste provided its first full year of profit contribution to the Group. The company met its financial targets and performed well operationally.

During the year, EnviroWaste further consolidated its market presence. The company acquired the second largest waste services operator in the City of Christchurch. In addition, the company was awarded the solid waste services contracts by the city councils in the Taranaki region.



EnviroWaste provided its first full year of profit contribution to CKI in 2014.



Infrastructure
Investment in
NETHERLANDS

CKI has an interest in Dutch Enviro Energy which owns AVR, the Netherlands’ largest energy-from-waste company.

DUTCH ENVIRO ENERGY HOLDINGS B.V.

CKI holds a 35% shareholding in Dutch Enviro Energy, while Power Assets owns 20%. Dutch Enviro Energy in turn owns AVR, the largest energy-from-waste (“Efw”) player in the Netherlands.

AVR operates five waste treatment plants in Duiven and Rozenburg. All of these plants are accredited to import waste from countries in the European Union. The plants have a total Efw capacity of 2,300 kilo tonnes per year, the largest amongst waste treatment companies in Europe.

AVR has long term contracts with domestic and overseas clients to receive residual waste, which is used to fuel the waste processing plants. Long term off-take contracts are also in place for the energy generated. In October 2014, the North Rotterdam District Heating Project commenced operations.

Dutch Enviro Energy provided its first full year of profit contribution to CKI in 2014. Financial performance of the company was in line with expectations, providing stable cash returns to the Group.



Dutch Enviro Energy's financial performance was in line with expectations.

BUSINESS REVIEW



Infrastructure Investment in **CANADA**

CKI owns a 50% interest in Canadian Power, whose portfolio comprises six electricity generating plants in Canada.

In 2014, CKI increased its presence in Canada through the acquisition of Park'N Fly, the national off-airport car park business.

CANADIAN POWER HOLDINGS INC.

CKI and Power Assets own Canadian Power on a 50/50 basis. The portfolio of Canadian Power includes six electricity generating plants with a total generating capacity of 1,362 MW.

Canadian Power has a 49.99% shareholding in TransAlta Cogeneration, L.P., which owns four natural gas-fired cogeneration plants in Alberta and Ontario, as well as a coal-fired generation plant in Alberta. During the year, the Ottawa Cogeneration Plant made the transition from a continuous base load operation to a dispatchable plant, enhancing the plant's capability during short term peaks.

Canadian Power also holds a 100% stake in Meridian Cogeneration Plant, a 220 MW natural gas-fired plant in the province of Saskatchewan. Under a long-term power purchase agreement with Saskatchewan Power



Mr. H L Kam, Group Managing Director of CKI (third from right), and Mr. Duncan Macrae, Head of International Business of CKI (second from right), were given a tour of Park'N Fly's facilities.

Corporation and a long-term steam supply contract with Husky Energy Inc., both of which last until 2025, the plant continued to deliver reliable supply.

Steady returns were generated from Canadian Power during the year.

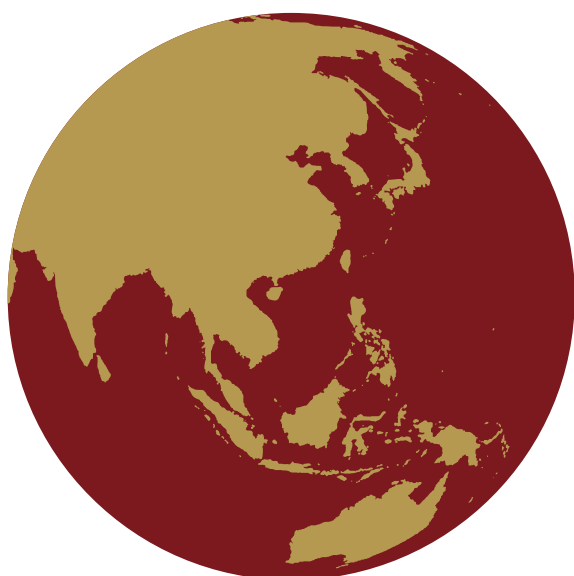
PARK'N FLY

In July 2014, a joint venture led by CKI completed the acquisition of 100% of Park'N Fly. The company is the largest off-airport car park provider in Canada, and the only national operator. The enterprise value of the transaction was approximately HK\$2.72 billion (approximately C\$381 million). Post-acquisition, CKI holds a 50% stake in Park'N Fly.

Park'N Fly provides parking facilities at most major airports in Canada, including Toronto, Vancouver, Montreal, Edmonton and Ottawa.

Park'N Fly offers three tiers of off-airport parking services – valet, self-park and economy. These services are tailored to meet the needs of both business and leisure travellers. In addition, the 24-hour shuttle service ensures fast and easy transfers between the airport and the parking facilities. Other ancillary services include auto detailing, premium oil changes and automotive maintenance.

Since completion, Park'N Fly has provided five months of profit contribution to CKI.



Infrastructure
Investment in
**MAINLAND
CHINA**

In Mainland China, CKI has a portfolio of toll roads and bridges investments, totalling approximately 280 kilometres across a number of provinces.

CKI has a shareholding in various toll roads and bridges in Mainland China, including Shen-Shan Highway (Eastern Section), Shantou Bay Bridge, Tangshan Tangle Road, Changsha Wujialing and Wuyilu Bridges, Jiangmen Chaolian Bridge, Jiangmen Jiangsha Highway and Panyu Beidou Bridge.

During the year, profit contribution from Mainland China was HK\$287 million. This figure is a decrease of 27% over the previous year as a one-off gain generated from the disposal of CKI's interest in the National Highway 107 (Zhumadian Sections) was recorded in 2013. Overall, the projects have provided stable cash flows to the Group.



Investment in **INFRASTRUCTURE RELATED BUSINESS**

CKI is one of the leading infrastructure materials suppliers in Hong Kong, with cement, concrete and aggregates, as well as asphalt businesses. The Group's infrastructure related business recorded 2% growth in profit contribution during the year.

CEMENT

A stable performance was delivered by the Group's cement business which is carried out by Green Island Cement. Production volume was favourable leading to good results for the Hong Kong operation.

In Mainland China, performance was boosted by the improving market environment in the Guangdong area. Since the completion in late 2013, the flagship cement production facility in Yunfu, Guangdong province has been operating at levels exceeding the designed yearly production capacity.

CONCRETE, AGGREGATES AND ASPHALT

CKI's concrete and aggregates businesses are run by Alliance Construction Materials Limited, a 50/50 joint venture between CKI and HeidelbergCement AG. During the year, Alliance achieved high volume and favourable margin.

The performance of CKI's asphalt operations through Anderson Asphalt was in line with budget and provided steady returns.