BUSINESS REVIEW

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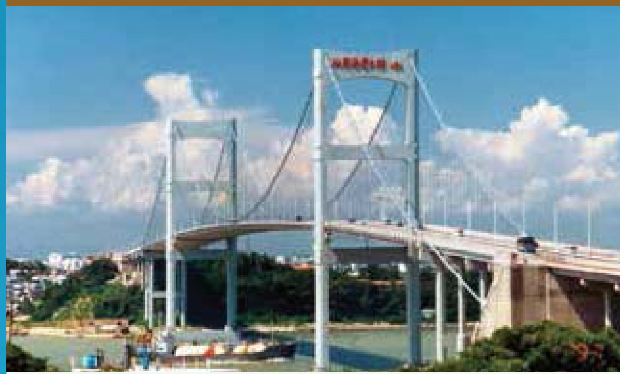

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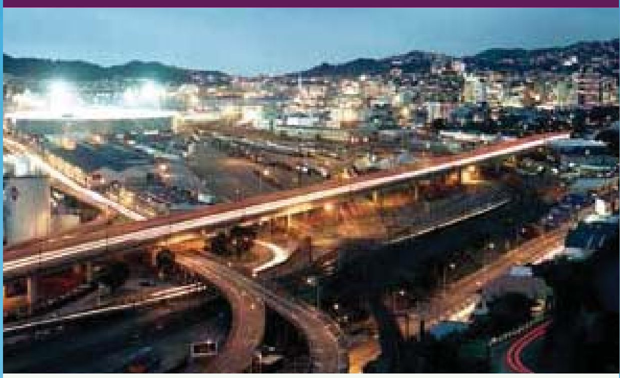


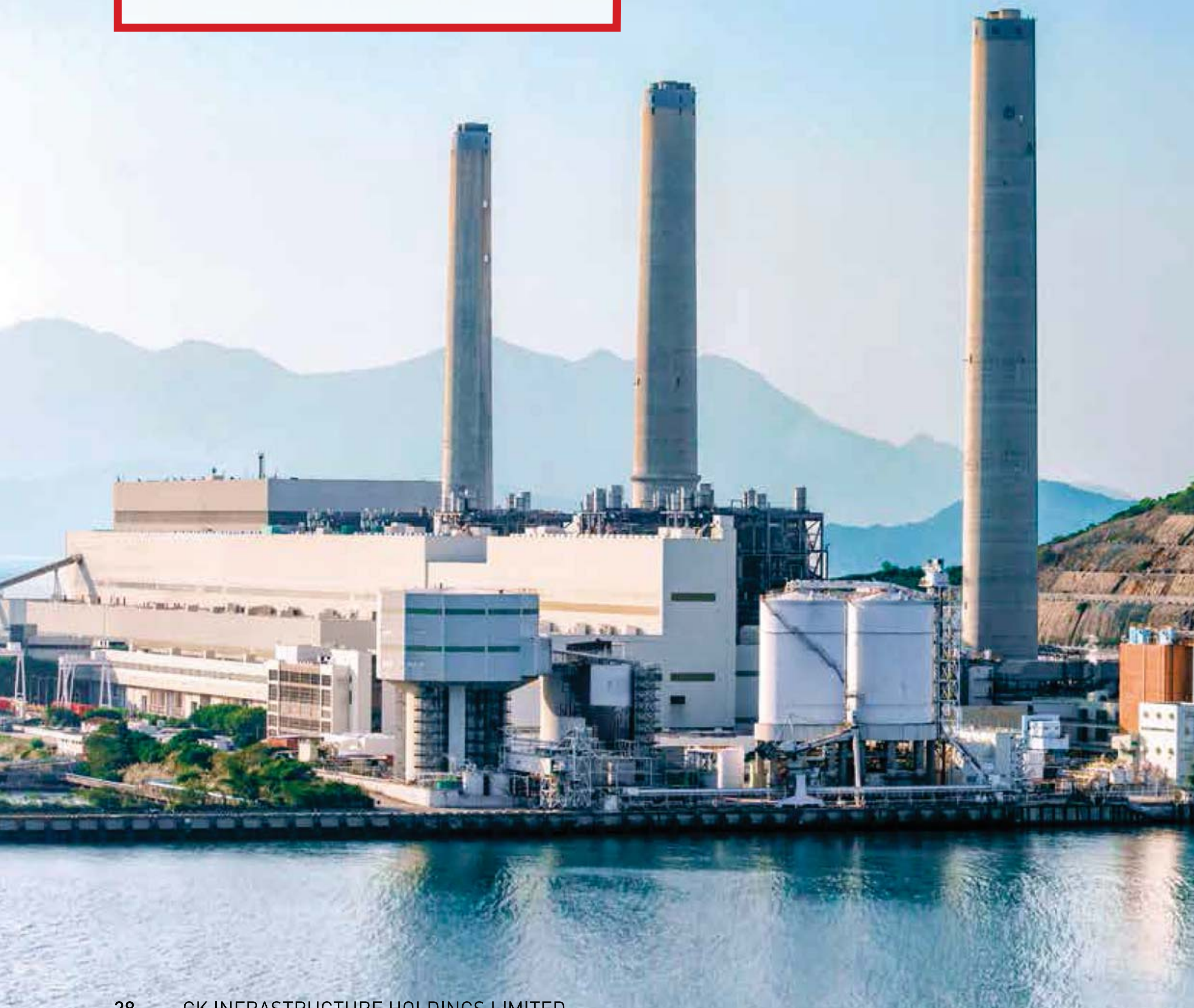
Infrastructure Investments in
NEW ZEALAND

Investments in
INFRASTRUCTURE RELATED BUSINESSES

Investment in

POWER ASSETS

CKI holds 38.01% of Power Assets, a global investor with assets in Hong Kong, the United Kingdom, Australia, New Zealand, Mainland China, the United States, Canada, Thailand, the Netherlands and Portugal. These investments include electricity and gas companies which serve millions of customers around the world.



Power Assets' 2017 audited profits attributable to shareholders amounted to HK$8,319 million (2016: HK$6,417 million), an increase of 30% as compared to 2016. This was mainly due to a one-off gain on disposal of properties recorded in 2017, the first full-year contribution from Canadian Midstream Assets, contribution from the newly acquired investment DUET Group ("DUET") and more favourable exchange rates on translation of foreign currency deposits to the Hong Kong dollar. The profit increase was partially offset by a one-off deferred tax credit recognised in 2016 for a reduction of corporate tax rate in the United Kingdom.

Power Assets, together with CKI, took a major step forward in enriching its energy portfolio with the acquisition of DUET in May 2017. DUET owns and operates companies in electricity and gas distribution, gas transmission, as well as renewable energy and energy solutions for remote regions.

Power Assets' key overseas investments, particularly those jointly owned by CKI, delivered good performance in customer satisfaction and operating efficiencies, in many cases outperforming regulatory targets.

UK Power Networks, Northern Gas Networks, and Wales & West Gas Networks all received incentive awards from the regulator Office of Gas and Electricity Markets ("Ofgem") for efficiency and reliability. The Seabank power plant achieved high availability and delivered a stable income stream. In Australia, Australian Gas Networks, SA Power Networks, and Victoria Power Networks all outperformed their regulatory targets in customer service as well as reliability; and Australian Energy Operations delivered stable performance.

In Canada, Canadian Power Holdings delivered high availability and Canadian Midstream Assets progressed with the implementation of major pipeline projects. Dutch Enviro Energy in the Netherlands expanded its portfolio to include waste separation to better serve customer needs. During the year, the operations in Thailand, Mainland China, Portugal and New Zealand also delivered strong operational performance and high levels of customer satisfaction.

In Hong Kong, Power Assets through HK Electric Investments and HK Electric Investments Limited (collectively "HKEI") holds a 33.37% interest in The Hongkong Electric Company ("HK Electric"), which is the sole electricity provider to more than 570,000 customers on Hong Kong Island and Lamma Island. The signing of the new Scheme of Control Agreement ("SCA") will regulate the HK Electric's business for the 15 years from 2019 to 2033. The longer duration of the new SCA offers HK Electric the stability to make major investments in gas-generating facilities to significantly reduce carbon emissions. In order to increase its generation of cleaner electricity, HK Electric is constructing two new gas-fired generating units, L10 and L11, at Lamma Power Station and the progress is on schedule. The two units will take the proportion of gas-fired electricity generation to 50% by 2020 and 55% by 2022.

Power Assets' financial position remains strong after payment of special interim dividend which enables the company to continue to seek out opportunities for growth through the acquisition of sound businesses that align with its core values.

Infrastructure Investments in

UNITED KINGDOM

In the United Kingdom, CKI has a comprehensive portfolio of investments in electricity and gas distribution; water and wastewater services; electricity generation as well as railway rolling stock. These investments include UK Power Networks, the electricity distribution network serving London, South East England and the East of England; Northern Gas Networks, a gas distribution business that serves the North of England; Wales & West Gas Networks, a gas distribution business that serves Wales and the South West of England; Seabank Power, an electricity generation plant located near Bristol; Northumbrian Water, a water supply, sewerage and wastewater company serving the North East and some areas in the South East of England (water supply only); and UK Rails, one of the three major rolling stock companies in Great Britain.

UK POWER NETWORKS HOLDINGS LIMITED

CKI and Power Assets each hold a 40% share in UK Power Networks, which owns three of the 14 regulated electricity distribution networks in Great Britain. The company distributes electricity to over a quarter of the country's population.

The company's network is approximately 190,000 kilometres in length and covers an area of about 30,000 square kilometres, serving approximately 8.25 million customers in London, the South East and the East of England. The company also has a non-regulated business which runs private networks for both public and private sector clients. Its reliability rating is the highest in the country.

During the year, UK Power Networks released its Annual Review 2016/17 charting its best performance across many fronts including cost effectiveness, customer satisfaction, safety, investment in network facilities, as well as transparency and openness. The performance level was at its best ever in terms of energy distribution service, while at the same time, keeping its average domestic distribution costs lowest in the industry. The company's scores improved consistently over the years under the Broad Measure of Customer Service Incentive Scheme devised by the Ofgem.

2017 also saw the completion of UK Power Networks' two-year trial of Britain's largest grid-scale battery project. The 6 MW/10 MWh "big battery" trial demonstrated that energy storage has the potential to be both technically and commercially viable. Attributing to the trend of shifting towards large-scale battery storage, 14 large generation projects contributed to build up a 188 MVA output across the East of England.

In terms of awards, UK Power Networks was recognised for its customer engagement initiatives, having ranked second out of six in the energy regulator's 2016-2017 Stakeholder Engagement and Consumer Vulnerability Incentive.

UK Power Networks also won the "Utility of the Year" title in the People in Power Awards. Organised by National Skills Academy, such awards are designed to highlight, celebrate and recognise the breadth of talent in the utilities industry. Inasmuch as investments in human capital, the company was accredited with Investors in People Gold qualification. The company was also listed by The Sunday Times as "Top 30 Best Big Companies to Work for", and is the only utility company on the list.

The network of UK Power Networks is approximately 190,000 kilometres in length and covers an area of about 30,000 square kilometres, serving approximately 8.25 million customers in London, the South East and the East of England.

Northumbrian Water was named "the most trusted water company" in the United Kingdom for the fourth year in a row by the Consumer Council for Water.

NORTHUMBRIAN WATER GROUP LIMITED

CKI owns 40% of Northumbrian Water, one of the 10 regulated water and sewerage companies in England and Wales. It operates approximately 26,000 kilometres of water mains and 30,000 kilometres of sewers, providing water and wastewater services to 2.7 million people in the North East of England, and supplies drinking water to 1.8 million people in the South East of England.

In addition to its regulated businesses, Northumbrian Water's operations include Kielder Reservoir, the largest man-made reservoir in North West Europe, as well as a portfolio of long-term water and wastewater contracts in Scotland, Ireland and Gibraltar.

Northumbrian Water is the first and only wastewater company in the United Kingdom to use 100% of the sludge produced after sewage treatment to generate renewable energy.

In 2017 Northumbrian Water achieved the top ranking in the regulatory "Service Incentive Mechanism" assessment of customer service. In addition, the company was named "the most trusted water company" in the United Kingdom for the fourth year in a row by the Consumer Council for Water. Besides, it is the only water company globally to be featured on Ethisphere Institute's World's Most Ethical Company List.

Northumbrian Water teamed up with Anglian Water Business to create one of the largest retailers of water and wastewater services to non-household customers in England and Scotland. The new business "Wave" offers water, wastewater, gas and electricity services. During the year, Northumbrian Water held its first ever "NWG Innovation Festival", a week-long showcase of forward thinking and new technology to tackle a range of social and environmental issues.

The water company was named "Utility of the Year" at the prestigious UtilityWeek Awards 2017. The Utility of the Year award recognises the company that has been successful in all aspects of the utility business, and rewards exceptional performance compared to other companies across the sector. In the Company Monitoring Framework released in November 2017 by Ofwat, the Water Services Regulation Authority, Northumbrian Water was assessed into the top "self-assurance" category, demonstrating that company procedures are recognised by Ofwat as effective and sufficient.

NORTHERN GAS NETWORKS LIMITED

CKI and Power Assets jointly own 88.4% of Northern Gas Networks, the gas distribution company which serves the North of England. The network extends south from the Scottish border to South Yorkshire, covering large cities as well as rural areas through approximately 37,000 kilometres of gas distribution pipelines. It transports approximately 13% of the nation's gas to a population of 6.7 million.

During the year, Northern Gas Networks was ranked the most efficient gas distribution network. It was also the front-runner for customer service throughout the first half of the current regulatory contract, and was recognised as the leading gas distribution network for stakeholder engagement in 2016/17.

The company's speedy and effective approach to complaints resolution saw Northern Gas Networks being named the "Utilities Complaint Team of the Year" at the UK Complaint Handling Awards in 2017.

In addition, Northern Gas Networks received its first RoSPA's (The Royal Society for the Prevention of Accidents) Gold Award in recognition of its high safety performance record.

The company's work to support local communities continued in 2017, with the company winning "Community Initiative of the Year" at the UtilityWeek Awards 2017 for its Warm Hubs programme.

During the year, Northern Gas Networks, on behalf of all UK gas distributors, was awarded £9 million from Ofgem to support its pioneering hydrogen project, H21. With a further £1.3 million contributed by all UK gas distribution networks, Northern Gas Networks will build upon the work of the 2016 H21 Leeds City Gate project which demonstrated that full hydrogen conversion is technically possible and economically viable.

The company also launched its unique InTEGReL facility. Working with Northern Powergrid and Newcastle University as well as in partnership with the Engineering and Physical Sciences Research Council (EPSRC) Centre, the project aims to break down traditional barriers between gas, electricity, heat and transport, and create more fluid, efficient and sustainable ways to transport energy.

Northern Gas Networks was ranked the most efficient gas distribution network in 2017.

Wales & West Gas Networks has 2.5 million supply points, and a pipeline network of 35,000 kilometres 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 GAS NETWORKS (HOLDINGS) LIMITED

CKI and Power Assets each own a 30% interest in Wales & West Gas Networks, the holding company of Wales & West Utilities, one of the eight gas distribution networks in the UK. The company has 2.5 million supply points, and a pipeline network of 35,000 kilometres serving an area of 42,000 square kilometres and a population of 7.5 million in Wales and the South West of England.

During the year, Wales & West Gas Networks was on, or ahead of target for all regulatory output measures. As recognition for its occupational safety, the company received the RoSPA's Gold Award for the fourth consecutive year, an industry first. In the Chartered Institute of Personnel and Development Wales Awards 2017, Wales & West Gas Networks won the "Best In-House HR Team" and "Best Apprenticeship Scheme". The company was also awarded Silver accreditation for the Investors in People, demonstrating its commitment to high performance through good people management.

Wales & West Gas Networks was also re-accredited by the Institute of Customer Service as achieving its ServiceMark with Distinction. The company successfully met the demanding national customer service standard, scoring considerably higher than the utility sector benchmark.

In 2017, the company launched a customer support vehicle, their latest customer service innovation. The vehicle, which includes a table and comfortable seats, a toilet and a kitchen, is intended to provide service to customers on the rare occasions that gas supplies are interrupted.

In addition, the company became the first gas distribution network to achieve a successful audit against the requirements of BS 18477 with certification for the second time – this is the standard for inclusive service provision for vulnerable customers.

SEABANK POWER LIMITED

CKI and Power Assets each hold a 25% share in Seabank Power, an electric power plant operation located near Bristol in the South West of England. The plant has a total generating capacity of approximately 1,150 MW from its two-combined cycle gas turbine generation units. In 2017, good performance was reported by the company, and it entered into a new offtake agreement which will last until 2021.

UK RAILS GROUP

CKI owns 50% of UK Rails, one of the three major rolling stock companies in the United Kingdom. The company leases regional, commuter and high speed passenger trains, as well as freight locomotives, on long-term contracts to train operating companies. UK Rails' rolling stock portfolio includes 20 different fleets of trains comprising around 3,500 passenger vehicles and two depots.

UK Rails generated steady returns to the Group during the year. In 2017, significant progress was made towards delivering new build orders that had previously been secured. For the Great Western Railway order, which is valued at £496 million, the first train arrived in Southampton Docks in June with test runs underway. As for the Northern order, which is valued at £490 million, it is expected that the first train will be delivered to the UK in Spring 2018. With regards to the £120 million TransPennine Express ("TPE") order, the first trains are expected to be delivered in mid-2018.

Another UK Rails project involves the overhaul of the entire TPE Class 185 fleet. The first refurbished Class 185 train has now been returned to passenger service and customer feedback towards the modernised train compartments is overwhelmingly supportive. Upon completion of the refurbishment programme in 2018, a total of 51 trains will receive a full modern makeover.

During the period under review, the company won a contract to provide an additional five Class 320 electric trains to ScotRail. These trains are undergoing a £8 million refurbishment programme of works which includes a full interior refresh and the installation of additional seats to address over-crowding during peak hours.

UK Rails' first train test run for the Great Western Railway new order is being carried out.

Infrastructure Investments in

AUSTRALIA

In Australia, CKI has investments in electricity and gas transmission and distribution as well as renewable and remote energy. It owns SA Power Networks, the primary electricity distributor in the state of South Australia; Victoria Power Networks, which consists of Powercor and CitiPower, that distributes electricity to approximately 65% of the population in the state of Victoria; United Energy, an electricity distribution business in Victoria serving approximately 688,000 customers across East and Southeast Melbourne and the Mornington Peninsula; as well as Australian Gas Infrastructure, one of the largest natural gas distribution and transmission businesses in the country comprising Australian Gas Networks, Multinet Gas, and Dampier Bunbury Pipeline. The Group's portfolio also includes Australian Energy Operations, a renewable energy power transmission business in Victoria; and Energy Developments, a provider of clean energy and energy solutions for remote areas.

SA Power Networks was presented with the "Most Innovative Use of Technology Award" by Chartered Institute of Procurement & Supply.

SA POWER NETWORKS

Together with Power Assets, CKI owns a combined 51% stake in SA Power Networks, an electricity distributor which serves approximately 865,000 customers in South Australia. Its network spans approximately 178,000 square kilometres.

During the year, SA Power Networks has taken a number of steps to upgrade customer communications. Key platforms such as website, automated SMS systems, additional stand-by call centre, and social media channels were revamped/modified for the delivery of timely outage information.

SA Power Networks continues to focus on delivering productivity and efficiency initiatives. These efforts include making use of mobile technologies and real-time analytics to help meet not only the demands of an evolving energy market, but also the challenges of servicing vast areas. Mobile apps were developed to streamline the procurement process, allowing field personnel to gather service interval information and data from asset inspections in real time. In recognition of its innovative initiatives, the company was presented with the "Most Innovative Use of Technology Award" by Chartered Institute of Procurement & Supply.

During the year, SA Power Networks continued its investment in infrastructure facilities. The company has committed to replace its current 10,000 kVA/33,000 Volt undersea cable with a 20,000 kVA/33,000 Volt cable connecting Kangaroo Island to the distribution network on the southern Fleurieu Peninsula. By doubling the capacity of the new cable, capacity will be further expanded to meet anticipated peak demand growth on the Island for the next 30 years.

To facilitate Adelaide to be a hub for South Australia's electric vehicle charging network, SA Power Networks worked in partnership with the City of Adelaide and the Government of South Australia, Mitsubishi and Tesla to establish 19 fast charging stations.

VICTORIA POWER NETWORKS PTY LTD

CKI and Power Assets together own 51% of Victoria Power Networks, the company that comprises CitiPower and Powercor. CitiPower owns and operates an electricity distribution network serving 330,000 customers in the central business district and inner suburbs of Melbourne. Meanwhile, Powercor covers a service area that includes regional and rural centres in central and western Victoria, as well as Melbourne's outer western suburbs, supplying electricity to over 795,000 customers.

Victoria Power Networks continued to perform strongly in 2017. In December, the Australian Energy Regulator ("AER") released its 2017 Annual Benchmarking Report ranking Powercor as the most efficient network in Australia followed by CitiPower.

During the year, new depots in Maryborough and Cobram became operational, enhancing efficiency and productivity in the two regions. In addition, progress was made on a number of large projects such as Melbourne Metro Rail supply and relocation works, Waratah Place and West Melbourne Terminal Station program of works; the network's capacity is also being increased to cope with the extra demand in the central business district area.

Victoria Power Networks has set up a business called "Beon Energy Solutions" to develop unregulated business activities, such as commercial solar, wind and other energy services.

The Australian Energy Regulator released its 2017 Annual Benchmarking Report ranking Powercor as the most efficient network in Australia followed by CitiPower.

United Energy distributes electricity to approximately 688,000 customers across east and southeast Melbourne and the Mornington Peninsula.

UNITED ENERGY LIMITED

CKI and Power Assets together own 39.6% of United Energy, a business previously under DUET. DUET was acquired by a consortium comprising CKI, CK Asset and Power Assets in May 2017.

United Energy distributes electricity to approximately 688,000 customers across east and southeast Melbourne and the Mornington Peninsula. The electricity distribution network covers an area of approximately 1,500 square kilometres. United Energy is one of the most efficient and reliable electricity distribution networks in Australia.

Subsequent to the acquisition, Standard & Poor's upgraded the credit rating of United Energy from "BBB" to "BBB+" in May 2017. In December 2017, United Energy was upgraded to "A-" due to strong financials from improved operating margins, lower interest costs and cost control strategies.

AUSTRALIAN GAS INFRASTRUCTURE GROUP

The Australian Gas Infrastructure Group ("AGIG") was formed following the acquisition of DUET. AGIG combines the operations of Australian Gas Networks, Dampier Bunbury Pipeline and Multinet Gas.

Australian Gas Networks Limited

CKI and Power Assets jointly own 72.5% of Australian Gas Networks. It owns about 24,000 kilometres of natural gas distribution networks and 1,100 kilometres of transmission pipelines, serving approximately 1.3 million customers in South Australia, Victoria, Queensland, New South Wales and the Northern Territory.

In 2017, Australian Gas Networks received its Final Decision from the AER for the Victoria and Albury networks for the 2018-2022 Access Arrangement period, providing predictable income for the next few years.

During the year, the company relocated the transmission and high pressure gas mains that run through a multi-million dollar development in Bowden, a historic inner-western suburb in Adelaide's metropolitan area. In addition, it started the construction of a new 14-kilometre natural gas pipeline from Pakenham South to Koo Wee Rup, to provide natural gas to more than 1,300 homes and businesses in a thriving area in regional Victoria.

Australian Gas Networks has been awarded a A$4.9 million grant from the South Australian Government to develop its A$11.4 million Hydrogen Park South Australia project in Adelaide's south. The project comprises a 1.25 MW electrolyser which will inject hydrogen into Australian Gas Networks' South Australian network, the aim of which is to develop hydrogen usage business models for decarbonising gas.

In 2017, Australian Gas Networks received its Final Decision from the AER for the Victoria and Albury networks for the 2018-2022 Access Arrangement period, providing predictable income for the next few years.

Dampier Bunbury Pipeline is Western Australia's principal gas transmission pipeline.

Dampier Bunbury Pipeline

CKI and Power Assets jointly own 60% of Dampier Bunbury Pipeline, another business previously under DUET. Dampier Bunbury Pipeline is Western Australia's principal gas transmission pipeline. It stretches almost 1,600 kilometres, linking the gas fields in the Carnarvon Basin off the Pilbara coast to mining, industrial, and commercial customers as well as via other distribution networks to residential customers. The total length of the pipeline is 3,080 kilometres including looping and laterals.

Dampier Bunbury Pipeline's largest gas storage facility in Western Australia was completed and is now operational. The gas storage facility will benefit producers and customers who may require storage capacity to bank unused gas, smooth production profiles or store gas to cover planned production outages.

Multinet Gas operates a regulated network covering 1,860 square kilometres of the eastern and south-eastern suburbs of Melbourne, the Yarra Ranges and South Gippsland.

Multinet Gas Limited

CKI and Power Assets jointly own 60% of Multinet Gas, a business which was previously under DUET. The company operates a regulated network covering 1,860 square kilometres of the eastern and south-eastern suburbs of Melbourne, the Yarra Ranges and South Gippsland, serving around 687,000 customers.

Standard & Poor's upgraded the credit rating of Multinet Gas to "BBB+" in November 2017, reflecting the cost savings achieved since acquisition.

AUSTRALIAN ENERGY OPERATIONS PTY LTD

Australian Energy Operations is jointly owned by CKI and Power Assets on a 50/50 basis. The company constructs, owns, and operates electricity transmission lines as well as terminal stations that connect the Mt Mercer and Ararat wind farms to the national grid. During the year, Australian Energy Operations delivered a stable income stream for the Group.

ENERGY DEVELOPMENTS LIMITED

CKI and Power Assets jointly own 60% of Energy Developments, which was previously a business under DUET. Energy Developments specialises in producing safe, clean, low greenhouse gas emissions energy, and in providing energy solutions in remote regions. Energy Developments owns and operates an international portfolio of over 980 MW of power generation facilities in Australia, North America and Europe, utilising a range of fuel sources. It operates in two main business areas, being Clean Energy (landfill gas, waste coal mine gas, wind, solar) and Remote Energy.

In August 2017, Energy Developments completed the acquisition of Granger Energy Services, adding 16 landfill gas-to-energy operating sites in the United States, with a total installed capacity of 85 MWe. The transaction increased the scale of Energy Developments' North American landfill gas-to-energy operations from 12 to 28 sites, and more than doubled its US earnings, making the company one of the top three landfill gas-to-energy businesses in North America.

Energy Developments operates two main businesses – clean energy (landfill gas, waste coal mine gas, wind and solar) and the provision of energy in remote areas.

Infrastructure Investments in

NEW ZEALAND

In New Zealand, CKI has investments in electricity distribution and waste management services. The Group's Wellington Electricity supplies electricity to the capital city and its surrounding area, while EnviroNZ provides waste collection, management and disposal services nationwide.

WELLINGTON ELECTRICITY LINES LIMITED

CKI owns Wellington Electricity together with Power Assets on a 50/50 basis. Wellington Electricity owns and operates the electricity distribution network in the cities of Wellington, Upper Hutt, Lower Hutt and Porirua in New Zealand. Its network extends about 4,700 kilometres, supplying electricity to approximately 167,000 connections across domestic, commercial and industrial sectors.

Following the Kaikoura earthquake in November 2016, Wellington Electricity prepared and submitted earthquake readiness expenditure proposal to the regulator to strengthen equipment and facilities in preparation for future earthquake events. Such proposals are awaiting regulatory approvals as of date.

ENVIRO (NZ) LIMITED

CKI's wholly owned subsidiary, EnviroNZ, is one of New Zealand's leading waste management companies, with national coverage. EnviroNZ provides waste collection, recovery, management and disposal services to more than half a million commercial and residential customers, and also owns and manages Hampton PARRC (Power and Resource Recovery Centre), the largest landfill site in New Zealand, covering an area of 360 hectares and with a consent to receive waste until 2030. Hampton PARRC accounts for approximately 40% of annual landfill volumes in Greater Auckland. It utilises state-of-the-art technology to covert landfill gas to electricity as well as produce high quality compost from garden and kitchen waste.

During the year, EnviroNZ commenced the 10-year Auckland Central recycling collection contract; and established an innovative product recovery solution to process food and packaging waste. EnviroNZ also announced the launch of its first 100% electric waste collection truck. The truck employs the latest zero emission engine technology and its payload has been maximised to equal or exceed current diesel collection vehicles.

The New Zealand Government's Waste Minimisation Fund granted NZ$1.25 million to support the upgrade and recommissioning of EnvironNZ's plastic extrusion plant in Christchurch. With this funding, the upgraded facilities will be able to recycle over 1,000 tonnes of woven polypropylene bulk fertiliser bags into high quality pellets each year.

EnviroNZ provides waste collection, recovery, management and disposal services to more than half a million commercial and residential customers in New Zealand.

Infrastructure Investments in

CONTINENTAL EUROPE

In Continental Europe, CKI has a 35% stake in Dutch Enviro Energy, which owns AVR, Netherlands' largest energy-from-waste company; as well as 50% shareholding in Portugal's second largest wind energy company through Portugal Renewable Energy. In 2017, the Group acquired 35% interests in ista, a leading sub-metering player whose key markets are namely Germany, the Netherlands and France.

Dutch Enviro Energy, which owns AVR, operates five waste treatment plants in the Netherlands.

DUTCH ENVIRO ENERGY HOLDINGS B.V.

Dutch Enviro Energy, which owns AVR, operates five waste treatment plants in Duiven, which is near the German border, and Rozenburg in the Port of Rotterdam area. Together, they have an energy-from-waste capacity of 2,300 kilotonnes per year. AVR's revenue streams are very stable. Long-term contracts are in place for both gate fees for processing waste as well as offtake for energy generated. In addition to serving the domestic market, all AVR's waste treatment plants are accredited "R1 status", enabling the import of waste from European Union countries. Waste product groups include biomass, industrial waste water, municipal solid waste, commercial waste, and hazardous waste, all of which are treated and converted into energy, including electricity, steam and heat. AVR is also one of the largest sustainable district heating producers in the Netherlands.

Dutch Enviro Energy achieved satisfactory business progress in 2017. As an initiative to support the Government's plan to run the Netherlands' economy on recycled raw materials by 2050, Dutch Enviro Energy developed a process of which bottom ashes resulting from household residual waste incineration are processed into granulate for production into sidewalk tile. In October 2017, the sustainable tile made its inaugural appearance on the streets of Duiven.

During the year, AVR also started construction of a plant that separates plastics and drinks cartons from residual waste. The separated plastics are to be used as raw materials for consumer goods, car components, building materials and toys. It is expected that the plant will be completed by mid-2018. The first clients are the municipalities of Utrecht and The Hague.

PORTUGAL RENEWABLE ENERGY

CKI and Power Assets each owns 50% of Portugal Renewable Energy, the holding company of Iberwind. Iberwind is the third largest wind energy developer in Portugal with approximately 15% of market share. Currently, Iberwind has 31 wind farms located across the country and has an installed capacity of about 730 MW. Its annual production is estimated at 1.75 TWh. In 2017, Iberwind generated good contribution growth.

ISTA

Upon completion of the acquisition in October 2017, CKI holds a 35% shareholding in ista, a leading global provider of sub-metering and related services with over 100 years' experience in this business. The sub-metering of heat energy and water consumption allows a property owner/manager to allocate energy and water costs to tenants in multi-tenant buildings based on a tenant's individual consumption. Sub-metering also plays a key role in the European Union's plan to reduce greenhouse gas emissions and to conserve resources sustainably.

ista, headquartered in Essen, Germany, is a fully integrated sub-metering provider. It generates value across all stages of the sub-metering value chain. The company's operations include hardware development, manufacturing, installation and maintenance to meter reading, data collection and processing, individual billing based on actual consumption, energy data management, as well as customer and after-sales services. With a presence in 24 countries, ista services more than 12 million dwellings with over 53 million installed measuring devices. The company has leading positions throughout Europe, including the number two market position in Germany, the world's largest sub-metering market, as well as strong positions in the Netherlands and France.

In 2017, ista recorded operational and financial growth in key markets. It also continued its community involvement through several initiatives including working with schools in the city of Essen. Together with teachers and climate protection managers from the city, ista is developing a teaching concept which facilitates how energy consumption can be improved through simple actions.

Mr. H L Kam, Group Managing Director of CKI (third from left, front row); Mr. Andrew Hunter, Deputy Managing Director of CKI (second from left, front row); Mr. Thomas Zinnoecker, CEO of ista Group (first from right, front row); Ms. Ina Scharrenbach, Secretary of Home, Urban Development, Building & Equalisation (Germany) (second from right, front row); Mr. Thomas Kufen, Lord Mayor of Essen (third from right, front row) attended the opening ceremony of the new ista head office.

Infrastructure Investments in

CANADA

In Canada, CKI owns 50% shareholding in Canadian Power, a company which holds a portfolio of stakes in six electricity generating plants in the country; Park'N Fly, the largest off-airport car park provider in Canada; as well as interests in Canadian Midstream Assets, which holds a portfolio of oil pipeline and storage assets in Canada. During the year, CKI acquired an interest in Reliance Home Comfort, which initiated the household infrastructure portfolio of the Group.

In 2017, the Meridian Cogeneration Plant generated 1,664 GWh of electricity and 1,490 kT of steam.

CANADIAN POWER HOLDINGS INC.

CKI jointly owns Canadian Power with Power Assets on a 50/50 basis. Canadian Power owns 100% of the Meridian Cogeneration Plant, a 220 MW natural gas-fired plant in the province of Saskatchewan, and 49.99% of TransAlta Cogeneration, L.P. ("TransAlta"), which operates four natural gas-fired cogeneration plants in Alberta and Ontario, and a coal-fired plant in Alberta.

In 2017, the Meridian Cogeneration Plant generated 1,664 GWh of electricity and 1,490 kT of steam, the latter of which was sold to Husky Energy under a long-term offtake contract. The plant also successfully completed a planned outage during a site-wide maintenance turnaround at its thermal host to ensure ongoing reliability.

PARK'N FLY

CKI has a 50% shareholding in Park'N Fly, Canada's leading off-airport car park company, which provides parking solutions to business and leisure travellers coast-to-coast.

Park'N Fly's footprint spans from Vancouver to Halifax, including Edmonton, Winnipeg, Ottawa, Toronto and Montreal. Within the seven cities in which it operates, the company provides either a self-park or valet option, or both options, plus a host of other vehicle related services such as detailing and oil change services.

Park'N Fly recorded above-budget performance in 2017. During the year, Park'N Fly diversified its product offering and focused on a multi-channel approach in reaching potential leisure and business travellers. A comprehensive marketing campaign riding on Canada's 150th Anniversary was rolled out to enhance brand awareness and expand Park'N Fly's customer database. Revenue was successfully boosted during the campaign period.

In May, the company acquired an additional piece of property in Vancouver of approximately 9 acres to support the valet business. In addition, the company secured a 20-year lease for a piece of property, approximately 15 acres, close to the Toronto Airport, in September to replace an expiring short-term lease.

CANADIAN MIDSTREAM ASSETS

CKI and Power Assets together own 65% of Canadian Midstream Assets. This business comprises 1,900 kilometres of oil pipelines and 4.1 million barrels of oil storage capacity in the Lloydminster region of Alberta and Saskatchewan, Canada. Characterised by long-term contracts, Canadian Midstream Assets generates secure and predictable returns for CKI.

The business performed well in 2017, yielding higher earnings and cash distributions than budget. The LLB Direct pipeline construction continued on schedule and budget, and will commence operations in the second half of 2018. The next phase of the Saskatchewan Gathering System pipeline expansion commenced in 2017, and first pipeline receipts are expected in late 2018.

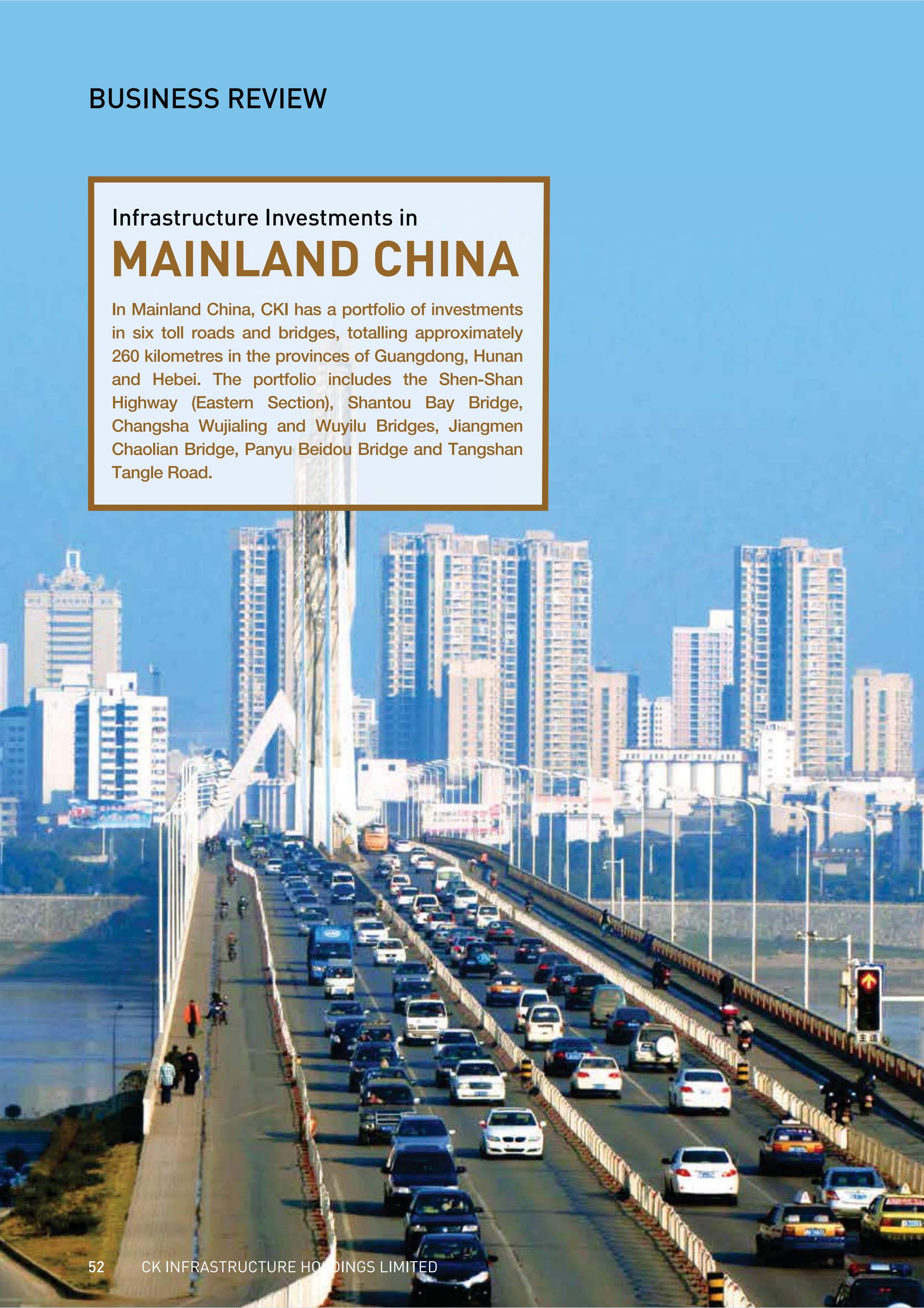
RELIANCE HOME COMFORT

CKI holds a 25% stake in Reliance Home Comfort. The completion of the acquisition took place in September 2017. Reliance Home Comfort is principally engaged in the building equipment services sector providing rental water heaters, rental HVAC (heating, ventilation and air conditioning) equipment, comfort protection plans and other services to homeowners primarily in Ontario, Canada. Reliance Home Comfort has over 1.7 million customers as well as one of the largest networks of licensed technicians in Canada.

During 2017, Reliance Home Comfort achieved consistently strong year over year growth and expanded its operations in Canada with an acquisition in British Columbia and made its initial investment in the United States with an acquisition in Georgia. These acquisitions provide additional markets in which Reliance Home Comfort can sell its products and services.

Reliance Home Comfort also has operations in Manitoba, Saskatchewan, and Alberta in Canada.

Reliance Home Comfort is principally engaged in the building equipment services sector in Ontario, Canada.



Infrastructure Investments in

MAINLAND CHINA

In Mainland China, CKI has a portfolio of investments in six toll roads and bridges, totalling approximately 260 kilometres in the provinces of Guangdong, Hunan and Hebei. The portfolio includes the Shen-Shan Highway (Eastern Section), Shantou Bay Bridge, Changsha Wujialing and Wuyilu Bridges, Jiangmen Chaolian Bridge, Panyu Beidou Bridge and Tangshan Tangle Road.

In 2017, the Mainland businesses continued to deliver stable cash returns.

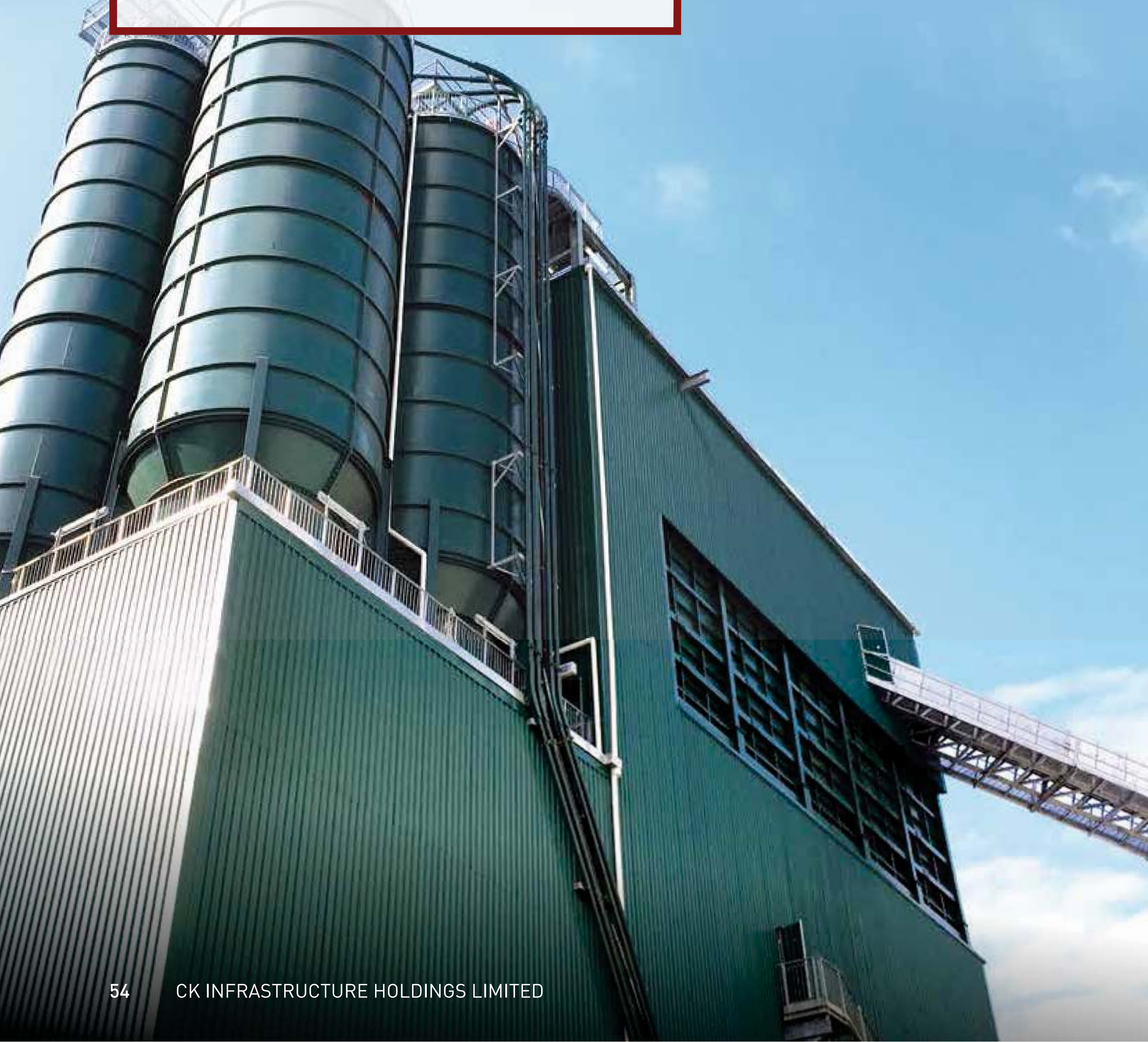
Overall, the six toll roads and bridges investments in Mainland China have provided satisfactory operating result and stable cash returns to the Group.

Compensation schemes for the Changsha bridges project and the Panyu Beidou Bridge project arising from the cancellation of annual ticket/toll collection system have been established. Meanwhile, the project company of the Jiangmen Chaolian Bridge is expediting the compensation process in regards to the shortening of the operating period from 30 years to 20 years.

Investments in

INFRASTRUCTURE RELATED BUSINESSES

Encompassing operations in cement, concrete and aggregates, CKI has a leading position in Hong Kong's infrastructure materials market.

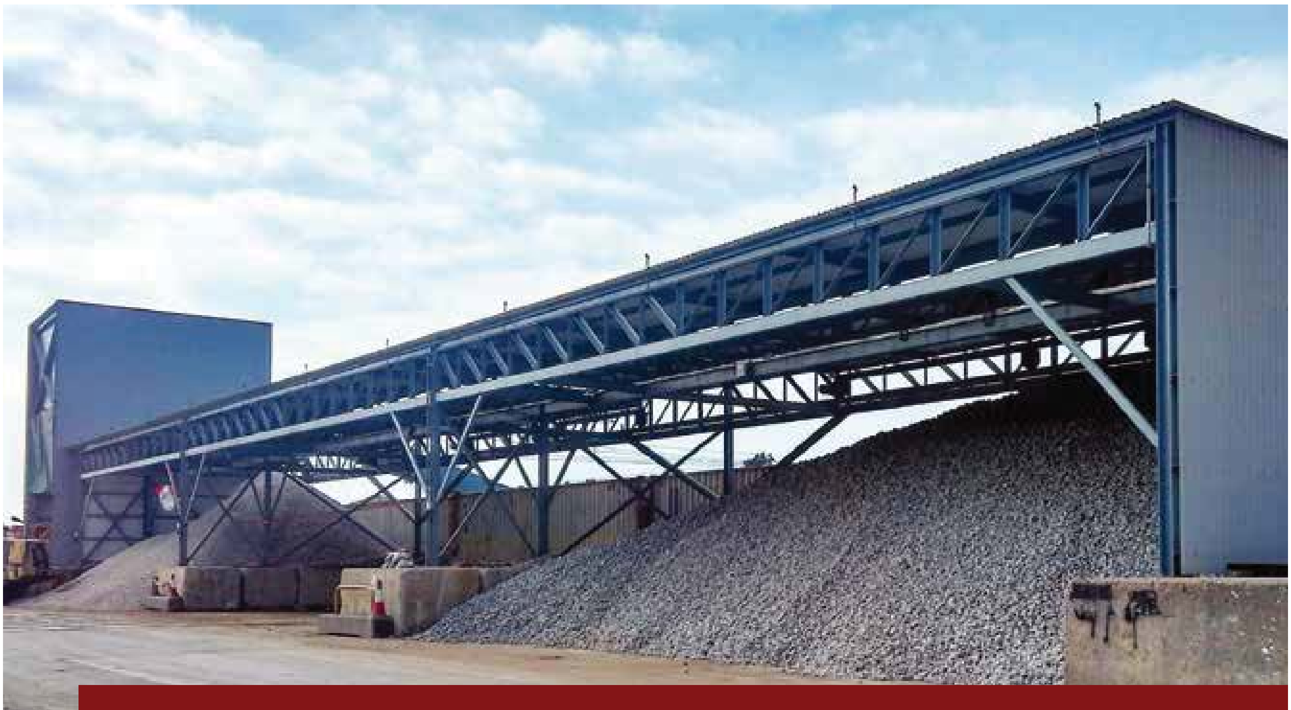


CEMENT, CONCRETE AND AGGREGATES

Green Island Cement, a wholly owned subsidiary of CKI, celebrated its 130th Anniversary during the year.

Due to keen competition, contribution from its Hong Kong cement business experienced decline against last year. Facing strict environmental regulations enforced in the Mainland China, the cement business' operating cost also increased in 2017. Modification measures for the production facilities to cope with the environmental policies were implemented, and it is expected that the operation of the cement business will be improved in the coming year.

CKI's concrete and aggregates businesses, which are operated by Alliance Construction Materials Limited ("Alliance"), a 50/50 joint venture between CKI and HeidelbergCement AG, continued to expand its production scale by establishing a second concrete batching plant on Tsing Yi Island in Hong Kong. During the year, Alliance also set up a new aggregates depot to act as the main hub for supplying aggregates to the various construction sites in Hong Kong.



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