

GROUP MANAGING DIRECTOR'S REPORT

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H L KAM

Group Managing Director



STRATEGIES FOR GROWTH STRATEGIES FOR SUCCESS

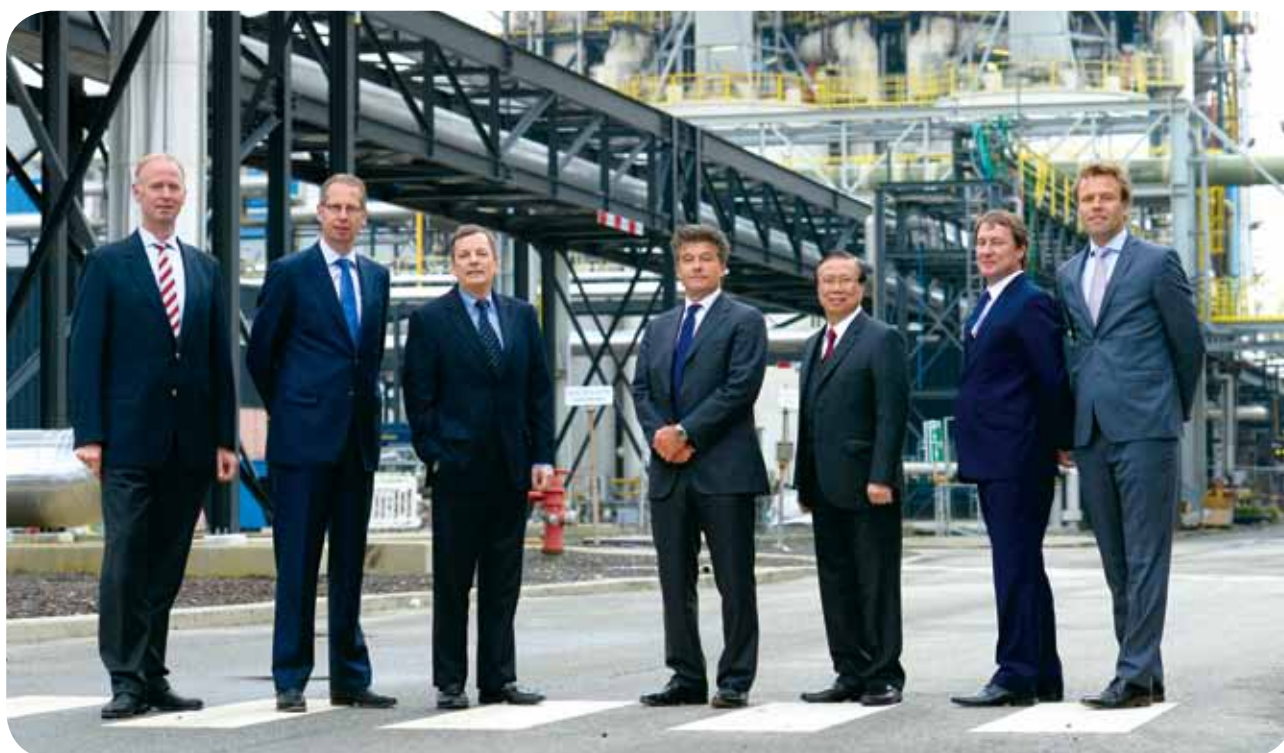
2014 has represented another successful year for CKI, with profit reaching a new landmark high. Our continued success in the infrastructure arena has been supported by the organic growth of our existing businesses and through strategic acquisitions.

ACQUISITION STRATEGY UNDERPINS STRONG GROWTH

The Group is committed to maintaining the growth momentum of our infrastructure business through making quality acquisitions that strengthen the breadth and depth of our portfolio.

Since CKI's inception, we have consistently made timely acquisitions that have generated good organic growth. Over the years, we have expanded the scope of our business operations to new markets and new infrastructure industries. Currently, we operate in Hong Kong, Mainland China, the United Kingdom, the Netherlands, Australia, New Zealand and Canada. Our industry reach spans electricity generation, transmission and distribution; gas distribution; water and wastewater services; transportation; waste management; and infrastructure materials. The Group's portfolio of diverse investments provides a recurring, stable and predictable income stream.

From our beginnings as a Hong Kong and Mainland China-focused infrastructure investment company, we have significantly diversified our investment portfolio. Our strategic impetus to make quality, yield-accretive acquisitions has been unwavering. Looking back the five years from 2009 to 2013 – through our investments in Seabank Power, UK Power Networks, Northumbrian Water, Transmission Operations Australia, Wales & West Utilities, EnviroWaste, and AVR – CKI has significantly enhanced its portfolio of water assets, expanded into the field of waste management, strengthened its foothold in the United Kingdom market and entered into the continental Europe market for the first time.



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2014 ACQUISITIONS TO EXPAND INCOME BASE

In 2014, CKI made two major acquisitions that are poised to further strengthen our global portfolio and expand our income base.

Through a 50/50 joint venture with Cheung Kong (Holdings), we successfully acquired the largest off-airport car park provider in Canada – Park'N Fly. Providing off-airport parking facilities in Toronto, Vancouver, Montreal, Edmonton and Ottawa, Park'N Fly bolsters the Group's Canadian investment portfolio. The enterprise value of the transaction was approximately C\$381 million. This acquisition further strengthens CKI's presence in the Canadian market and marks our entry into the transportation infrastructure sector in the country. The investment is poised to generate immediate and steady returns for the Group.

CK ENV Investments Pty Ltd – jointly held by CKI, Cheung Kong (Holdings) and Power Assets – successfully executed an off-market takeover bid for Envestra (now known as Australian Gas Networks) for a cash consideration of A\$1.32 per share. The acquisition was completed in the third quarter of 2014 for a total consideration of around A\$1.96 billion. Australian Gas Networks represents one of the largest natural gas distribution companies in Australia and CKI has been a shareholder of this company since 1999. We have benefitted from the steady, recurring income generated by this asset over the past decade and a half. Through further entrenching our ownership in Australian Gas Networks, we look forward to enhanced returns.

STRONG FINANCIAL FOUNDATION MAINTAINED

Our strong financial platform is the foundation that secures the strength of our business. While actively making acquisitions, we always maintain a healthy balance sheet. The Group had cash on hand of HK\$7,108 million as at 31st December, 2014 and a net debt to net total capital ratio of 10%. Accordingly, CKI remains well-placed to continue our pace of acquisition growth.

2015 ACQUISITION TRAIL BLAZES FORWARD

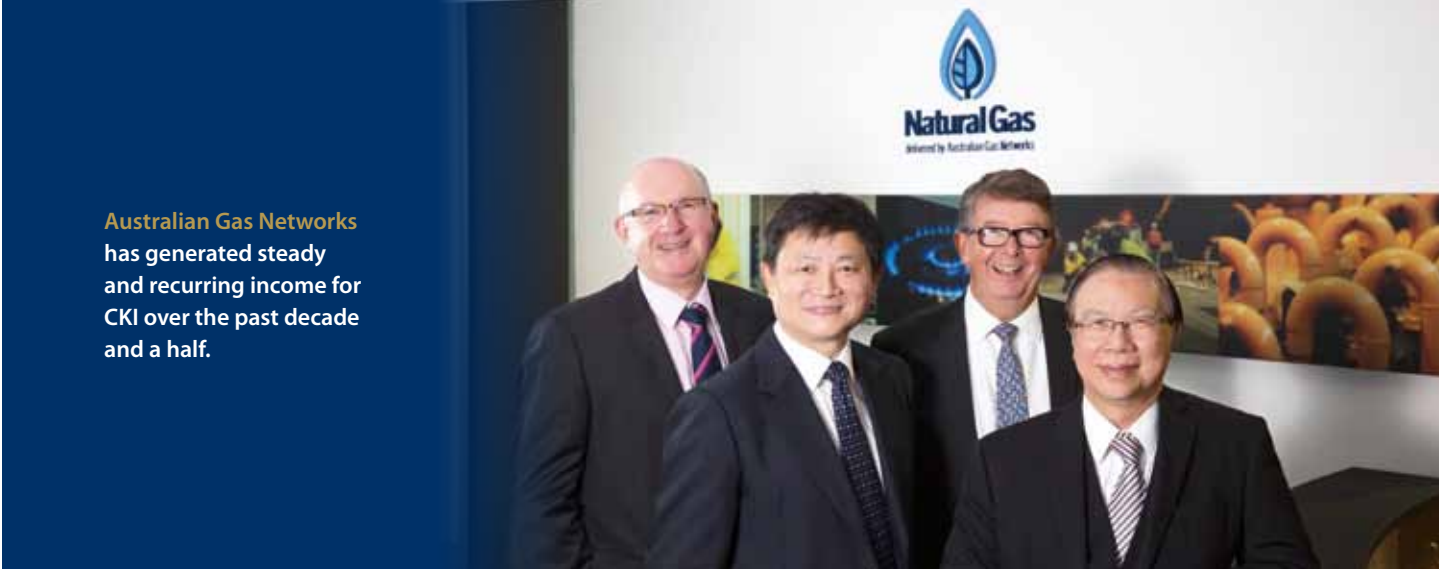
As we embark upon the new financial year, we have already made progress in our acquisition strategy.

In January 2015, a 50/50 joint venture between CKI and Cheung Kong (Holdings) entered into an agreement to acquire Eversholt Rail, one of the three major rolling stock operating companies in the United Kingdom. The enterprise value of the transaction is approximately GBP2.5 billion and completion is expected to take place around April 2015.

The Group's transportation infrastructure portfolio will be enhanced and extended to the United Kingdom through the acquisition of this rolling stock leasing business. It is poised to deliver immediate, recurring cash flow to CKI, as well as stable returns.



Park'N Fly is the largest off-airport car park provider in Canada.



Australian Gas Networks has generated steady and recurring income for CKI over the past decade and a half.



Eversholt Rail is one of the three major rolling stock operating companies in the United Kingdom.

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A CONTINUED STRATEGY OF GLOBALISATION AND DIVERSIFICATION

CKI has been committed to growing our infrastructure business through globalisation and diversification since the very early days of our inception. These twin strategies have enabled us to achieve continued profitability growth over the years.

2014 clearly marks our continued allegiance to our growth strategy with our acquisitions in Park'N Fly and Australian Gas Networks.

We will continue to pursue new acquisitions in 2015, both in existing industries and geographical regions. We will also consider making acquisitions in different sectors and markets if appropriate. Nevertheless, whether in existing or new industries, existing or new markets, we will adhere strictly to our stringent investment criteria.

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Group Managing Director