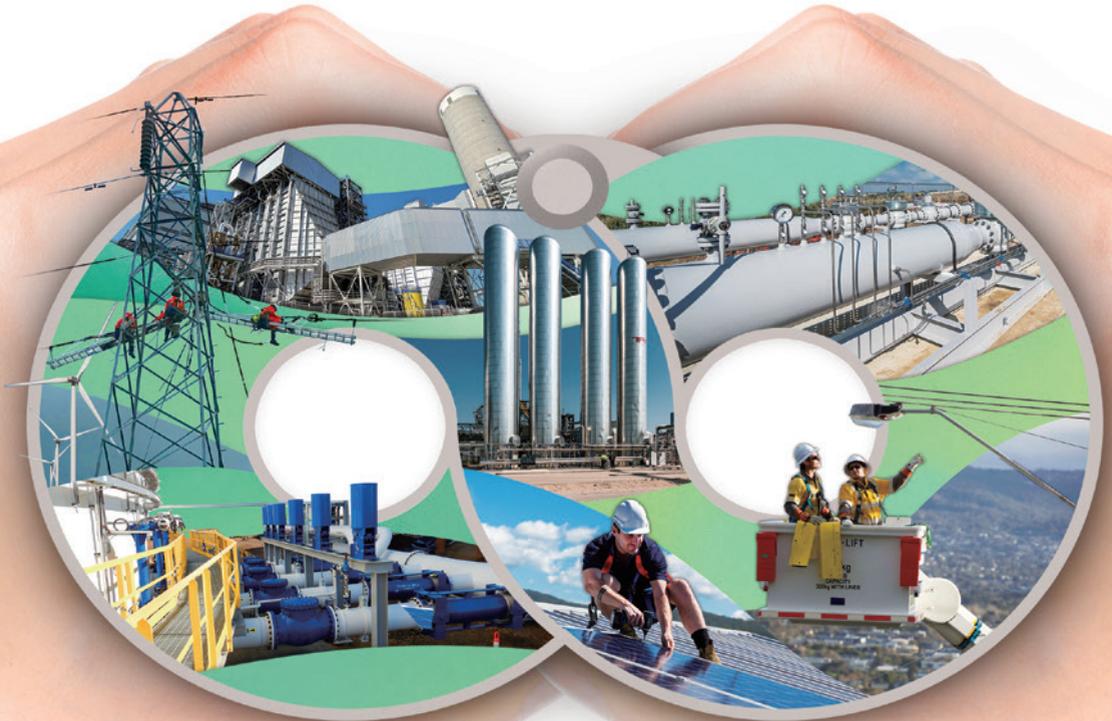




Power Assets Holdings Ltd.

電能實業有限公司

(Stock Code : 6)



Interim Report **2022**

FINANCIAL HIGHLIGHTS

	Six months ended 30 June	
	2022	2021
	HK\$	HK\$
Profit attributable to shareholders (<i>million</i>)	2,871	2,509
Earnings per share	1.35	1.18
Interim dividend per share	0.78	0.78

This Interim Report has been posted in both the English and Chinese languages on the Company's website at www.powerassets.com. If, for any reason, shareholders who have chosen (or are deemed to have consented) to receive corporate communications through the Company's website have difficulty in gaining access to the Interim Report, they may request that a printed copy of this Interim Report be sent to them free of charge by mail.

Shareholders may at any time choose to receive all future corporate communications either in printed form or through the Company's website, by writing to the Company at Unit 2005, 20th Floor, Cheung Kong Center, 2 Queen's Road Central, Hong Kong or to the share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong or by emailing to the Company's email address at mail@powerassets.com.



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CORPORATE INFORMATION

Board of Directors

Executive Directors

FOK Kin Ning, Canning (*Chairman*)

TSAI Chao Chung, Charles
(*Chief Executive Officer*)

CHAN Loi Shun

Andrew John HUNTER

Neil Douglas MCGEE

WAN Chi Tin

Non-executive Directors

LEUNG Hong Shun, Alexander

LI Tzar Kuoi, Victor

Independent Non-executive Directors

Stephen Edward BRADLEY

(*Appointed on 18 May 2022*)

IP Yuk-keung, Albert

KOH Poh Wah

KWAN Chi Kin, Anthony

(*Appointed on 18 May 2022*)

LUI Wai Yu, Albert

(*Resigned on 18 May 2022*)

Ralph Raymond SHEA

(*Resigned on 18 May 2022*)

WU Ting Yuk, Anthony

Audit Committee

IP Yuk-keung, Albert (*Chairman*)

KOH Poh Wah

Ralph Raymond SHEA

(*Ceased on 18 May 2022*)

WU Ting Yuk, Anthony

Remuneration Committee

KOH Poh Wah (*Chairman*)

(*Appointed on 18 May 2022*)

Ralph Raymond SHEA (*Chairman*)

(*Ceased on 18 May 2022*)

FOK Kin Ning, Canning

KWAN Chi Kin, Anthony

(*Appointed on 18 May 2022*)

LUI Wai Yu, Albert

(*Ceased on 18 May 2022*)

Nomination Committee

IP Yuk-keung, Albert (*Chairman*)

Stephen Edward BRADLEY

(*Appointed on 18 May 2022*)

LI Tzar Kuoi, Victor

Ralph Raymond SHEA

(*Ceased on 18 May 2022*)

Sustainability Committee

TSAI Chao Chung, Charles (*Chairman*)

CHAN Loi Shun

IP Yuk-keung, Albert

Company Secretary

Alex NG

Principal Bankers

Bank of China (Hong Kong) Limited

Hang Seng Bank Limited

The Hongkong and Shanghai Banking

Corporation Limited

MUFG Bank, Ltd.

Auditor

KPMG

Website

www.powerassets.com

Registered Office

Unit 2005, 20th Floor, Cheung Kong Center,

2 Queen's Road Central, Hong Kong

Telephone: (852) 2122 9122

Facsimile: (852) 2180 9708

Email: mail@powerassets.com

Share Registrar

Computershare Hong Kong Investor

Services Limited

Shops 1712–1716,

17th Floor, Hopewell Centre,

183 Queen's Road East, Wanchai, Hong Kong

Website: www.computershare.com/hk/contact

ADR (Level 1 Programme) Depository

Citibank, N.A.

Shareholder Services

P.O. Box 43077, Providence,

Rhode Island 02940-3077, U.S.A.

Website: www.citi.com/dr

Email: citibank@shareholders-online.com

Investor Relations

For institutional investors, please contact:

CHAN Loi Shun (*Executive Director*) or

Ivan CHAN (*Chief Financial Officer*)

For other investors, please contact:

Alex NG (*Company Secretary*)

Email: mail@powerassets.com

Telephone: (852) 2122 9122

Facsimile: (852) 2180 9708

Postal Address: G.P.O. Box 338, Hong Kong

Address: Unit 2005, 20th Floor,

Cheung Kong Center,

2 Queen's Road Central,

Hong Kong

KEY DATES AND SHARE INFORMATION

Key Dates

Interim Results Announcement	3 August 2022
Ex-dividend Date	1 September 2022
Record Date for Interim Dividend	2 September 2022
Payment of Interim Dividend (HK\$0.78 per share)	14 September 2022
Financial Year End	31 December 2022

Share Information

Board Lot	500 shares
Market Capitalisation as at 30 June 2022	HK\$105,326 million
Ordinary Share to ADR Ratio	1:1

Stock Codes

The Stock Exchange of Hong Kong Limited	6
Bloomberg	6 HK
Refinitiv	0006.HK
ADR Ticker Symbol	HGKGY
CUSIP Number	739197200

CHAIRMAN'S STATEMENT

Half Year Results

During the six months under review, the Power Assets Group continued to focus on delivering affordable, reliable energy to our customers worldwide while investing in the strategic transition to net-zero carbon operations. In our diversified business portfolio, we have a wide range of energy and utility-related businesses. Thanks to built-in mechanisms within our regulated businesses to pass through fuel costs and within those overseas businesses which adjust for inflation, we have been partly insulated from globally volatile market conditions.

The Group's unaudited profits for the six months ended 30 June 2022 amounted to HK\$2,871 million (2021: HK\$2,509 million). The 14% increase in profit is primarily due to a non-cash adjustment on deferred tax for the UK operations made in 2021.

The Group's financial position was strong with funds received from operations for the first six months of 2022 totalling HK\$2,973 million (2021: HK\$2,570 million), increased by 16%.

During the first half of 2022, the operating performance of our businesses delivered good results, reporting an increase of 8% in local currencies.

Interim Dividend

The board of directors has declared an interim dividend of HK\$0.78 (2021: HK\$0.78) per share, payable on 14 September 2022 to shareholders whose names appear in the Company's Register of Members on 2 September 2022.

International Energy Investment Portfolio

United Kingdom Portfolio

Our UK operating companies recorded a total contribution of HK\$1,433 million (2021: HK\$1,122 million). The increase was mainly due to a non-cash adjustment on deferred tax made in 2021.

UK Power Networks (UKPN) continued to deliver excellent reliability, safety and customer services performance. In preparation for a new five-year regulatory period for the UK electricity market which will come into effect from April 2023, UKPN submitted a business plan to the regulator, setting out climate resilience strategy, planned commitments and expenditure. Once the final determination is completed, it will offer steady revenues and predictable cash flow for the new five-year regulatory period.

Our gas distribution networks played a key role in industry initiatives to develop a balanced energy portfolio for the UK's transition to a net-zero carbon economy. Northern Gas Networks (NGN) led the sector in its various hydrogen-related projects and alignment with United Nations Sustainable Development Goals. Wales & West Utilities (WWU) connected its 20th biomethane site to the network, bringing total biogas capacity to 1.87 TWh - enough to heat 780,000 households.

Seabank Power Station's availability, forced outage, efficiency and starting performance, were all in line with expectations.

Australian Portfolio

The Australian portfolio delivered a satisfactory result, with a profit contribution of HK\$671 million (2021: HK\$630 million), thanks to steady operation of our Australian businesses.

SA Power Networks, our electricity distribution network in South Australia, started extensive design works for a new substation for the Torrens to Darlington motorway tunnel project, which is the final section of the 78-km North-South Corridor, one of the largest Government transport infrastructure projects in South Australia's recent history.

Victoria Power Networks commenced proactive replacement and reinforcement of power poles to enhance network safety and completed a major programme of works to enable more rooftop solar power to be shared between homes and businesses.

United Energy undertook network-wide upgrades of critical infrastructure including zone substations to maintain reliability.

Our gas networks in Australia maintained high levels of reliability. To maintain reliability standards and reduce gas leakage, Australian Gas Networks (AGN) and Multinet Gas (MG) submitted a proposal to the Australian Energy Regulator for the upcoming five-year regulatory period commencing in July 2023. We aim to secure positive outcomes in these regulatory resets during periods of high inflation while transforming our gas networks to support green hydrogen.

Dampier Bunbury Pipeline delivered satisfactory results, achieving 99.88% reliability across its compressor stations and beating targets for asset utilisation and delivery.

CHAIRMAN'S STATEMENT *(Continued)*

Energy Developments Pty Ltd completed construction of the Jabiru hybrid renewable power station in the Northern Territory, providing at least 50% renewable energy to Jabiru over the long term. The construction of renewable natural gas projects in Texas, USA was completed in March, and has started to contribute to the Group's revenues and green portfolio.

Our electricity transmission network, Australian Energy Operations, which connects four wind farms in Victoria to the grid, delivered stable performance.

Other Portfolios

In Canada, the Okanagan Wind farm, acquired by Canadian Power Holdings in 2021, achieved stable performance. The Sheerness power plant met operating targets and delivered steady income for the Group.

Husky Midstream maintained safety and reliability standards. It completed construction on the Onion Lake lateral project, consisting of 8-inch blended crude and 4-inch condensate pipelines to provide customers with safe, reliable and cost-effective access to the Hardisty Terminal.

In the Netherlands, AVR-Afvalverwerking B.V. (AVR) continued to innovate to identify new avenues to improve efficiency and sustainability. It started an industry initiative to produce certified cement filler from bottom ash, thus increasing its circular value.

AVR signed an initial agreement with the municipality of Amsterdam to acquire Amsterdam-based waste-to-energy company AEB Holding N.V., pending approval from the Consumer & Market Authority. The acquisition is expected to expand its contribution towards the achievement of wider sustainability goals.

Wellington Electricity Lines (WELL) in New Zealand achieved its targets for safety, customer service and efficiency. WELL outperformed reliability targets as a result of its ongoing maintenance programme, increased use of generation to support planned works and stable weather conditions.

Ratchaburi Power in Thailand delivered steady revenues under a long-term contract with Thailand's Electricity Generating Authority.

In Mainland China, the Jinwan power plant recorded a decline in contribution in the first half of 2022. This was primarily attributable to the surge of coal price.

Our two wind farms in Dali (Yunnan province) and Laoting (Hebei province) generated electricity offsetting 96,800 tonnes of carbon emissions during the six months.

Investment in HK Electric Investments

In Hong Kong, HK Electric Investments delivered a profit contribution of HK\$298 million (2021: HK\$294 million). Its operating company, HK Electric, recorded a decrease of 6.8% electricity sales as compared to the same six-month period in 2021 as a result of an economic slowdown following the fifth wave of the COVID-19 pandemic and milder weather conditions.

Despite restrictions, HK Electric successfully conducted the commercial launch of a second new 380-MW gas-fired combined-cycle generating unit, a significant milestone in its transition to gas-fired generation. At the same time, construction moved forward on a third gas-fired generating unit which will be launched in 2023. The company also made progress on building a new offshore liquefied natural gas terminal which is targeted to go into commercial operation by the first half of 2023. Deployment of smart meters and advanced metering infrastructure was completed for more than 25% of the customer base.

Sustainability-centric long-term growth

As a long-term global investor in the energy sector, we firmly believe that a sustainable portfolio is critical for long-term value growth. We will continue our established sustainability strategy to decarbonise generation by integrating renewables, and blending hydrogen with gas for green heating. Our electricity networks will be modernised and digitalised to increase efficiency and become smart grids. Climate-related reporting will be aligned with the recommendations of the Task Force on Climate-related Financial Disclosures; Group-level carbon reduction targets will be set in the coming years.

Hydrogen-blended natural gas technology facilitates green heating of homes. In the UK, NGN and WWU collaborated to implement a trial of a 'Hydrogen Village', converting up to 2,000 properties from natural gas to 100% hydrogen heating by 2025. The trial will provide the government with real-life data on the use of hydrogen for domestic heating. In Australia, MG collaborated with AGN on multiple hydrogen projects. Following the success of Hydrogen Park SA which has been operational for a year, planning permits and funding for a substantially larger Hydrogen Park in Murray Valley have been obtained.

CHAIRMAN'S STATEMENT *(Continued)*

Renewable energy is an essential route to zero-carbon power anywhere in the world. HK Electric will expand its renewable electricity capabilities to support Hong Kong's net-zero carbon goals. It is revisiting the development of an offshore wind farm with installed capacity of around 150 MW, for which technical feasibility studies are under way. About 50 new renewable electricity systems owned by HK Electric customers were connected to the grid through the Feed-in Tariff Scheme.

Outlook

Prudent financial management and a focus on efficiency across the Group enabled us to achieve strong and stable cash flows and results at a time of macro-economic instability.

The global economy remains volatile and uncertain against a backdrop of inflationary pressures and geopolitical tensions. The Group stays resilient amidst these challenging times. As the revenue and assets bases of our overseas regulatory businesses are inflation-linked, both the returns and the value of the assets could be further enhanced.

In this environment, we continue to look for suitable investment opportunities globally that meet our criteria and will invest cautiously, maintaining our concentration on high quality investments in a diversified range of stable and well-regulated energy markets.

Our able, empowered and motivated team spread across four continents inspires me every day and is at the heart of all our achievements. I extend my thanks to all my colleagues across the Group, as well as our shareholders and Board of Directors for your support.

Fok Kin Ning, Canning

Chairman

Hong Kong, 3 August 2022

FINANCIAL REVIEW

Capital Expenditure, Liquidity and Financial Resources

The Group's capital expenditure and investments were primarily funded by cash from operations, dividends and other repatriation from investments. Total unsecured bank loans outstanding at 30 June 2022 were HK\$3,356 million (31 December 2021: HK\$3,433 million). In addition, the Group had bank deposits and cash of HK\$4,094 million (31 December 2021: HK\$4,610 million) and no undrawn committed bank facility at 30 June 2022 (31 December 2021: HK\$ Nil).

Treasury Policy, Financing Activities and Debt Structure

The Group manages its financial risks in accordance with guidelines laid down in its treasury policy, which is approved by the Board. The treasury policy is designed to manage the Group's currency, interest rate and counterparty risks. Surplus funds, which arise mainly from dividends and other repatriation from investments, are generally placed in short-term deposits denominated primarily in Australian dollars, Hong Kong dollars, pounds sterling and United States dollars. The Group aims to ensure that adequate financial resources are available for refinancing and business growth, whilst maintaining a prudent capital structure.

The Group's financial profile remained strong during the period. On 28 December 2020, Standard & Poor's reaffirmed the "A" long-term issuer credit rating and the "Stable" outlook of the Company, unchanged since September 2018.

As at 30 June 2022, the net cash position of the Group was HK\$738 million (31 December 2021: net cash position of HK\$1,177 million).

The profile of the Group's external borrowings as at 30 June 2022, after taking into account interest rate swaps, was as follows:

- (1) 100% were in Australian dollars;
- (2) 100% were bank loans;
- (3) 100% were repayable after 1 year but within 5 years; and
- (4) 100% were in fixed rate.

The Group's policy is to maintain at least a significant portion of its debt at fixed interest rates. Interest rate risk is managed by either securing fixed rate borrowings or by using interest rate derivatives.

FINANCIAL REVIEW *(Continued)*

Currency and interest rate risks are actively managed in accordance with the Group's treasury policy. Derivative financial instruments are used primarily for managing interest rate and foreign currency risks and not for speculative purposes. Treasury transactions are only executed with counterparties with acceptable credit ratings to control counterparty risk exposure.

The Group's principal foreign currency exposures arise from its investments outside Hong Kong. Foreign currency transaction exposure also arises from settlement to vendors which is not material and is managed mainly through purchases in the spot market or utilisation of foreign currency receipts of the Group. Currency exposures arising from investments outside Hong Kong are, where considered appropriate, mitigated by financing those investments in local currency borrowings or by entering into forward foreign exchange contracts or cross currency swaps. The fair value of such borrowings at 30 June 2022 was HK\$3,356 million (31 December 2021: HK\$3,433 million). The fair value of forward foreign exchange contracts and cross currency swaps at 30 June 2022 was an asset of HK\$2,474 million (31 December 2021: an asset of HK\$1,112 million). Foreign currency fluctuations will affect the translated value of the net assets of investments outside Hong Kong and the resultant translation difference is included in the Group's reserve account. Income received from the Group's investments outside Hong Kong which is not denominated in Hong Kong dollars is, unless otherwise determined, converted into United States dollars on receipt.

The contractual notional amounts of derivative financial instruments outstanding at 30 June 2022 amounted to HK\$33,522 million (31 December 2021: HK\$34,407 million).

Contingent Liabilities

As at 30 June 2022, the Group had given guarantees and indemnities totalling HK\$315 million (31 December 2021: HK\$363 million).

Employees

The Group continues its policy of pay-for-performance and the pay levels are monitored to ensure competitiveness is maintained. The Group's total remuneration costs for the six months ended 30 June 2022, excluding directors' emoluments, amounted to HK\$13 million (2021: HK\$11 million). As at 30 June 2022, the Group employed 14 (31 December 2021: 13) employees. No share option scheme is in operation.

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2022

(Expressed in Hong Kong dollars)

	Note	2022 \$ million	2021 \$ million
Revenue	5	598	615
Other net income		38	21
Other operating costs		(65)	(67)
Operating profit		571	569
Finance costs		(57)	(63)
Share of profits less losses of joint ventures		1,742	1,607
Share of profits less losses of associates		713	466
Profit before taxation	6	2,969	2,579
Income tax	7	(98)	(70)
Profit for the period attributable to equity shareholders of the Company		2,871	2,509
Earnings per share			
Basic and diluted	8	\$1.35	\$1.18

The notes on pages 16 to 28 form part of these unaudited interim financial statements. Details of dividends payable to equity shareholders of the Company attributable to the profit for the period are set out in note 19.

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2022

(Expressed in Hong Kong dollars)

	2022 \$ million	2021 \$ million
Profit for the period attributable to equity shareholders of the Company	2,871	2,509
Other comprehensive income for the period		
Items that will not be reclassified to profit or loss		
Share of other comprehensive income of joint ventures and associates	448	1,235
Income tax relating to items that will not be reclassified to profit or loss	(119)	(316)
	329	919
Items that are or may be reclassified subsequently to profit or loss		
Exchange differences on translating operations outside Hong Kong, including joint ventures and associates	(3,335)	1,491
Net investment hedges	1,738	144
Cost of hedging	(11)	19
Cash flow hedges:		
Net movement of hedging reserve related to hedging instruments recognised during the current period	212	101
Share of other comprehensive income of joint ventures and associates	3,460	1,002
Income tax relating to items that may be reclassified subsequently to profit or loss	(917)	(310)
	1,147	2,447
	1,476	3,366
Total comprehensive income for the period attributable to equity shareholders of the Company	4,347	5,875

The notes on pages 16 to 28 form part of these unaudited interim financial statements.

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2022

(Expressed in Hong Kong dollars)

	Note	(Unaudited) 30 June 2022 \$ million	(Audited) 31 December 2021 \$ million
Non-current assets			
Property, plant and equipment and leasehold land	9	19	20
Interest in joint ventures	10	59,001	60,234
Interest in associates	11	27,857	26,901
Other non-current financial assets		1,100	1,100
Derivative financial instruments	16	1,790	1,034
Deferred tax assets		-	45
Employee retirement benefit assets		7	7
		<u>89,774</u>	<u>89,341</u>
Current assets			
Other receivables	12	910	353
Bank deposits and cash	13(a)	4,094	4,610
		<u>5,004</u>	<u>4,963</u>
Current liabilities			
Other payables	14	(4,178)	(3,417)
Current tax payable		(99)	(137)
		<u>(4,277)</u>	<u>(3,554)</u>
Net current assets		<u>727</u>	<u>1,409</u>
Total assets less current liabilities		<u>90,501</u>	<u>90,750</u>
Non-current liabilities			
Bank loans and other interest-bearing borrowings	15	(3,356)	(3,433)
Lease liabilities		(3)	(3)
Derivative financial instruments	16	(10)	(267)
Deferred tax liabilities		(225)	(134)
Employee retirement benefit liabilities		(147)	(146)
		<u>(3,741)</u>	<u>(3,983)</u>
Net assets		<u>86,760</u>	<u>86,767</u>
Capital and reserves			
Share capital	17	6,610	6,610
Reserves		80,150	80,157
Total equity attributable to equity shareholders of the Company		<u>86,760</u>	<u>86,767</u>

The notes on pages 16 to 28 form part of these unaudited interim financial statements.

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

(Expressed in Hong Kong dollars)

\$ million	Attributable to equity shareholders of the Company					Total
	Share capital	Exchange reserve	Hedging reserve	Revenue reserve	Proposed/ declared dividend	
Balance at 1 January 2021	6,610	(4,154)	(3,459)	81,415	4,354	84,766
Changes in equity for the six months ended 30 June 2021:						
Profit for the period	-	-	-	2,509	-	2,509
Other comprehensive income	-	1,654	793	919	-	3,366
Total comprehensive income	-	1,654	793	3,428	-	5,875
Final dividend in respect of the previous year approved and paid	-	-	-	-	(4,354)	(4,354)
Interim dividend (see note 19)	-	-	-	(1,665)	1,665	-
Balance at 30 June 2021	<u>6,610</u>	<u>(2,500)</u>	<u>(2,666)</u>	<u>83,178</u>	<u>1,665</u>	<u>86,287</u>
Balance at 1 January 2022	6,610	(4,413)	(2,573)	82,789	4,354	86,767
Changes in equity for the six months ended 30 June 2022:						
Profit for the period	-	-	-	2,871	-	2,871
Other comprehensive income	-	(1,608)	2,755	329	-	1,476
Total comprehensive income	-	(1,608)	2,755	3,200	-	4,347
Final dividend in respect of the previous year approved and paid	-	-	-	-	(4,354)	(4,354)
Interim dividend (see note 19)	-	-	-	(1,665)	1,665	-
Balance at 30 June 2022	<u>6,610</u>	<u>(6,021)</u>	<u>182</u>	<u>84,324</u>	<u>1,665</u>	<u>86,760</u>

The notes on pages 16 to 28 form part of these unaudited interim financial statements.

UNAUDITED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2022

(Expressed in Hong Kong dollars)

	Note	2022 \$ million	2021 \$ million
Operating activities			
Cash used in operations	13(b)	(73)	(269)
Interest paid		(49)	(93)
Interest received		486	646
Tax paid for operations outside Hong Kong		(62)	(71)
Tax refunded for operations outside Hong Kong		–	8
Net cash generated from operating activities		302	221
Investing activities			
(Increase)/decrease in bank deposits with more than three months to maturity when placed		(524)	1,546
Investment in a joint venture		(266)	(270)
Investment in an associate		–	(18)
New loan to a joint venture		–	(204)
Net cash received on hedging instruments		1,140	155
Dividends received from joint ventures		2,023	1,530
Dividends received from associates		648	819
Net cash generated from investing activities		3,021	3,558
Financing activities			
Proceeds from bank loans		–	3,685
Repayment of bank loans		–	(3,679)
Capital element of lease rentals paid		–	(1)
Dividends paid to equity shareholders of the Company		(4,354)	(4,354)
Net cash used in financing activities		(4,354)	(4,349)
Net decrease in cash and cash equivalents		(1,031)	(570)
Cash and cash equivalents at 1 January		4,241	3,388
Effect of foreign exchange rate changes		(9)	17
Cash and cash equivalents at 30 June	13(a)	3,201	2,835

The notes on pages 16 to 28 form part of these unaudited interim financial statements.

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

1. Review of unaudited interim financial statements

These unaudited consolidated interim financial statements have been reviewed by the Audit Committee.

2. Basis of preparation

These unaudited consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34, *Interim Financial Reporting*, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The interim financial statements have been prepared in accordance with the same accounting policies adopted in the 2021 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2022 annual financial statements. Details of these changes in accounting policies are set out in note 3.

The preparation of the interim financial statements in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The interim financial statements and selected explanatory notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

The financial information relating to the financial year ended 31 December 2021 that is included in the interim financial statements as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2021 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

The Company's auditor has reported on the financial statements of the Company for the year ended 31 December 2021. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

3. Changes in accounting policies

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Group.

None of these developments have had a material effect on how the Group's result and financial position for the current or prior periods have prepared or presented in this financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

4. Segment reporting

The analyses of the principal activities of the operations of the Group during the period are as follows:

\$ million	2022						All other activities	Total
	Investment in HKEI	Investments				Sub-total		
		United Kingdom	Australia	Others				
For the six months ended 30 June								
Revenue								
Revenue	-	281	266	51	598	-	598	
Other net income	-	-	-	4	4	15	19	
Reportable segment revenue	-	281	266	55	602	15	617	
Results								
Segment earnings	-	281	266	50	597	(44)	553	
Depreciation and amortisation	-	-	-	-	-	(1)	(1)	
Bank deposit interest income	-	-	-	-	-	19	19	
Operating profit	-	281	266	50	597	(26)	571	
Finance costs	-	37	(107)	13	(57)	-	(57)	
Share of profits less losses of joint ventures and associates	298	1,115	523	411	2,049	108	2,455	
Profit before taxation	298	1,433	682	474	2,589	82	2,969	
Income tax	-	-	(11)	(87)	(98)	-	(98)	
Reportable segment profit	298	1,433	671	387	2,491	82	2,871	
2021								
\$ million	Investment in HKEI	Investments				Sub-total	All other activities	Total
		United Kingdom	Australia	Others				
For the six months ended 30 June								
Revenue								
Revenue	-	292	275	48	615	-	615	
Other net income	-	-	-	3	3	12	15	
Reportable segment revenue	-	292	275	51	618	12	630	
Results								
Segment earnings	-	292	275	45	612	(48)	564	
Depreciation and amortisation	-	-	-	-	-	(1)	(1)	
Bank deposit interest income	-	-	-	-	-	6	6	
Operating profit	-	292	275	45	612	(43)	569	
Finance costs	-	35	(111)	13	(63)	-	(63)	
Share of profits less losses of joint ventures and associates (Note)	294	794	480	503	1,777	2	2,073	
Profit before taxation	294	1,121	644	561	2,326	(41)	2,579	
Income tax	-	1	(14)	(57)	(70)	-	(70)	
Reportable segment profit	294	1,122	630	504	2,256	(41)	2,509	

Note: Included net amount of share of deferred tax charges on change in corporate tax rate of the United Kingdom and share of tax credit in respect of deferred tax liabilities on intangible assets amounting to \$551 million.

5. Revenue

Group revenue represents interest income from loans granted to joint ventures and associates, dividends from other financial assets and engineering and consulting services fees.

	Six months ended 30 June	
	2022	2021
	\$ million	\$ million
Interest income	<u>598</u>	<u>615</u>
Share of revenue of joint ventures	<u>9,097</u>	<u>9,003</u>

6. Profit before taxation

	Six months ended 30 June	
	2022	2021
	\$ million	\$ million
Profit before taxation is arrived at after charging:		
Finance costs – interest on borrowings and other finance costs	57	63
Depreciation	<u>1</u>	<u>1</u>

7. Income tax

	Six months ended 30 June	
	2022	2021
	\$ million	\$ million
Current tax	24	26
Deferred tax	<u>74</u>	<u>44</u>
	<u>98</u>	<u>70</u>

Taxation is provided for at the applicable tax rate on the estimated assessable profits less available tax losses. Deferred taxation is provided on temporary differences under the liability method using tax rates applicable to the Group's operations in different countries.

8. Earnings per share

The calculation of earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of \$2,871 million for the six months ended 30 June 2022 (2021: \$2,509 million) and 2,134,261,654 ordinary shares (2021: 2,134,261,654 ordinary shares) in issue throughout the period.

There were no dilutive potential ordinary shares in existence during the six months ended 30 June 2022 and 2021.

9. Property, plant and equipment and leasehold land

\$ million	Ownership interests in buildings held for own use	Plant, machinery and equipment	Sub-total	Ownership interests in leasehold land held for own use	Other properties leased for own use	Total
Net book value at 1 January 2022	1	2	3	12	5	20
Depreciation and Amortisation	-	-	-	-	(1)	(1)
Net book value at 30 June 2022	<u>1</u>	<u>2</u>	<u>3</u>	<u>12</u>	<u>4</u>	<u>19</u>
Cost	1	6	7	13	6	26
Accumulated depreciation and amortisation	-	(4)	(4)	(1)	(2)	(7)
Net book value at 30 June 2022	<u>1</u>	<u>2</u>	<u>3</u>	<u>12</u>	<u>4</u>	<u>19</u>

10. Interest in joint ventures

	30 June 2022 \$ million	31 December 2021 \$ million
Share of net assets of unlisted joint ventures	47,063	47,811
Loans to unlisted joint ventures	11,604	12,184
Amounts due from unlisted joint ventures	334	239
	<u>59,001</u>	<u>60,234</u>
Share of total assets of unlisted joint ventures	<u>134,950</u>	<u>141,144</u>

11. Interest in associates

	30 June 2022 \$ million	31 December 2021 \$ million
Share of net assets		
– Listed associate	16,531	16,376
– Unlisted associates	7,897	7,016
	<u>24,428</u>	<u>23,392</u>
Loans to unlisted associates	3,376	3,456
Amounts due from associates	53	53
	<u>27,857</u>	<u>26,901</u>

12. Other receivables

	30 June 2022 \$ million	31 December 2021 \$ million
Interest and other receivables	130	128
Derivative financial instruments (see note 16)	778	223
Deposits and prepayments	2	2
	<u>910</u>	<u>353</u>

Receivables are carried out on credit and invoices are normally due within one month after issued.

13. Bank deposits and cash and other cash flow information

(a) Bank deposits and cash comprise:

	30 June 2022 \$ million	31 December 2021 \$ million
Deposits with banks and other financial institutions with 3 months or less to maturity when placed	3,143	4,179
Cash at bank and on hand	58	62
	<hr/>	<hr/>
Cash and cash equivalents in the consolidated cash flow statement	3,201	4,241
Deposits with banks and other financial institutions with more than 3 months to maturity when placed	893	369
	<hr/>	<hr/>
Bank deposits and cash in the consolidated statement of financial position	<u>4,094</u>	<u>4,610</u>

(b) Reconciliation of profit before taxation to cash used in operations:

	Six months ended 30 June 2022 \$ million	2021 \$ million
Profit before taxation	2,969	2,579
Adjustments for:		
Share of profits less losses of joint ventures	(1,742)	(1,607)
Share of profits less losses of associates	(713)	(466)
Interest income	(617)	(621)
Finance costs	57	63
Depreciation	1	1
Exchange losses/(gains)	8	(26)
Changes in working capital:		
Decrease/(increase) in other receivables	1	(160)
Decrease in other payables	(42)	(2)
Decrease/(increase) in amounts due from joint ventures/associates	4	(31)
Increase in net employee retirement benefit liabilities	1	1
	<hr/>	<hr/>
Cash used in operations	<u>(73)</u>	<u>(269)</u>

(c) Funds from Operations

Funds from operations represent net cash from operating activities and dividends received from joint ventures, associates and equity securities.

	Six months ended 30 June	
	2022	2021
	\$ million	\$ million
Net cash generated from operating activities	302	221
Dividends received from joint ventures	2,023	1,530
Dividends received from associates	648	819
	<u>2,973</u>	<u>2,570</u>

14. Other payables

	30 June 2022	31 December 2021
	\$ million	\$ million
Creditors measured at amortised cost	4,154	3,384
Lease liabilities	2	2
Derivative financial instruments (see note 16)	22	31
	<u>4,178</u>	<u>3,417</u>

Payables with suppliers, based on invoice date, are expected to be settled within one month.

15. Bank loans and other interest-bearing borrowings

	30 June 2022	31 December 2021
	\$ million	\$ million
Bank loans – non-current	<u>3,356</u>	<u>3,433</u>

16. Derivative financial instruments

	30 June 2022		31 December 2021	
	Assets \$ million	Liabilities \$ million	Assets \$ million	Liabilities \$ million
Derivative financial instruments used for hedging:				
Cash flow hedges				
Interest rate swaps	62	-	-	(150)
Forward foreign exchange contracts	-	-	-	(3)
Net investment hedges				
Cross currency swaps	1,267	-	457	-
Forward foreign exchange contracts	1,239	(32)	800	(145)
	<u>2,568</u>	<u>(32)</u>	<u>1,257</u>	<u>(298)</u>
Analysed as:				
Current	778	(22)	223	(31)
Non-current	1,790	(10)	1,034	(267)
	<u>2,568</u>	<u>(32)</u>	<u>1,257</u>	<u>(298)</u>

17. Share capital

	Number of Shares	30 June 2022 \$ million	31 December 2021 \$ million
<i>Issued and fully paid:</i>			
Voting ordinary shares	2,134,261,654	6,610	6,610

There were no movements in the share capital of the Company during the period.

18. Fair value measurement *(Continued)*

(b) Valuation techniques and inputs in fair value measurements

Level 2: The fair value of forward foreign exchange contracts is measured using forward exchange market rates at the end of the reporting period. The fair values of interest rate swaps and cross currency swaps are measured by discounting the future cash flows of the contracts at the current market interest rates.

Level 3: Other non-current financial assets consist of investments in unlisted equity securities and other investments.

The unlisted equity securities are not traded in an active market. Their fair values have been determined using dividend discounted model. The significant unobservable inputs include cost of equity of 13.65% and growth rate of 2.5%. It is estimated that a 0.5% increase/decrease in cost of equity, with other variable held constant, would have decreased/increased the Group's profit for the period and revenue reserve by approximately \$13 million/\$14 million (31 December 2021: decreased/increased by \$13 million/\$14 million). A 0.5% increase/decrease in growth rate, with other variable held constant, would have increased/decreased the Group's profit for the period and revenue reserve by approximately \$14 million/\$13 million (31 December 2021: increased/decreased by \$14 million/\$13 million).

Other investments were measured at fair value based on value inputs that are not observable market data but change of these inputs to reasonable alternative assumptions would not have material effect on the Group's results and financial position.

(c) Fair values of financial assets and liabilities carried at other than fair value

Amounts due from joint ventures and associates, other receivables, other payables and external borrowings are carried at cost or amortised cost which are not materially different from their fair values as at 30 June 2022 and 31 December 2021.

19. Interim dividend

The interim dividend declared by the Board of Directors is as follows:

	Six months ended 30 June 2022 \$ million	2021 \$ million
Interim dividend of \$0.78 per ordinary share (2021: \$0.78 per ordinary share)	<u>1,665</u>	<u>1,665</u>

20. Capital commitments

The Group's outstanding capital commitments not provided for in the financial statements were as follows:

	30 June 2022 \$ million	31 December 2021 \$ million
Authorised but not contracted for: Capital expenditure for property, plant and equipment	<u>1</u>	<u>1</u>

21. Contingent liabilities

	30 June 2022 \$ million	31 December 2021 \$ million
Guarantees given in respect of a joint venture	<u>315</u>	<u>363</u>

22. Material related party transactions

The Group had the following material transactions with related parties during the period:

(a) Joint ventures

Interest income received/receivable from joint ventures in respect of the loans to joint ventures amounted to \$407 million for the six months ended 30 June 2022 (2021: \$412 million). The outstanding balances with joint ventures are disclosed in note 10.

(b) Associates

- (i) Interest income received/receivable from associates in respect of the loans to associates amounted to \$191 million for the six months ended 30 June 2022 (2021: \$203 million). The outstanding balances with associates are disclosed in note 11.
- (ii) Other operating costs included support service charge recovered by an associate amounted to \$21 million (2021: \$20 million) for the total costs incurred in the provision or procurement of the general office administration and other support services and office facilities. The outstanding balance at 30 June 2022 with the associate was \$3 million (31 December 2021: \$4 million).

CORPORATE GOVERNANCE

Corporate Governance Practices

The Board is committed to maintaining high standards of corporate governance, and recognises that sound and effective corporate governance practices are fundamental to the smooth, effective and transparent operation of the Company and its ability to attract investment, protect the rights of shareholders and other stakeholders, and enhance shareholder value. The Group's corporate governance practices are designed to achieve these objectives and are maintained through a framework of processes, policies and guidelines.

The Company has complied with the applicable code provisions in the Corporate Governance Code set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the six months ended 30 June 2022.

The Group is committed to achieving and maintaining standards of openness, probity and accountability. In line with this commitment and in compliance with the Corporate Governance Code, the Audit Committee has reviewed the procedures for reporting possible improprieties in financial reporting, internal control or other matters. In addition, the Company has established the Policy on Inside Information and Securities Dealing for compliance by all employees of the Group.

Board of Directors

The Board, led by the Chairman, is collectively responsible for the management and operations of the Company. Its responsibilities include approval and monitoring of Group-wide strategies and policies, approval of annual budgets and business plans, evaluation of the performance of the Group, and oversight of the management. Management, led by the Chief Executive Officer, is responsible for the day-to-day operations of the Group. The senior management of the Company comprises the Executive Directors.

As at 30 June 2022, the Board consists of a total of thirteen Directors, comprising six Executive Directors, two Non-executive Directors and five Independent Non-executive Directors. More than one-third of the Board are Independent Non-executive Directors, among which more than one of them have appropriate professional qualifications or accounting or related financial management expertise as required by the Listing Rules. All Directors are required to retire from office by rotation and are subject to re-election by shareholders at the annual general meeting once every three years pursuant to the articles of association of the Company.

CORPORATE GOVERNANCE *(Continued)*

The Board has four regular meetings each year at approximately quarterly intervals and additional meetings will be held when warranted. Directors also consider and approve matters by way of written resolutions, which are circulated to Directors together with explanatory briefings from the Chief Executive Officer or the Company Secretary as required.

The positions of the Chairman and the Chief Executive Officer are held by separate individuals. The Chairman is responsible for providing leadership to, and overseeing the functioning and effective running of, the Board to ensure that the Board acts in the best interests of the Group. In addition to board meetings, the Chairman schedules meetings annually with Independent Non-executive Directors, without the presence of other Directors. The Chief Executive Officer is responsible for managing the businesses of the Group, attending to the formulation and successful implementation of Group policies and assuming full accountability to the Board for all Group operations.

The Company Secretary of the Company supports the Board by ensuring good information flow within the Board and that board policy and procedures are followed. The Company Secretary is responsible for ensuring that the Board is briefed on all legislative, regulatory and corporate governance developments and that the Board has regard to them when making decisions. He is also directly responsible for the Group's compliance with all obligations of the Listing Rules, Codes on Takeovers and Mergers and Share Buy-backs, Companies Ordinance, Securities and Futures Ordinance and other related laws, rules and regulations.

Directors' Securities Transactions

The Board has adopted the Model Code for Securities Transactions by Directors (the "Model Code") set out in Appendix 10 of the Listing Rules as the code of conduct regulating directors' securities transactions. In addition, senior managers, and other nominated managers and staff who, because of their respective positions in the Company, are likely to be in possession of inside information regarding the Company and its securities, are also required to comply with the Model Code.

All Directors have confirmed, following specific enquiry, that they have complied with the Model Code throughout the six months ended 30 June 2022.

Changes in Information of Directors

The changes in the information of Directors since the publication of the annual report 2021 (or, where applicable, subsequent announcement relating to appointments of Directors) and up to 15 August 2022 (the latest practicable date prior to the printing of this interim report) are set out below pursuant to Rule 13.51B(1) of the Listing Rules:

Name of Director

Ip Yuk-keung, Albert	Ceased to be a Council Member of The Hong Kong University of Science and Technology (“HKUST”) Appointed as the Chairman of Career Development Advisory Council and Senior Advisor to the Dean of the School of Business and Management of HKUST
Li Tzar Kuoi, Victor	Ceased to be a member of the Chief Executive’s Council of Advisers on Innovation and Strategic Development of the Hong Kong Special Administrative Region Awarded the title of Grand Officer of the Order of the Star of Italy
Wan Chi Tin	Ceased to be a member of the Audit Committee of The University of Hong Kong
Wu Ting Yuk, Anthony	Retired as an Independent Non-executive Director of Guangdong Investment Limited

Save for the information disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Audit Committee

The Audit Committee comprises three Independent Non-executive Directors. It is chaired by Mr. Ip Yuk-keung, Albert, and the other members are Ms. Koh Poh Wah and Mr. Wu Ting Yuk, Anthony. Mr. Ralph Raymond Shea had also been a member of the committee until his resignation as an Independent Non-executive Director with effect from the conclusion of the annual general meeting of the Company held on 18 May 2022 (the “2022 AGM”).

The Audit Committee reports directly to the Board, and acts as the key representative body for overseeing relations with the external auditor. Its principal responsibilities are to assist the Board in fulfilling its duties through the review of the Group’s financial

CORPORATE GOVERNANCE *(Continued)*

reporting, the review of financial information, the consideration of issues relating to external auditor and their appointment, the review and development of corporate governance functions and risk management and internal control systems. The Audit Committee also oversees the Company's whistleblowing procedure. The Audit Committee meets regularly with the Company's external auditor to discuss the audit process and various accounting matters.

The unaudited consolidated financial statements of the Group for the six months ended 30 June 2022 have been reviewed by the Audit Committee.

The terms of reference of the Audit Committee are published on the Company's website and the website of Hong Kong Exchanges and Clearing Limited ("HKEX").

Nomination Committee

The Nomination Committee comprises three members, a majority of which are Independent Non-executive Directors. It is chaired by Mr. Ip Yuk-keung, Albert (an Independent Non-executive Director), and the other members are Mr. Stephen Edward Bradley (an Independent Non-executive Director and appointed to the committee with effect from the conclusion of the 2022 AGM following the aforesaid resignation of Mr. Ralph Raymond Shea as an Independent Non-executive Director and his cessation as a member of the committee) and Mr. Victor T K Li (a Non-executive Director).

The Nomination Committee reports directly to the Board. Its principal responsibilities are to review the structure, size, diversity profile and skills matrix of the Board, to facilitate the selection and nomination process, to assess the independence of Independent Non-executive Directors having regard to the criteria under the Listing Rules, and to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, as guided by the process and criteria in Director Nomination Policy and Board Diversity Policy. The terms of reference of the Nomination Committee are published on the Company's website and HKEX's website.

Remuneration Committee

The Remuneration Committee comprises three members, a majority of which are Independent Non-executive Directors. It is chaired by Ms. Koh Poh Wah (an Independent Non-executive Director and appointed to the committee with effect from the conclusion of the 2022 AGM following the aforesaid resignation of Mr. Ralph Raymond Shea as an Independent Non-executive Director and his cessation as the Chairman of the committee), and the other members are Mr. Fok Kin Ning, Canning (the Chairman of the Board) and Mr. Kwan Chi Kin, Anthony (an Independent Non-executive Director and appointed to the committee with effect from the conclusion of the 2022 AGM following the resignation of Mr. Lui Wai Yu, Albert as an Independent Non-executive Director and his cessation as a member of the committee).

The Remuneration Committee reports directly to the Board. Its principal responsibilities include the review and consideration of the Company's policy for remuneration of Directors and management team, and the determination of their individual remuneration packages. The terms of reference of the Remuneration Committee are published on the Company's website and HKEX's website.

Sustainability Committee

The Sustainability Committee comprises three members. It is chaired by Mr. Tsai Chao Chung, Charles (the Chief Executive Officer), and the other members are Mr. Chan Loi Shun (an Executive Director) and Mr. Ip Yuk-keung, Albert (an Independent Non-executive Director).

The Sustainability Committee reports directly to the Board. Its principal responsibilities are to oversee management of, and advise the Board on the development and implementation of the sustainability initiatives of the Group, including reviewing the related policies and practices, and assessing and making recommendations on matters concerning the Group's sustainability development and risks. The terms of reference of the Sustainability Committee are published on the Company's website and HKEX's website.

Risk Management and Internal Control

The Board has overall responsibility for evaluating and determining the nature and extent of the risks they are willing to take in achieving corporate strategic objectives, and overseeing the risk management and internal control systems. The Audit Committee assists the Board in reviewing the effectiveness of the risk management and internal control systems to ensure that appropriate and effective systems are in place.

The Group's internal audit function, which is shared with that of HK Electric Investments Limited, an associate of the Company, and reports to an Executive Director and the Audit Committee, provides independent assurance as to the existence and effectiveness of the risk management activities and internal controls in the operations of the Group's business units. Staff members are from a wide range of disciplines including accounting, engineering and information technology. Using risk assessment methodology and taking into account the scope and nature of the Group's activities and changes in operating environment, internal audit prepares its yearly audit plan which is reviewed and approved by the Audit Committee. Its internal audit reports on the Group's operations are also reviewed and considered by the Audit Committee. The scope of work on the Group's business units performed by internal audit includes financial, operations and information technology review,

CORPORATE GOVERNANCE *(Continued)*

recurring and ad hoc audit, fraud investigation, productivity efficiency review and laws and regulations compliance review. Internal audit follows up audit recommendations on implementation by the business units and the progress is reported to the Audit Committee regularly.

The Audit Committee has reviewed the effectiveness of the risk management and internal control systems of the Group for the six months ended 30 June 2022, and considered the systems effective and adequate.

Communications with Shareholders

The Company has established the Shareholder Communication Policy, which is published on the website of the Company, to lay down the framework and put in place a range of communication channels between themselves and shareholders and investors to promote effective communication. These include the annual general meetings and other general meetings, annual and interim reports, sustainability reports, notices, announcements and circulars, press releases, the Company's corporate website at www.powerassets.com, and meetings and roadshows with investors and analysts from time to time as appropriate. All shareholders may put enquiries to the Board at general meetings, and at other times by writing to the Company.

Shareholders may at any time notify the Company by mail or email of any change in their choice of language (English or Chinese or both) or means of receiving (printed version or access through the Company's website) corporate communications.

The Company handles share registration matters for shareholders through Computershare Hong Kong Investor Services Limited, the Company's share registrar.

Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 30 June 2022, the interests or short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and the chief executives of the Company were deemed or taken to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Long Positions in Shares of the Company

Name of Director	Capacity	Nature of Interests	Number of Shares Held	Approximate % of Shareholding
Tsai Chao Chung, Charles	Beneficial owner	Personal	4,022	≈0%
Leung Hong Shun, Alexander	Beneficial owner	Personal	180,000	0.01%

Long Positions in Shares of Associated Corporation HK Electric Investments and HK Electric Investments Limited

Name of Director	Capacity	Nature of Interests	Number of Share Stapled Units Held	Approximate % of Issued Share Stapled Units
Li Tzar Kuoi, Victor	Interest of controlled corporations	Corporate	7,870,000 (Note 1)	0.08%
Fok Kin Ning, Canning	Interest of controlled corporation	Corporate	2,000,000 (Note 2)	0.02%
Tsai Chao Chung, Charles	Beneficial owner	Personal	880	≈0%

Notes:

- (1) Such share stapled units of HK Electric Investments and HK Electric Investments Limited ("HKEI") comprise:
- (a) 2,700,000 share stapled units of HKEI held by a wholly-owned subsidiary of Li Ka Shing (Global) Foundation ("LKSGF"). By virtue of the terms of the constituent documents of LKSGF, Mr. Victor T K Li may be regarded as having the ability to exercise or control the exercise of one-third or more of the voting power at general meetings of LKSGF; and
- (b) 5,170,000 share stapled units of HKEI held by Li Ka Shing Foundation Limited ("LKSF"). By virtue of the terms of the constituent documents of LKSF, Mr. Victor T K Li may be regarded as having the ability to exercise or control the exercise of one-third or more of the voting power at general meetings of LKSF.
- (2) Such share stapled units of HKEI are held by a company which is equally owned by Mr. Fok Kin Ning, Canning and his wife.

Save as disclosed above, as at 30 June 2022, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

CORPORATE GOVERNANCE *(Continued)*

Interests and Short Positions of Shareholders

As at 30 June 2022, shareholders (other than Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange were as follows:

Substantial Shareholders

Long Positions in Shares of the Company

Name	Capacity	Number of Shares Held	Approximate % of Shareholding
Venniton Development Inc.	Beneficial owner	153,797,511 <i>(Note 1)</i>	7.21%
Interman Development Inc.	Beneficial owner	186,736,842 <i>(Note 1)</i>	8.75%
Univest Equity S.A.	Beneficial owner	279,011,102 <i>(Note 1)</i>	13.07%
Monitor Equities S.A.	Beneficial owner & interest of controlled corporation	287,211,674 <i>(Note 1)</i>	13.46%
Hyford Limited	Interest of controlled corporations	767,499,612 <i>(Note 2)</i>	35.96%
CK Infrastructure Holdings Limited	Interest of controlled corporations	767,499,612 <i>(Note 2)</i>	35.96%
Hutchison Infrastructure Holdings Limited	Interest of controlled corporations	767,499,612 <i>(Note 3)</i>	35.96%
CK Hutchison Global Investments Limited	Interest of controlled corporations	767,499,612 <i>(Note 3)</i>	35.96%
CK Hutchison Holdings Limited	Interest of controlled corporations	767,499,612 <i>(Note 3)</i>	35.96%

Notes:

- (1) *These are direct or indirect wholly-owned subsidiaries of Hyford Limited ("Hyford") and their interests are duplicated in the same 767,499,612 shares of the Company held by Hyford described in Note (2) below.*
- (2) *CK Infrastructure Holdings Limited ("CKI") is deemed to be interested in the 767,499,612 shares of the Company as referred to in Note (1) above as it holds more than one-third of the issued share capital of Hyford indirectly. Its interests are duplicated in the interest of CK Hutchison Holdings Limited ("CK Hutchison") in the Company described in Note (3) below.*
- (3) *CK Hutchison is deemed to be interested in the 767,499,612 shares of the Company as referred to in Note (2) above as it holds more than one-third of the issued voting shares of CK Hutchison Global Investments Limited ("CKHGI"). Certain subsidiaries of CKHGI hold more than one-third of the issued voting shares of Hutchison Infrastructure Holdings Limited which in turn holds more than one-third of the issued share capital of CKI.*

Save as disclosed above, as at 30 June 2022, there was no other person (other than Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange.

OTHER INFORMATION

Interim Dividend

The Board of Directors has declared an interim dividend for 2022 of HK\$0.78 per share. The dividend will be payable on Wednesday, 14 September 2022 to shareholders whose names appear in the register of members of the Company at the close of business on Friday, 2 September 2022, being the record date for determination of entitlement to the interim dividend. To qualify for the interim dividend, all transfers accompanied by the relevant share certificates should be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Friday, 2 September 2022.

Purchase, Sale or Redemption of Shares

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's issued shares during the six months ended 30 June 2022.

Disclosure under Rule 13.22 of Chapter 13 of the Listing Rules

In relation to the provision of financial assistance by the Group to certain affiliated companies, a combined statement of financial position of the affiliated companies as at 30 June 2022 required to be disclosed under Rule 13.22 of Chapter 13 of the Listing Rules is set out below:

Combined statement of financial position of the affiliated companies as at 30 June 2022	HK\$ million
Non-current assets	410,855
Current assets	21,249
Current liabilities	(40,642)
Non-current liabilities	<u>(276,976)</u>
Net assets	<u><u>114,486</u></u>
Share capital	35,661
Reserves	<u>78,825</u>
Capital and reserves	<u><u>114,486</u></u>

As at 30 June 2022, the consolidated attributable interest of the Group in these affiliated companies amounted to HK\$55,200 million.