



The Hong Kong Offshore LNG Terminal, jointly developed by HK Electric and CLP Power, commences commercial operation.

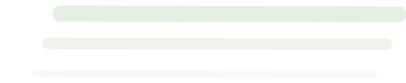
Infrastructure



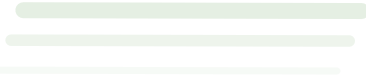
Australian Gas Networks' Hydrogen Park South Australia features the largest electrolyser in operation in Australia.



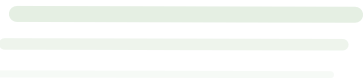
Energy Developments' Jabiru Hybrid Renewable Power Station won Project of the Year at the Engineers Australia Excellence Awards – People & Projects Northern Division.



UK Power Networks has 7.4 GW of renewable energy connected to its network, and is preparing for the charging needs of 5 million electric vehicles (EVs) in its service regions by 2030.



AVR treats waste including biomass, industrial wastewater, municipal solid waste, commercial waste, and hazardous waste, all of which are treated and converted into energy – namely electricity, steam and heat.



Operations Review – Infrastructure

The infrastructure division comprises the Group's 75.67% interest in CK Infrastructure Holdings Limited ("CKI"), the largest publicly listed infrastructure company on the SEHK, and interests in six co-owned infrastructure investments with CKI, including Northumbrian Water, Park'N Fly, Australian Gas Networks, Dutch Enviro Energy, Wales & West Utilities and UK Rails.

	2023 HK\$ million	2022 HK\$ million	Change	Local currencies change
Total Revenue	54,714	54,441	+1%	+2%
EBITDA ⁽¹⁾	29,201	28,815	+1%	+3%
EBIT ⁽¹⁾	19,562	18,833	+4%	+5%
CKI Reported Net Profit (under Post-IFRS 16 basis)	8,027	7,748	+4%	

Note 1: Under Post-IFRS 16 basis, EBITDA was HK\$29,526 million (2022: HK\$29,109 million); EBIT was HK\$19,616 million (2022: HK\$18,872 million).

CKI operates in Hong Kong, the Mainland, the UK, Continental Europe, Australia, New Zealand, Canada and the United States.

CKI announced net profit attributable to shareholders under Post-IFRS 16 basis of HK\$8,027 million. CKI's 2022 results included the one-off gain from the partial disposal of Northumbrian Water in 2022, excluding which, net profit increased by 12% year-on-year. On a reported basis, net profit was 4% higher than last year. CKI also generated a record high funds from operations of HK\$8.6 billion with steady and robust revenue streams from the strong asset base.

The division's EBITDA and EBIT of HK\$29,201 million and HK\$19,562 million were 3% and 5% higher than last year respectively in local currencies, reflecting good operational performance across the global portfolio of infrastructure businesses, partly offset by CKI's one-off disposal gain in 2022 as mentioned above.

Share of net profit under Post-IFRS 16 basis from Power Assets ("PAH"), a company listed on the SEHK and in which CKI holds a 36.01% interest as of 31 December 2023, was HK\$2,162 million as compared to HK\$2,033 million in 2022, reflecting good operational performance from the international infrastructure portfolio.

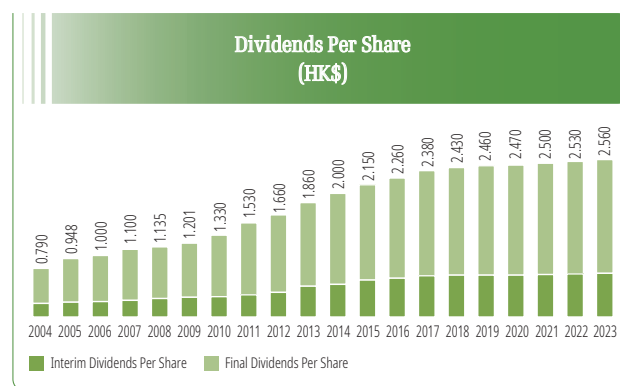
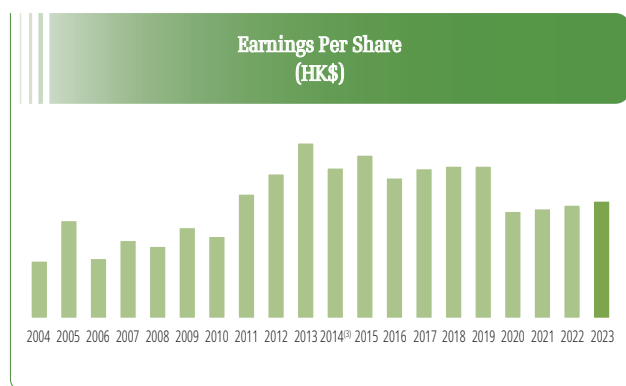
Profit contribution⁽²⁾ from the UK portfolio was HK\$3,050 million in 2023, flat as compared to 2022 in reported currency but 22% lower in local currency. Excluding the one-off gain from the partial disposal of 13% interest in Northumbrian Water in 2022, the profit contribution increased by double digits. Profit contribution⁽²⁾ from Australian portfolio decreased by 6% to HK\$1,855 million in 2023 in reported currency. In local currency, profit decreased by 2% due to lower contribution from the regulatory resets for Australian Gas Networks and Multinet Gas Networks. In Continental Europe, profit contribution⁽²⁾ was HK\$535 million in 2023, a decrease of 19% and 21% in reported currency and local currency respectively, attributed to the adverse impact caused by a fire at the Rozenburg plant of Dutch Enviro Energy in September 2023. There were no casualties during the fire incident and the costs of rebuilding the plant and resulting income losses are expected to be substantially covered by insurance. Operations at Rozenburg plant have partially restarted at the end of 2023, while the other plant at Duiven reported a solid performance. In Canada, profit contribution⁽²⁾ increased by 5% and 10% in reported currency and local currency respectively to HK\$648 million in 2023, reflecting business rebound from pandemic lows of Park'N Fly and higher revenue of Reliance Home Comfort from higher value-added products, as well as steady earnings contribution from Canadian Power and Canadian Midstream. Profit contribution⁽²⁾ from New Zealand portfolio increased by 1% and 3% in reported currency and local currency respectively to HK\$168 million in 2023. Hong Kong and the Mainland businesses reported a profit contribution⁽²⁾ of HK\$117 million in 2023, 40% lower against 2022, due to the weak performance of the infrastructure materials manufacturing business in the Mainland with both volume and price adversely impacted by the major decline in construction activities in the Mainland.

Unregulated operations have continued to grow their businesses. CKI made a number of bolt-on acquisitions in 2023, including a Spanish service provider of intelligent heating management and two individual sub-metering companies operating in the southern region of Germany. A number of CKI's regulated businesses in the UK and Australia entered new regulatory regime in 2023. UK Power Networks commenced its current regulatory regime on 1 April 2023, which facilitates revenue predictability and stability for the next five years. The Victorian networks of Australian Gas Networks and certain regulated business of CKI in Australia entered into new regulatory resets on 1 July 2023, providing CKI with predictable income streams for the coming five years.

Note 2: Represents share of net profit (before shareholder's loan interest expense to CKI) under Post-IFRS 16 basis.

CKI has always been committed to prudent financial management with the underlying financial position closely monitored. CKI's financial strength continues to be robust, with HK\$13 billion cash on hand and a net debt to net total capital ratio of 7.7% as at 31 December 2023. Credit rating from Standard & Poor's maintained at "A/Stable".

CKI's regulated businesses have received a number of awards and recognitions during 2023. UK Power Networks was named "Utility of the Year" at the Utility Week Awards 2023, marking the fourth time it has received this prestigious accolade. Northumbrian Water was ranked as the top operational performer by the water regulator, Ofwat, in the area of customer satisfaction in the Water Company Performance Report 2022-2023 and was given the highest score for innovation in the annual Water Company Survey conducted by British Water. In Australia, the Australian Energy Regulator ranked SA Power Networks, CitiPower, Powercor and United Energy first, second, fourth and fifth respectively among the country's 13 distribution networks based on their total productivity in the 2023 Annual Benchmarking Report.



Note 3: Excludes share of one-off gains arising from the spin-off of HK Electric by PAH and privatisation of Envestra.