

BUSINESS REVIEW



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Investment in **POWER ASSETS**

CKI is the major shareholder of Power Assets, with a 38.87% interest. Power Assets operates in North America, Europe, Asia, Australia and New Zealand. Its assets include 9 power generation companies and 8 transmission/distribution companies across the electricity and gas sectors.



In 2015, Power Assets reported profit attributable to shareholders of HK\$7,732 million (2014: HK\$61,005 million). The decrease is mainly attributable to the one-off gain of HK\$52,928 million generated from the spin-off of the Hong Kong electricity business in 2014 and the loss of HK\$532 million from the partial disposal of HK Electric Investments and HK Electric Investments Limited (collectively "HKEI") in 2015.

Power Assets' portfolio of investments now spans across North America, Europe, Asia, Australia and New Zealand. Operating results from all investments were in line with expectations, with solid returns generated.

In June 2015, Power Assets disposed of a 16.53% stake in HKEI to an investment holding company wholly-owned by Qatar Investment Authority for a consideration of over HK\$7,681 million. Following the disposal, Power Assets holds a 33.37% stake in HKEI and continues to be its single largest shareholder.

During the period under review, HKEI continued to achieve outstanding power supply reliability, deliver excellent customer service, and reduce emissions.

With regards to the United Kingdom market, results were satisfactory amidst a landscape of slow economic recovery. The four operating companies, namely UK Power Networks, Northern Gas Networks, Wales & West Gas Networks and Seabank Power, all made progress in enhancing performance through innovation, improving efficiencies as well as promoting excellence in customer service.

In Australia, Power Assets' regulated businesses have been working with the Australian Energy Regulator to determine applicable revenues for the upcoming regulatory period. SA Power Networks has already commenced operation in the new regulatory period, while CitiPower and Powercor are in the process of setting their respective tariffs.

The performance of Dutch Enviro Energy – which owns AVR – in the Netherlands exceeded expectations and affirmed the growing potential of the energy-from-waste sector in Europe. In particular, AVR's performance was enhanced through the acquisition of new heating customers during the year and the receipt



■ Operating results from all of Power Assets' investments in 2015 were in line with expectations.

of government subsidies arising from its green waste-to-energy operations.

In Mainland China, Power Assets' three coal power plants were affected by the slowing economy and the increased adoption of renewable energy. Work is underway to enhance emissions control to meet new stringent environmental targets. Upgrade works are being carried out at Power Assets' two wind farms in Mainland China and are poised to bring about performance improvements.

Steady and reliable income was delivered by Power Asset's investments in other international markets. Satisfactory results were attained by the power plants in Canada, consistent returns were generated by the Ratchaburi plant in Thailand, and customer base expansion was achieved by Wellington Electricity in New Zealand.

In 2015, a key acquisition was made in Portugal, expanding Power Assets portfolio in Europe. Together with CKI, Power Assets has acquired Iberwind, a major wind energy developer. With 31 wind farms and a total capacity of 684MW, Iberwind's output is governed by a regulated tariff that is supported by the Portuguese government. This acquisition is poised to be one of Power Assets' flagship assets in its renewable energy portfolio.

Infrastructure Investment in UNITED KINGDOM

CKI has an extensive infrastructure portfolio in the United Kingdom. UK Power Networks, the Group's electricity distribution network, covers London, South East England and the East of England. Northern Gas Networks and Wales & West Gas Networks provide gas to the North and South West of England, and to Wales. Northumbrian Water supplies water and wastewater services in the North East of England and water to the South East.

In 2015, CKI and CK Hutchison Holdings Limited formed a 50/50 joint venture named UK Rails to acquire Eversholt Rail, one of the three major rolling stock companies in Great Britain.





■ UK Power Networks won the overall Utility of the Year Award for the second time in four years.

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 8.2 million customers.

In addition to the regulated business, UK Power Networks also develops and manages private networks for clients from both public and private sectors, including Heathrow, Gatwick, Stansted airports and HS1, the railway line to the Channel Tunnel.

During 2015, the business continued to deliver strong financial performance as well as improved operational performance. It provided an excellent level of energy distribution service while also recording its best ever performance in terms of safety. In addition, customer service scores under the Office of Gas and Electricity Markets (Ofgem)'s Broad Measure of Customer Service incentive scheme have improved significantly.

UK Power Networks continued with its planned programme of network investment with over GBP500 million invested in its regulated networks in 2015. This included the completion of a new GBP15 million Main Sub-station at Kingsgate House in London which will provide much needed additional capacity. The business also made good progress on its Business Transformation Programme to update the company's information technology systems and business processes.



■ Northumbrian Water is currently a recipient of the Queen's Award for Enterprise, one of the most prestigious accolades in the United Kingdom.

UK Power Networks was ranked in The 25 Best Big Companies to Work For by The Sunday Times for the second year running. It won the overall Utility of the Year Award at the Utility Week Awards for the second time in four years, as well as the Customer Care Award, Marketing Initiative of the Year Award, and Smart Utilities Award. The company also won the recognition for Supply Chain Excellence at the Construction News Awards.

UK Power Networks commenced a new regulatory reset on 1st April, 2015. This provides a high level of predictability of revenues 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. Its network comprises approximately 26,000 kilometres of water mains and 30,000 kilometres of sewers. Drinking

water is supplied to 4.4 million people in the North East and South East of England, while wastewater is collected and treated from 1.3 million properties in the North East.

Northumbrian Water also runs a range of non-regulated businesses. It operates Kielder Reservoir, the largest man-made reservoir in Northern Europe. In addition, it has stakes in a number of companies which have long-term water and wastewater contracts in Scotland, Ireland and Gibraltar.

Northumbrian Water achieved a satisfactory operational performance in 2015, with significant progress in its key focus areas – customer, competitiveness, people, environment and communities.

Northumbrian Water's regulated business has been operating under the Water Services Regulation Authority (Ofwat)'s Final Determination for 2015-20 since 1st April, 2015. While this presents a more stringent regulatory settlement, it provides stable and predictable revenues in the medium term.

Northumbrian Water is the first and only wastewater company in England and Wales to use 100% of sewage sludge to produce renewable energy. It has won many awards in recent years in recognition of its commitment to environmental sustainability.

In 2015, Northumbrian Water was awarded a Constructing Excellence National Award, a Water Industry Achievement Award, a Utility Week Stars Award and The Royal Society for the Prevention of Accidents (RoSPA)'s Water Industry Sector Award amongst others.

The company is currently a recipient of the Queen's Award for Enterprise, one of the most prestigious accolades in the United Kingdom. Furthermore, Northumbrian Water has been included on the Ethisphere Institute's World's Most Ethical Company List for six years running. It is the only water company worldwide to receive this award.

NORTHERN GAS NETWORKS LIMITED

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

Northern Gas Networks runs one of the eight major gas distribution networks in the United Kingdom. It supplies gas to a population of 6.7 million through 36,000 kilometres of gas distribution pipeline, transporting about 13% of Great Britain's gas.

Northern Gas Networks' operational and financial performance was strong in 2015. It continued to be the most efficient of the eight gas distribution networks in Great Britain. The company's safety performance was also very good, meeting all targets set by Ofgem, the national energy regulator.

The company invested nearly GBP120 million in capital expenditure projects for network improvement and replacement, as well as information technology infrastructure. It continued to invest in a large-scale mains replacement programme to improve the reliability and safety of the network, decommissioning over 500 kilometres of old iron mains.

Northern Gas Networks was a top two performer based on Ofgem's 2014/15 survey for customer satisfaction. It won two awards at the Institute of Customer Service's UK Customer Satisfaction Awards 2015, and three awards at the UK Employee Experience Awards 2015: Employee Insight and Feedback, Employee Engagement – People at the Heart; and Inspirational Leader or Manager. The company won two awards at the Considerate Constructors Scheme National Site Awards, and it also won Best of British Dream Team at the North East Contact Centre Awards.



■ Northern Gas Networks is the most efficient of the eight gas distribution networks in Great Britain.

WALES & WEST GAS NETWORKS (HOLDINGS) LIMITED

CKI and Power Assets each hold a 30% shareholding in Wales & West Gas Networks, the holding company of Wales & West Utilities.

Wales & West Gas Networks is one of the eight major gas distribution networks in Great Britain. It has a pipeline network of 35,000 kilometres that serves an area of 42,000 square kilometres and a population of 7.5 million in Wales and the South West of England.



- **Wales & West Gas Networks is the first company in the gas distribution sector worldwide to be given ISO55001 accreditation.**

Wales & West Gas Networks delivered all the required regulatory measured outputs and achieved all Guaranteed Standards of Performance in 2015. It ranked as the leading gas distribution network in Great Britain for customer service and was recognised by the Institute of Customer Service with a world-class customer satisfaction rating. It won the prestigious Customer Service Award from Institution of Gas Engineers and Managers (IGEM)'s Gas Industry Awards in 2015. The company also achieved an excellent safety performance and received a RoSPA's Gold Award for excellent occupational safety. In addition, Wales & West Gas Networks was the first company in the gas distribution sector worldwide to be given ISO55001 accreditation.

The company made good progress on its environmental programme, and direct environmental emissions were reduced beyond targets. It was also re-accredited for ISO14001. The company received the Winners Award at the Brownfield Briefing Awards for Best Public Participation and was highly commended for Best Reuse of Materials.

SEABANK POWER LIMITED

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

Seabank Power delivered an excellent operational performance in 2015 with availability and starting performance significantly better than expected, and forced outages and plant trips lower than planned, resulting in returns that were higher than forecast.

SOUTHERN WATER SERVICES LIMITED

CKI has a 4.75% interest in Southern Water.

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

UK RAILS S.À R.L.

CKI and CK Hutchison Holdings Limited formed UK Rails in April 2015 to acquire Eversholt Rail for an enterprise value of approximately GBP2.5 billion (approximately HK\$29.3 billion).

Eversholt Rail was created in 1994 as part of the privatisation of British Rail, and is one of the three major rolling stock companies in Great Britain. Its customers are passenger train operating companies and freight operating companies. 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.

Currently, Eversholt Rail's rolling stock portfolio includes 3,452 passenger vehicles and 2 depots.

Eversholt Rail performed in line with expectations during the year, generating immediate and steady returns to the Group. It has won two large scale new build investments since being acquired. In July 2015, the company signed a contract with First Great Western to procure and lease 173 new vehicles worth GBP360 million (approximately HK\$4.3 billion). Subsequently, in January 2016, Eversholt Rail entered into an agreement with Arriva Rail North Limited to procure and lease out 281 new vehicles worth GBP490 million (approximately HK\$5.5 billion).



■ Mr. H L Kam, Group Managing Director of CKI (right) and Ms. Mary Kenny, CEO of Eversholt Rail (left) boarded and inspected one of the trains leased by Eversholt Rail.

Infrastructure Investment in AUSTRALIA

CKI, in partnership with Power Assets, represents one of the largest investors in Australia's electricity distribution sector. Through SA Power Networks and Victoria Power Networks, the Group's businesses distribute electricity to the state of South Australia and over 65% of the state of Victoria.

CKI also holds an approximate 45% stake in Australian Gas Networks, one of the major natural gas distributors in Australia.

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





■ SA Power Networks is the most efficient electricity distribution operator in Australia on a statewide basis.

SA POWER NETWORKS

CKI holds a 51% interest in SA Power Networks in conjunction with Power Assets. SA Power Networks is the primary electricity distributor in the state of South Australia, and serves approximately 850,000 customers over a network spanning more than 88,000 kilometres.

SA Power Networks entered into a new 5-year regulatory control period based on a Draft Determination from the Australian Energy Regulator (“AER”) on 1st July, 2015. This Draft Determination resulted in a reduction of regulated revenue in the second half of the year. In October 2015, the Final Determination was received, which was less onerous than the Draft Determination. The difference between the Preliminary Determination and the Final Determination will be recovered by SA Power Networks over 4 years of the regulatory period starting from 1st July, 2016.

Data gathered by the AER and published in its 2015 State of the Energy Market report, again showed that SA Power Network is the most efficient electricity distribution operator in Australia on a statewide basis. SA Power Networks also maintained its safety certifications against AS/NZS 4801 and OHSAS 18001 in 2015. SA Power Networks was named the Best Graduate Employer in Australia by the Australian Association of Graduate Employers as voted by the graduates for the second year running. It also won the Training Skills Commission’s Employer of the Year and was shortlisted for a National Safety Award of Excellence from the National Safety Council of Australia.

The non-regulated business of SA Power Networks outperformed targets and showed good growth in 2015, with increased revenue from National Broadband Network (“NBN”) contract works. A new five-year Master Agreement was executed with NBN in September 2015 for the construction of a Multi-Technology Mix National Broadband Network.



■ Australian Gas Networks delivered a strong performance in 2015.

VICTORIA POWER NETWORKS PTY LTD

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

CitiPower owns and operates an electricity distribution network in Melbourne's CBD and inner suburbs, serving around 327,000 customers.

Powercor is the largest electricity distributor in the state of Victoria, with a service area that covers regional and rural centres in central and western Victoria, as well as Melbourne's outer western suburbs. Powercor has approximately 768,000 customers.

Victoria Power Networks delivered a strong performance in the year, due to higher rates (in line with the AER approved price path), and higher sales volumes which arise as a result of colder weather during the year.

Victoria Power Networks has committed to investing in energy storage projects to help provide energy

solutions for its customers. In the Powercor service region, works are underway to install Australia's largest energy storage system to help reduce stress on the network, improve reliability of supply and reduce maintenance costs.

Victoria Power Networks maintained its excellent track record for reliability, achieving network availability of 99.99% for CitiPower and 99.97% for Powercor. The customer satisfaction levels for both businesses reached record highs in 2015.

During the year, Victoria Power Networks submitted proposals for both CitiPower and Powercor to the AER in relation to the new five-year regulatory period commencing in 2016. A final decision on the revenue allowance permitted to CitiPower and Powercor under the regulatory regime will be made in April 2016. In addition, Victoria Power Networks submitted its draft Tariff Structure Statements (TSS) to the AER. Detailed under the TSS is the introduction of cost reflective tariffs to ensure customers are charged in a fair way. The AER will make a final determination on tariff structures by July 2016.



AUSTRALIAN GAS NETWORKS LIMITED

CKI has an approximate 45% shareholding in Australian Gas Networks, while Power Assets has 27.5%. Australian Gas Networks is one of the largest natural gas distribution companies in Australia, serving over 1.2 million customers in South Australia, Victoria, Queensland, New South Wales and the Northern Territory.

Australian Gas Networks delivered a strong performance in 2015, benefitting from comparatively cooler weather in the southern states especially in the winter months, and the addition of new customers. Good growth in the core business can also be attributed to investments made under the capital expenditure programme during the year. In addition, operating costs were reduced through the implementation of various cost efficiency measures.

2015 represents the first full year of contribution from Australian Gas Networks since CKI's off-market takeover, and solid returns were generated.

TRANSMISSION OPERATIONS (AUSTRALIA) PTY LTD

CKI and Power Assets own Transmission Operations Australia on a 50/50 basis.

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 offtake agreement with Mt Mercer Wind Farm is in place. Stable returns were generated in 2015.

Transmission Operations Australia entered into a new wind farm deal in June 2015. It signed a 25-year agreement with the Ararat Wind Farm Pty Ltd to build, own and operate a transmission connection for the transfer of renewable energy from the wind turbines at the 240 MW Ararat Wind Farm to the Victorian transmission grid. Similar to the Mt Mercer Wind Farm assets, this transmission connection infrastructure features 20 kilometres of overhead transmission line, a transformer and a terminal station. It is currently under construction and is expected to be completed during mid-2016.



■ 2015 represents the first full year of contribution from Australian Gas Networks since CKI's off-market takeover.

Infrastructure Investment in NEW ZEALAND

CKI's businesses in New Zealand comprise electricity distribution and waste management services. Through Wellington Electricity, the Group distributes electricity to New Zealand's capital city and the surrounding area. National waste collection, management and disposal services are provided through EnviroNZ.



WELLINGTON ELECTRICITY LINES LIMITED

CKI and Power Assets are 50/50 shareholders of Wellington Electricity, which owns and operates the electricity distribution network in the cities of Wellington, Upper Hutt Valley, Lower Hutt Valley and Porirua in New Zealand.

With a network of over 4,600 kilometres, Wellington Electricity supplies electricity to approximately 166,000 connections across domestic, commercial and industrial sectors.

A satisfactory operational performance was achieved by Wellington Electricity in 2015. It complied with regulatory performance thresholds and maintained its position as one of the most reliable networks in New Zealand. A new website was launched to provide consumers with up-to-date information on outages.

Due to a colder winter in 2015, electricity volumes were increased slightly during the year.

Wellington Electricity commenced a new regulatory price reset as of 1st April, 2015. This new regime provides predictable and steady revenues for the five years ending 31st March, 2020.

ENVIRO (NZ) LIMITED

CKI owns 100% of one of New Zealand's leading waste management company with national coverage. Previously known as EnviroWaste, the business was renamed EnviroNZ during the year.

EnviroNZ provides waste collection, management and disposal services to more than half a million commercial and residential customers. It 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. With an area of 360 hectares, the Hampton landfill has consent to receive waste until 2030 and has the capacity to receive waste for many decades thereafter.

In 2015, EnviroNZ reported a successful year with solid organic growth in revenues and earnings across all business units. In particular, the Hampton landfill outperformed expectations following a record year for waste volumes received.



■ In 2015, EnviroNZ reported a successful year with solid organic growth in revenues and earnings across all business.

Infrastructure Investment in CONTINENTAL EUROPE

CKI is the joint owner of Dutch Enviro Energy, the holding company of AVR, the largest energy-from-waste company in the Netherlands. In addition CKI expanded its continental Europe portfolio in 2015 with the acquisition of a Portuguese wind energy company, Iberwind.



DUTCH ENVIRO ENERGY HOLDINGS B.V.

CKI owns a 35% stake in Dutch Enviro Energy, with Power Assets holding a 20% stake. Dutch Enviro Energy owns AVR, the largest energy-from-waste company in the Netherlands.

AVR operates five waste treatment plants. They are located in Duiven near the German border, and Rozenburg in the Port of Rotterdam area. With all waste treatment plants accredited to import waste from European Union countries, AVR is the largest waste processor in the Netherlands, with a total energy-from-waste capacity of 2,300 kilo tonnes per year.

AVR services two main groups of customer: waste and energy. Waste product groups include biomass, industrial waste water, municipal solid waste, commercial waste, and hazardous waste. These products are treated and converted into energy – electricity, steam and heat. In 2015, AVR significantly extended its waste customer base, and also achieved a 10-year price renewal for industrial waste water treatment. 2015 marked the first full year for AVR in the supply of district heating to the cities of Rotterdam North and Arnhem. AVR is now one of the largest sustainable district heating producer in the Netherlands.



■ Mr. H L Kam, Group Managing Director of CKI (centre) was given a tour of AVR's facilities.

BUSINESS REVIEW

During the year, the Dutch Government awarded AVR a subsidy for the production of renewable energy to extend the life of the Rozenburg biomass plant. In addition, various upgrades have been planned for the next few years – AVR is expected to deliver steam

and heat to households and industries throughout the Netherlands by 2018, and energy efficiency is expected to be enhanced from 30% to 60%.

Dutch Enviro Energy delivered satisfactory and stable cash returns to CKI in 2015.



- CKI expanded its presence in Continental Europe with the acquisition of a 50% stake in Iberwind in the fourth quarter of 2015.



■ Iberwind has provided CKI with immediate and stable returns after acquisition.

PORTUGAL RENEWABLE ENERGY

In 2015, CKI expanded its presence in Continental Europe with the acquisition of a 50% stake in Iberwind, a Portuguese wind energy company.

Iberwind is held by Portugal Renewable Energy. Since 1998, Iberwind has installed 31 wind farms, comprising more than 300 wind turbines. Iberwind has

an installed capacity of close to 700 MW. It generates approximately 15% of electricity produced by wind power in Portugal, and about 3% of the electricity consumed. It is equivalent to the energy consumption of more than 550,000 households.

Following completion of the acquisition at the end of 2015, Iberwind has provided CKI with immediate and stable returns.

Infrastructure Investment in CANADA

In Canada, CKI holds 50% of Canadian Power, a company which owns a portfolio of electricity generating plants. In addition, CKI is also a 50% shareholder of Park'N Fly, the leading off-airport car park business in Canada.





■ The performance of Canadian Power was satisfactory during the year, with steady income generated in 2015.

CANADIAN POWER HOLDINGS INC.

CKI owns Canadian Power together with Power Assets, on a 50/50 basis. Canadian Power owns 100% of the Meridian Cogeneration Plant, and 49.99% of TransAlta Cogeneration, L.P. ("TransAlta"), which itself comprises stakes in 5 power plants.

Canadian Power has a total generating capacity of 1,368 MW that can supply over 500,000 homes.

The performance of Canadian Power was satisfactory during the year, with steady income generated in 2015.

Canadian Power has a 49.99% shareholding in TransAlta, which owns four natural gas-fired cogeneration plants in Alberta and Ontario, as well as a coal-fired plant in Alberta. Annual availability declined slightly from the TransAlta business unit due to a scheduled outage at the Sheerness plant. During the

year, power generation from the Windsor cogeneration facility was successfully re-contracted for a 15-year term upon expiry of the existing contract in December 2016 providing steady and predictable returns for the long-term.

Canadian Power also holds a 100% shareholding in the Meridian Cogeneration Plant, a 220 MW natural gas-fired plant in the province of Saskatchewan. Scheduled outages occurred at the Meridian Cogeneration Plant during the year in order for new hardware to be installed on both gas turbines. This is expected to improve the performance of the turbines and the overall efficiency of the plant in the future.

PARK'N FLY

CKI owns a 50% stake in Park'N Fly, the leading off-airport car park business in Canada that provides parking solutions to business and leisure travelers coast-to-coast. Park'N Fly has parking facilities at most major airports in Canada, including Toronto, Vancouver, Montreal, Edmonton, Ottawa and Halifax, and has a market share of approximately 80% of the off-airport parking business. In addition to offering self-parking and valet services, Park'N Fly provides other ancillary vehicle-related services such as detailing, as well as oil and lube changing services.



■ 2015 represented the first full-year of profit contribution from Park'N Fly for CKI.

Infrastructure Investment in MAINLAND CHINA

CKI's portfolio of toll road and bridge investments in Mainland China totals approximately 260 kilometres in the provinces of Guangdong, Hunan and Hebei. These investments continue to deliver stable cash returns to the Group.





■ CKI has a shareholding in six toll roads and bridges across Mainland China.

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

Despite the adverse impact of traffic closure due to highway and bridge repair work, as well as competition

from alternative routes, both the Shen-Shan Highway (Eastern Section) and the Shantou Bay Bridge projects recorded toll revenue comparable to last year. The performance of the remainder of CKI's portfolio was in line with expectations.

In 2015, the Group also reported a one-off gain from the disposal of its investment in Jiangmen Jiangsha Highway upon termination of the toll collection right.

Investment in

INFRASTRUCTURE RELATED BUSINESS

As one of the leading infrastructure materials suppliers in Hong Kong,
the breadth of CKI's portfolio encompasses cement, concrete and aggregates.



CEMENT, CONCRETE AND AGGREGATES

The Group's cement business is carried out in Hong Kong and Mainland China by Green Island Cement. Good progress was made during the year to improve efficiency across CKI's cement operations.

In Hong Kong, satisfactory results were achieved as demand for concrete products remained strong amidst

robust construction activity. Conversely, the market environment in Mainland China declined in 2015 as a result of oversupply and slowing demand.

The concrete and aggregates businesses of the Group are operated by Alliance Construction Materials Limited, a 50/50 joint venture between CKI and HeidelbergCement AG. With growth in sales volume and profitability, the concretes and aggregates businesses delivered a record high performance in 2015.



■ CKI's concretes and aggregates businesses delivered a record high performance in 2015.