

▶ UK Power Networks Services, a non-regulated business of UK Power Networks, acquires Powerlink Renewable Assets (previously known as UU Solar).

Infrastructure



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1. Energy Developments delivers a 4MW expansion for Gold Fields' Agnew Gold Mine in Western Australia.

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2. In Western Australia, Dampier Bunbury Pipeline's Tubridgi Gas Storage Expansion project continues to achieve milestones throughout 2024, and commissions two new wells.

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3. CKI, alongside strategic partners CK Asset and Power Assets, acquires Phoenix Energy, the largest natural gas distribution network in Northern Ireland.

4. A consortium, including CKI, CK Asset and Power Assets, acquires UK Renewables Energy, a portfolio of operating onshore wind farms in the UK.

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.

	2024 HK\$ million	2023 HK\$ million	Change	Local currencies change
Total Revenue	55,324	54,714	+1%	+1%
EBITDA ⁽¹⁾	29,614	29,201	+1%	+1%
EBIT ⁽¹⁾	19,180	19,562	-2%	-3%
CKI Reported Net Profit (under Post-IFRS 16 basis)	8,115	8,027	+1%	

Note 1: Under Post-IFRS 16 basis, EBITDA was HK\$29,953 million (2023: HK\$29,526 million); EBIT was HK\$19,231 million (2023: HK\$19,616 million).

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

CKI's profit contributions from operating businesses reported strong growth of 10% year-on-year. However, net profit was impacted by treasury items including higher interest cost and lower foreign exchange gain, resulting in the announced net profit under Post-IFRS 16 basis of HK\$8,115 million being 1% higher than last year.

The division's EBITDA of HK\$29,614 million was 1% higher than last year in local currencies reflecting good operational performance across the global portfolio of infrastructure businesses, partly offset by lower foreign exchange gain as mentioned, whereas EBIT of HK\$19,180 million was 3% lower in local currencies driven by higher depreciation and amortisation from increased asset base.

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 2024, was HK\$2,203 million as compared to HK\$2,162 million in 2023, reflecting satisfactory operational growth of the international infrastructure portfolio supported by sound underlying energy and utility-related businesses, partly offset by slight decrease in profit contribution from HK Electric due to lower deferred tax credit.

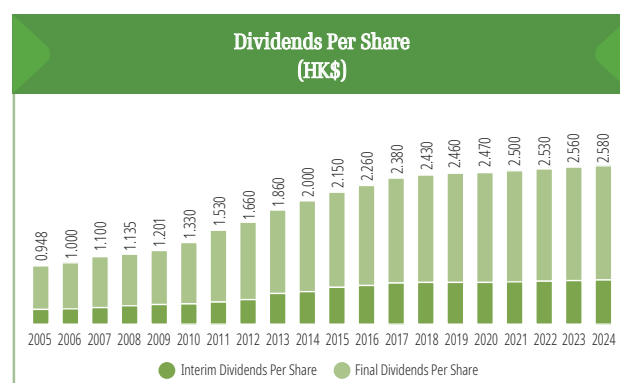
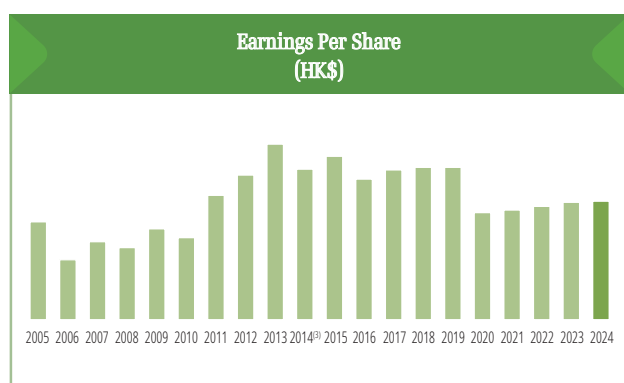
Profit contribution⁽²⁾ from the UK portfolio was HK\$3,981 million in 2024, 31% and 27% higher as compared to 2023 in reported currency and local currency respectively, due to good results reported by all the regulated utility businesses and contribution from the newly acquired Phoenix Energy. Profit contribution⁽²⁾ from Australian portfolio decreased by 4% and 3% in reported currency and local currency respectively to HK\$1,784 million in 2024. The lower performance was due to higher tax charges as a result of amendments to thin capitalisation rules introduced in 2024, excluding which, profit contribution increased by 6% in reported currency. In Continental Europe, profit contribution⁽²⁾ was HK\$607 million in 2024, an increase of 13% and 15% in reported currency and local currency respectively, attributable to strong performance of ista, which reported good organic growth. The reconstruction of Energy-from-Waste facility at Rozenburg plant of Dutch Enviro Energy, which was damaged by a fire in 2023, has made substantial progress and achieved a partial re-start as planned. All seven incineration lines are now operational as of January 2025. In Canada, profit contribution⁽²⁾ decreased by 19% and 18% in reported currency and local currency respectively to HK\$524 million in 2024, due to significant drop in profit of Canadian Power from merchant pool prices falling from prior year's record high level, as well as the impact from the new Excessive Interest and Financing Expenses Limitation rule, partly offset by good performance of Reliance Home Comfort, Canadian Midstream and Park'N Fly. Profit contribution⁽²⁾ from New Zealand portfolio increased by 10% and 12% in reported currency and local currency respectively to HK\$185 million in 2024, attributable to strong performance of Enviro NZ, which successfully retained and won multiple commercial contracts in the year. Hong Kong and the Mainland businesses reported a profit contribution⁽²⁾ of HK\$132 million in 2024, 13% higher against 2023, due to higher profit from the concrete business in Hong Kong.

CKI has always been committed to prudent financial management with the underlying financial position closely monitored. CKI's financial strength continues to be solid, with HK\$8 billion cash on hand and a net debt to net total capital ratio of 7.8% as at 31 December 2024. Credit rating from Standard & Poor's maintained at "A/Stable".

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

CKI's regulated businesses have received a number of awards and recognitions during 2024. UK Power Networks earned the top spot among utilities in the UK Customer Satisfaction Index, as well as the Energy Network of the Year title at Utility Week's inaugural Flex Awards. Northern Gas Networks achieved an average score of 9.26 out of 10 for overall customer satisfaction in the Ofgem governed gas distribution network customer satisfaction survey. Wales & West Utilities' dedication to the highest safety standards earned it an 11th consecutive Gold RoSPA (Royal Society for the Prevention of Accidents) award. In Australia, the Australian Energy Regulator ranked SA Power Networks, CitiPower, and United Energy first, second and third respectively among the country's 13 electricity distribution networks based on their multilateral total factor productivity in the most recent benchmarking report.

The Infrastructure division continues the pursuit of low carbon and energy transition investment opportunities. In 2024, the division made a number of renewable energy-related capacity expansions, such as the acquisition of UK Renewables Energy, a portfolio of operating onshore wind farms in the United Kingdom, as well as the acquisition by UK Power Networks of Powerlink Renewable Assets, a renewable energy portfolio in the United Kingdom. The overall GHG emissions from the Infrastructure division have reduced by an estimated 5% year on year, which is equivalent to an approximate 15% reduction against its baseline year in 2020.



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

