

LONG TERM DEVELOPMENT STRATEGY

CKI is an international infrastructure enterprise with diverse businesses across different sectors around the world.

Through globalisation and diversification, CKI's portfolio now spans Hong Kong, Mainland China, the United Kingdom, Continental Europe, Australia, New Zealand, Canada, and the United States. Currently, its operations include electricity generation, transmission and distribution; gas transmission and distribution; transportation; water treatment and distribution; waste management; waste-to-energy; household infrastructure; as well as infrastructure materials manufacturing.

The Group has an effective set of strategies for continued growth and development:

1. TO NURTURE ORGANIC GROWTH FROM THE GROUP'S EXISTING PORTFOLIO

CKI strives to nurture organic growth and transformation from its existing portfolio. Innovations and synergies across the Group help us to learn from experiences and implement global best practices across our businesses. CKI's head office sets targets, provides guidance and support, and works with local management to address challenges and optimise business performance.

2. TO EXPAND THE GROUP'S PORTFOLIO BY ACQUIRING QUALITY BUSINESSES WITH STRONG AND RECURRENT RETURNS

When studying a potential acquisition, CKI focuses on the fundamentals of the target and adopts a value-add approach. Even as the infrastructure sector has become intensely competitive, CKI never adopts a "must-win" mindset in a bidding situation. Stringent investment criteria must be met which in turn, maximise risk-based returns and provide stable recurring cashflows. The Group seeks investments in industries where it can capitalise on existing knowledge, and favours countries that have established legal systems and transparent regulatory regimes. This philosophy keeps CKI's portfolio safe and secure.

3. TO MAINTAIN A STRONG BALANCE SHEET WITH STEADY CASH FLOW AND LOW GEARING

A strong balance sheet provides a stable platform to support the Group's future growth. As at 31st December, 2021, CKI had cash on hand of HK\$8.1 billion, and gearing remained low at a net debt to net total capital ratio of 14.7%. CKI enjoys low funding cost with a Standard & Poor's "A/Stable" rating. The Group aims to preserve this financial strength to ensure it can opportunistically pursue acquisitions.

4. TO CONTINUE OUR SUSTAINABILITY JOURNEY

We look to continue to play a leading role both by evolving strategies in our existing portfolio companies and by investing in the critical new infrastructure that is needed to create the net zero energy systems of tomorrow. Through our infrastructure, we strive to create enduring, sustainable value for our stakeholders.