



**“One of the drivers of
CKI’s sustained growth
in shareholder returns is
the continuous expansion
of our business portfolio
through industrious
quality acquisitions.”**

H L KAM
Group Managing Director

GROUP MANAGING DIRECTOR'S REPORT

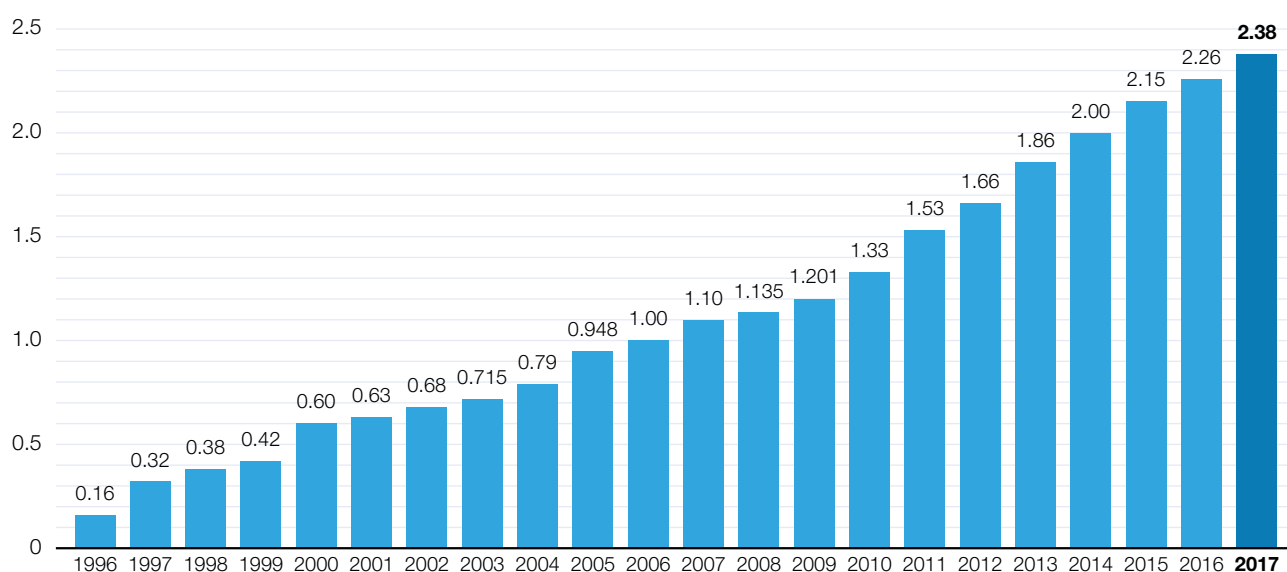
A MILESTONE YEAR FOR CONTINUOUS GROWTH AND DEVELOPMENT

SUSTAINED DIVIDEND GROWTH EVERY YEAR

CKI's dividend for the financial year 2017 is HK\$2.38, a 5.3% increase over that of the previous year. It signifies the 21st consecutive year of year-on-year dividend growth since listing in 1996.

Sustainable Dividend Growth (21st Consecutive Year)

Dividends per Share (HK\$)



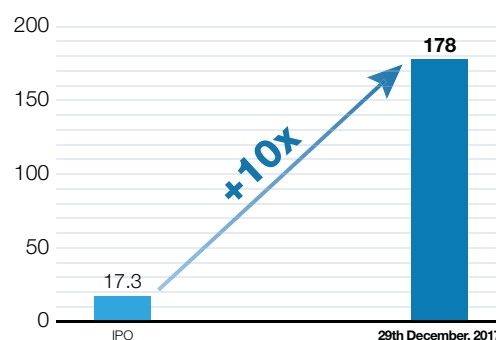
CONTINUOUS GROWTH IN SHAREHOLDER RETURNS

Since its listing in 1996, CKI has grown in size and scale, delivering decent and buoyant returns to shareholders. Below are a few facts and figures since listing:

- In 2017, CKI's profit attributable to shareholders was HK\$10,256 million, 12 times that of 1996;
- Share price of CKI was at HK\$67.15*, over 5 folds of the IPO price of HK\$12.65;
- Market capitalisation was HK\$178* billion, 10 times the market capitalisation at IPO;
- The cumulative dividend since listing amounts to HK\$25.249 per share, double the IPO listing price of HK\$12.65; and
- The annualised total return to shareholders is about 12% per annum.

A Recap of CKI's 21 Years

Market Capitalisation (HK\$ billion)



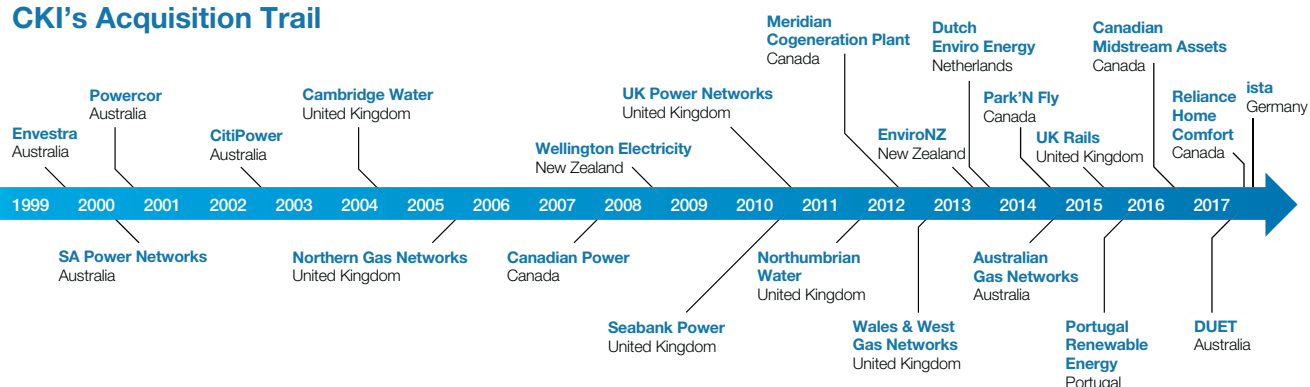
* As at 29th December, 2017

GROUP MANAGING DIRECTOR'S REPORT

QUALITY ACQUISITIONS OVER THE YEARS

One of the drivers of CKI's sustained growth in shareholder returns is the continuous expansion of our business portfolio through industrious quality acquisitions over the years. Since 2010, there has been an average of two acquisitions a year.

CKI's Acquisition Trail



2017 – A NOTABLE YEAR FOR NEW ACQUISITIONS

In 2017, CKI made three sizeable acquisitions with a total investment of approximately HK\$56 billion. The acquisitions comprise:

- **DUET**

- DUET is an owner and operator of energy utility assets in Australia. It is composed of four business units – namely Multinet Gas and United Energy in Victoria, Dampier Bunbury Pipeline in Western Australia, and Energy Developments, headquartered in Queensland with projects across Australia.

- **Reliance Home Comfort**

- Reliance Home Comfort is in the building equipment services business – it provides water heaters, HVAC (heating, ventilation and air-conditioning) equipment, and comfort protection plans to homeowners in Canada.

- **ista**

- ista is a fully integrated energy management services provider with its head office in Germany and business operations in a portfolio of countries in Continental Europe.

All three newly acquired businesses have a solid performance track record, and they all generate steady recurrent cash flows.

BROADENING THE INCOME BASE

Pursuant to these three new acquisitions in 2017, CKI's income base has now been further broadened alongside continued geographic expansion and industry diversification.

Geographic Expansion

Australia

The DUET acquisition has doubled CKI's asset portfolio in Australia.

Over the years, the Group has built a strong foothold in South Australia and Victoria. With the addition of DUET's four business groups, we have now strengthened our portfolio in Victoria, penetrated into Western Australia and Queensland, and established our presence across all the states of Australia.

Canada

Through Reliance Home Comfort, an Ontario-based company with operations in different provinces of Canada, our Canadian portfolio has been effectively doubled. Together with the existing businesses of the Group in Canada, we now have a meaningful portfolio across the country.

Continental Europe

The acquisition of ista in 2017 has tripled the Group's European portfolio. ista is a sizeable company with a strong presence in Germany and business operations in a number of countries in Europe. In addition to our wind farms in Portugal and waste-to-energy operations in the Netherlands, we have started to build a substantial portfolio in Continental Europe.

| 1996 | 2000 | 2004 | 2007 | 2008 | 2013 | 2015 | 2017 |
|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| Mainland China / Hong Kong | Mainland China / Hong Kong | Mainland China / Hong Kong | Mainland China / Hong Kong | Mainland China / Hong Kong | Mainland China / Hong Kong | Mainland China / Hong Kong | Mainland China / Hong Kong |
| | Australia | Australia | Australia | Australia | Australia | Australia | Australia |
| | | United Kingdom | United Kingdom | United Kingdom | United Kingdom | United Kingdom | United Kingdom |
| | | | Canada | Canada | Canada | Canada | Canada |
| | | | | New Zealand | New Zealand | New Zealand | New Zealand |
| | | | | | Netherlands | Netherlands | Netherlands |
| | | | | | | Portugal | Portugal |
| | | | | | | | Germany |

Industry Diversification

Clean and Remote Energy Sector

DUET has complemented CKI's existing conventional energy businesses in Australia. Our energy portfolio has now been extended to include clean energy (such as energy from landfill gas, wind and solar) as well as remote energy generation.

Gas Transmission Pipeline Infrastructure

With DUET, CKI has also enriched its energy infrastructure portfolio by expanding into gas transmission pipeline business.

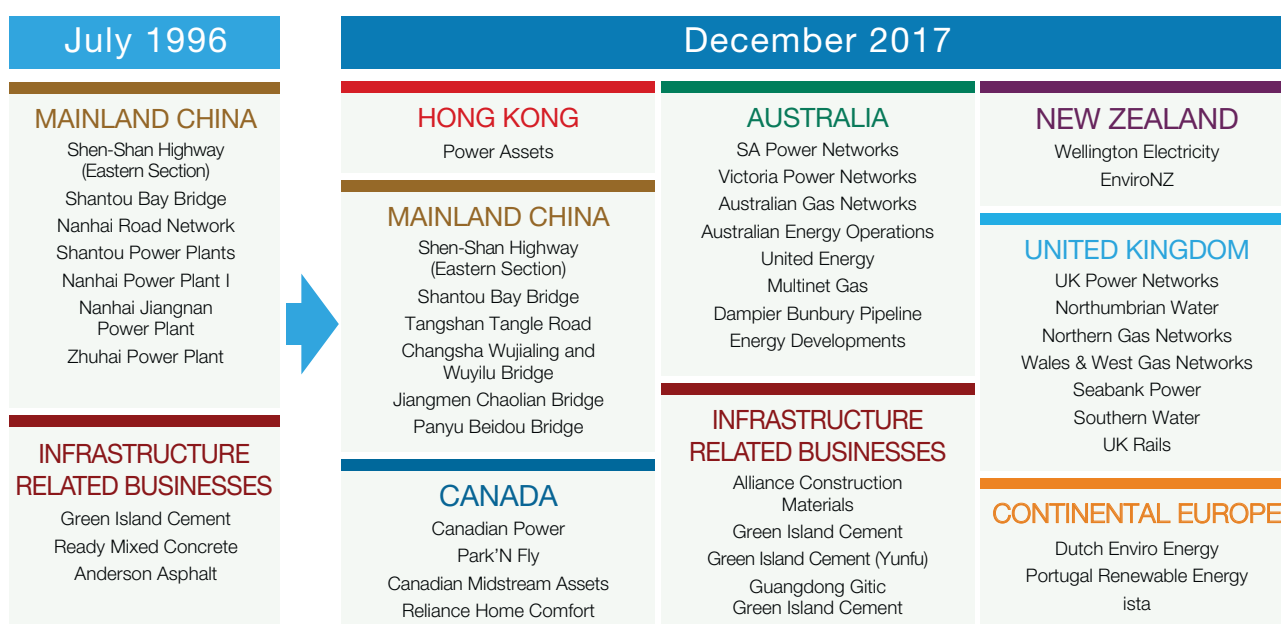
Household Infrastructure

Through Reliance Home Comfort – a provider of building equipment services – and ista – a provider of sub-metering and related services – CKI has branched out into the household infrastructure sector, further diversifying our business portfolio.

GROUP MANAGING DIRECTOR'S REPORT

DIVERSIFIED PORTFOLIO OF QUALITY ASSETS

Since listing in 1996, CKI has grown from a HK\$17.3 billion market cap Hong Kong/Mainland China infrastructure company into a HK\$178 billion market cap (as at 29th December, 2017) global infrastructure player. We have built a portfolio consisting of conventional energy, energy networks, renewable energy, transportation, water and waste management, and household infrastructure businesses in different parts of the world.



MAINTAINING THE GROWTH MOMENTUM

We believe that demand for infrastructure investments remains strong and there are many opportunities for growth. With a solid financial platform, CKI is well-placed to pursue expansion initiatives going forward. Nonetheless, we will stay disciplined by not approaching new investments with a “must-win” mentality.

COMMITMENT TO CONTINUOUS GROWTH AND DEVELOPMENT

Going forward, we will continue with our simple and effective three-pronged strategies for growth:

- (1) Growing existing businesses organically;
- (2) Acquiring new businesses with good and stable returns; and
- (3) Maintaining a strong balance sheet with steady cashflow and low gearing.

We are confident about continuing our momentum into 2018, and look forward to sustaining growth and development.

H L KAM

Group Managing Director

16th March, 2018