

# LONG TERM DEVELOPMENT STRATEGY

CKI has come a long way since its listing on the Hong Kong Stock Exchange in 1996. The Group has grown from a Greater China-focused company into 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, the Netherlands, Australia, New Zealand and Canada. Currently, its operations include electricity generation, transmission and distribution, gas distribution, toll roads, water treatment and distribution, waste management, as well as infrastructure materials.

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 from its existing portfolio through prudent management. Synergies across the Group help it to learn from its experiences and implement global best practices across its investments. CKI's head office provides guidance and works hard with local management to best run local assets and capitalise on opportunities as they are more familiar with the local environment.

## 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 projects and prefers to be conservative on the approach. CKI does not hold a "must-win" mentality when approaching acquisitions. Its stringent investment criteria target only quality infrastructure projects around the world which provide immediate returns and stable recurring cash flows. The Group seeks investments in industries where it can capitalise on existing knowledge, and favours countries that are home to 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, 2013, CKI had cash on hand of HK\$5,958 million, and gearing remained low at a net debt to net total capital ratio of 8%. CKI enjoys a low cost of funding from maintaining a Standard & Poor's "A-" rating for 17 consecutive years since 1997. The Group aims to preserve this financial strength so that it can opportunistically pursue acquisitions.