Power Assets Holdings Ltd.
電能實業有限公司
於香港註冊成立的有限公司
Incorporated in Hong Kong with limited liability
股票代號 Stock Code: 6

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2022 ANNUAL RESULTS

CHAIRMAN'S STATEMENT

Full year results

The Power Assets Group (the Group) delivered stable performance in 2022, thanks to a resilient business model. Our portfolio comprises midstream businesses in electricity and gas with regulated revenue schemes, together with generation businesses operating under similar schemes or long-term off-take contracts. This business model continues to underpin our ability to insulate our underlying results from macroeconomic cyclicity and fluctuations in fuel prices.

The Group recorded profit attributable to shareholders of HK$5,649 million for the 12 months ended 31 December 2022 (2021: HK$6,140 million). This result was significantly impacted by higher finance costs and weakened foreign currencies against the Hong Kong dollar.

In local currency basis, the year-on-year growth in contribution from the infrastructure portfolio was 5%.

Funds received from operations for the year remained healthy at HK$5,528 million (2021: HK$5,300 million), representing a year-on-year increase of 4%.

Dividends

The Board of Directors has recommended a final dividend of HK$2.04 (2021: HK$2.04) per share, payable on 6 June 2023 to shareholders whose names appear in the Company's Register of Members on 23 May 2023. This, together with the interim dividend of HK$0.78 per share, takes the total dividend for the year to HK$2.82 (2021: HK$2.82) per share.

International Portfolio

In 2022, our operating companies maintained a two-fold focus: providing uninterrupted, reliable energy to our business and residential customers; and supporting governments in every region by implementing initiatives to achieve their net-zero targets.

United Kingdom portfolio

The Group's portfolio in the UK, our largest market of operation, made a profit contribution of HK$2,517 million (2021: HK$2,819 million). Short-term exchange rate volatility affected profit contribution, but the underlying economy continues to show positive indicators. Rising inflation and interest rates increased finance costs, while built-in mechanisms within the regulatory framework governing our businesses enabled us to adjust for inflation and recovery of fuel costs.

UK Power Networks (UKPN) delivered its strong network reliability performance and maintained its industry leadership in customer service quality. The company's business plan has been approved by the regulator Ofgem for the next regulatory period, ensuring predictable revenues and cash flow for the period April 2023 - March 2028. Facilitating the UK's Net Zero carbon emissions by 2050 target is central to UKPN's business plan for RIIO-ED2. UKPN is driving change by transitioning the energy system itself and actively helping other industries move away from fossil fuels. To fast track this process, UKPN is establishing an independent Distribution System Operator, building new capabilities to accommodate intermittent and distributed renewable generation within its electricity distribution regions to create a future-ready network.

Northern Gas Networks (NGN) explored ways to bring hydrogen for heating and cooking to communities and generate self-sufficient hydrogen locally from renewable sources. Wales & West Utilities (WWU) started new initiatives and supplied decarbonised biomethane gas to about 150,000 homes and has connected 20 biomethane plants to the network since 2013. It exceeded operational targets for customer satisfaction, reliability, and emissions. Seabank Power continued to deliver satisfactory performance.

Australian portfolio

The Australian portfolio reported a profit contribution of HK$1,342 million (2021: HK$1,283 million) to the Group. Our operating companies delivered good performance and focused on transforming distribution networks to support the increased use of green energy.

The Group's electricity distribution companies all delivered projects to facilitate more consumer-side renewable generation. Victoria Power Networks exceeded revenue expectations, and during the year installed a 150-kW community battery in Melbourne. The battery will store excess rooftop solar power and supply up to 150 nearby homes during peak periods. United Energy (UE) completed a major works programme to support more rooftop solar generation across the network. SA Power Networks implemented upgrades at many zone substations to enhance the network's ability to handle very high numbers of solar and battery systems without compromising reliability.

Australian Gas Networks (AGN) surpassed regulatory targets on response times, reliability, repairs, and customer service. It continued to work with governments and other industry participants on hydrogen projects, blending green hydrogen into its distribution networks for decarbonisation. AGN and Multinet Gas, together with AusNet, won the 2022 Energy Networks Industry Consumer Engagement Award for their joint customer and stakeholder engagement programme. Dampier Bunbury Pipeline delivered good performance.

Energy Developments (EDL) expanded its global presence in sustainable energy industry, and has commenced the operation of the Tessman Road Renewable Natural Gas Project in Texas, USA and the Jabiru Hybrid Renewable Power Station in the Northern Territory, Australia in 2022. EDL supplied green energy to offset more than 4 million tonnes of carbon emissions. Australian Energy Operations was awarded an agreement to provide up to 600 MW of system support services to strengthen the power infrastructure and increase generation capacity in Western Victoria.

Other portfolios

The Canadian portfolio continued on its decarbonisation journey and implemented system enhancements. Following the coal-to-gas conversion, Canadian Power's Sheerness power station delivered 100% gas-fired electricity during the year, cutting its carbon footprint significantly. The Okanagan wind farm completed its first full year of operation as a Group company. Husky Midstream opened major new connections to the Cold Lake Gathering System, the Saskatchewan Gathering System, and tanks in the Hardisty terminal.

In the Netherlands, AVR-Afvalverwerking B.V. (AVR) saw increased demand for carbon dioxide (CO_2) and sustainable steam supply and electricity flexibility services to maintain the balance of the national grid. In response, the company will further expand the amount of CO_2 it captures and sustainable steam it supplies.

Wellington Electricity (WELL) continues to maintain a reliable network. Severe weather events during the year were well managed, minimising supply disruption for customers. In Thailand, Ratchaburi Power Plant functioned above expectations in operation.

In Mainland China, the Jinwan co-generation power plant recorded losses in the year due to the upsurge of coal price. The two wind farms in Dali and Laoting jointly offset 166,240 tonnes of carbon emissions.

Investment in Hong Kong

HK Electric Investments and its wholly-owned subsidiary HK Electric continued to provide stable income to the Group, while supporting the Government's plan to halve carbon emissions by 2035 and achieve carbon neutrality before 2050. In pursuit of these goals, the company is implementing a HK$26.6 billion five-year development plan to reduce carbon emissions.

Highlights of the year included the launch of L11, a new 380-MW combined-cycle unit, which raised gas-fired generation at Hong Kong's Lamma Power Station to over 50%. 2023 will see the opening of the third and final planned gas-fired generating unit and an offshore liquefied natural gas receiving terminal that will enable the import of natural gas through marine routes.

The rollout of 240,000 smart meters on schedule by the end of 2022 enabled HK Electric's customers to optimise their energy usage. The company is working with the Government and other stakeholders on various renewable energy initiatives.

HK Electric further supported net-zero goals by employing emissions-reduction measures and offering technical consultancy for the development of electric road transport.

Energy transition in action

The COP27 climate summit held in November 2022 in Egypt demonstrated that most participating countries believe transitioning to a low-carbon energy mix is an urgent priority.

As major industries worldwide switch from fossil fuels to more climate friendly energy solutions, we are keenly aware of our critical role as catalysts and facilitators of this change. We provide lower-carbon generation alternatives and support the decarbonisation of other major energy-intensive industries like transport and domestic heating.

One of our key strategies is to evolve our electricity distribution business from the role of Distribution Network Operator towards the Distribution System Operator (DSO) model in order to accommodate and manage the influx of intermittent and distributed renewable generation (solar and wind) within our networks. The DSO model will enable our electricity distribution infrastructure to run a complex, interconnected, and low-carbon power network. This approach places us at the heart of the new energy future by managing tens of thousands of distributed energy resources on behalf of the regulator.

Additionally, we are re-engineering our electricity distribution networks to manage huge charge loads created by the increase in uptake of electric vehicles (EVs). UKPN forecasts 4.5 million EVs in London by 2030 and is innovating to meet the technical challenge of supporting the charging needs. A 30-year model developed by WELL shows that EV growth has already increased network peak demand, and will double within thirty years. UE undertook a project to model charging behaviours on its network to help it plan for expected mass take-up of EVs in coming years.

The concern over the accessibility of charging facilities is one of the key barriers for consumers. To address this roadblock, UKPN and HK Electric are supporting schemes that make it quick and easy for consumers to install charging points at or close to their homes.

Decarbonising gas distribution is another major area of focus. Blending hydrogen and natural gas supply reduces emissions significantly. Our vision is to deliver ‘net zero-ready’ gas networks, which can transport lower-emission gases like hydrogen and biogas. NGN is leading industry efforts to commercialise blended hydrogen in North East England, including establishing a hydrogen-blended network and piloting hydrogen-powered heating in key communities.

AVR’s progress with the large-scale capture, reuse, and storage of CO_2 will reduce emissions of more than 500 kT CO_2 per year from 2027.

Outlook

Geopolitical instability has put pressure on the global supply chain. The availability of raw materials and chemicals is limited due to production restrictions in several industrial sectors. Recessionary pressures can indirectly impact waste availability for our energy-from-waste operations. We have made proactive moves to secure sufficient supplies for uninterrupted operations, and we remain focussed on business models that yield long-term guaranteed revenues.

Capital costs in global market increased during the year and the trend is likely to continue in the coming months. On the basis of our strong financial and cash position, we will continue with our long-term strategy of seeking out appropriately valued investments that meet our criteria. We will focus on low-risk, well-managed companies in mature energy markets to ensure we are able to deliver long-term sustainable growth to shareholders.

At the same time, our generation, transmission, and distribution operations must have as low a carbon footprint as possible. We have detailed targets mapped to the UN's Sustainable Development Goals, and a deep governance regime in place at Group as well as operating company levels to facilitate this transition. For example, UKPN seeks to recycle 99% of street works material by the end of the next regulatory period, while WWU and AGN will push forward to increase adoption of low-carbon hybrid heating. Our gas distribution companies will continue to replace old gas pipelines to cut fugitive emissions of methane from their networks.

Our commitment in supporting the achievement of the zero-carbon targets of our operating markets remain as strong as ever. Transformative innovation from every energy player is essential to enable this to be realised, and many of our operating companies are at the vanguard of change through research and innovation in collaboration with cross-sector stakeholders.

We will also work intensively with all our stakeholders to ensure that we do our part in alleviating fuel poverty for those in less fortunate circumstances through subsidies, free support, tariff rebates, coupons, and more.

My warmest thanks to our board, management and shareholders, and all our employees around the world for your unflagging support and efforts on our behalf this year. We owe all our achievements to you.

Fok Kin Ning, Canning
Chairman
Hong Kong, 15 March 2023

FINANCIAL REVIEW

Financial Position, Liquidity and Financial Resources

The Group's financial position remained strong. Capital expenditure and investments were primarily funded by cash from operations, dividends and other repatriation from investments. Interest in joint ventures and associates at the year end were HK$84,636 million (2021: HK$87,135 million). Total unsecured bank loans outstanding at the year end were HK$3,236 million (2021: HK$3,433 million). In addition, the Group had bank deposits and cash of HK$5,894 million (2021: HK$4,610 million). As at 31 December 2022, the net cash position of the Group was HK$2,658 million (2021: HK$1,177 million). The Group did not maintain any undrawn committed bank facility at the year end (2021: HK$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 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 year. 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.

The profile of the Group's external borrowings as at 31 December 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 between 2 and 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.

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 exposure arising from investments outside Hong Kong is, 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 31 December 2022 was HK$3,236 million (2021: HK$3,433 million). The fair value of forward foreign exchange contracts and cross currency swaps at 31 December 2022 was an asset of HK$2,608 million (2021: 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 placed as foreign currency deposits, converted into United States dollars on receipt.

The contractual notional amounts of derivative financial instruments outstanding at 31 December 2022 amounted to HK$33,262 million (2021: HK$34,407 million).

Contingent Liabilities

As at 31 December 2022, the Group had given guarantees and indemnities totalling HK$253 million (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 year ended 31 December 2022, excluding director's emoluments, amounted to HK$27 million (2021: HK$24 million). As at 31 December 2022, the Group employed 14 (2021: 13) employees. No share option scheme is in operation.

POWER ASSETS HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2022
(Expressed in Hong Kong dollars)

	Note	**2022 $ million**	2021 $ million
Revenue	5	**1,265**	1,276
Other net income	6	**58**	368
Other operating costs	7	**(159)**	(143)
Operating profit		**1,164**	1,501
Finance costs		**(104)**	(125)
Share of profits less losses of joint ventures		**2,994**	3,374
Share of profits less losses of associates		**1,784**	1,522
Profit before taxation	8	**5,838**	6,272
Income tax:	9		
Current		**(59)**	(54)
Deferred		**(130)**	(78)
		(189)	(132)
Profit for the year attributable to equity shareholders of the Company		**5,649**	6,140
Earnings per share			
Basic and diluted	10	**$2.65**	$2.88

Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in note 15.

POWER ASSETS HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022
(Expressed in Hong Kong dollars)

	2022 **$ million**	2021 $ million
Profit for the year attributable to equity shareholders of the Company	**5,649**	6,140
Other comprehensive income for the year		
Items that will not be reclassified to profit or loss		
Remeasurement of net defined benefit asset/liability	**54**	(2)
Share of other comprehensive income of joint ventures and associates	**441**	1,681
Income tax relating to items that will not be reclassified to profit or loss	**(114)**	(426)
	381	1,253
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translating operations outside Hong Kong, including joint ventures and associates	**(4,919)**	(1,414)
Net investment hedges	**2,019**	1,108
Cost of hedging	**(7)**	47
Cash flow hedges:		
Net movement of hedging reserve related to hedging instruments recognised during the current year	**237**	219
Share of other comprehensive income of joint ventures and associates	**4,191**	1,040
Income tax relating to items that may be reclassified subsequently to profit or loss	**(1,321)**	(373)
	200	627
	581	1,880
Total comprehensive income for the year attributable to equity shareholders of the Company	**6,230**	8,020

POWER ASSETS HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2022
(Expressed in Hong Kong dollars)

	Note	**2022 $ million**	2021 $ million
Non-current assets			
Property, plant and equipment and leasehold land		**18**	20
Interest in joint ventures	11	**57,331**	60,234
Interest in associates	12	**27,305**	26,901
Other non-current financial assets		**1,100**	1,100
Derivative financial instruments		**1,887**	1,034
Deferred tax assets		**-**	45
Employee retirement benefit assets		**6**	7
		87,647	89,341
Current assets			
Other receivables	13	**986**	353
Bank deposits and cash		**5,894**	4,610
		6,880	4,963
Current liabilities			
Other payables	14	**(3,934)**	(3,417)
Current tax payable		**(104)**	(137)
		(4,038)	(3,554)
Net current assets		**2,842**	1,409
Total assets less current liabilities		**90,489**	90,750
Non-current liabilities			
Bank loans and other interest-bearing borrowings		**(3,236)**	(3,433)
Lease liabilities		**(1)**	(3)
Derivative financial instruments		**(27)**	(267)
Deferred tax liabilities		**(275)**	(134)
Employee retirement benefit liabilities		**(93)**	(146)
		(3,632)	(3,983)
Net assets		**86,857**	86,767
Capital and reserves			
Share capital		**6,610**	6,610
Reserves		**80,247**	80,157
Total equity attributable to equity shareholders of the Company		**86,857**	86,767

POWER ASSETS HOLDINGS LIMITED
NOTES TO ANNUAL RESULTS
(Expressed in Hong Kong dollars)

1. Review of annual results

The annual results have been reviewed by the Audit Committee.

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and consolidated statement of other comprehensive income and the related notes thereto for the year ended 31 December 2022 as set out in the preliminary announcement have been agreed by the Group's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by KPMG in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by KPMG on the preliminary announcement.

2. Basis of preparation

The Group's financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The HKICPA has issued certain amendments to HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these financial statements.

The financial information relating to the years ended 31 December 2022 and 2021 included in this preliminary announcement of annual results does not constitute the Company's statutory annual financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance is as follows:

The Company's financial statements for the year ended 31 December 2021 have been delivered to the Registrar of Companies and the Company's financial statements for the year ended 31 December 2022 will be delivered to the Registrar of Companies in due course.

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 Companies Ordinance. The financial statements for the year ended 31 December 2022 have yet to be reported on by the Company's auditor.

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 results and financial position for the current or prior periods have been 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 year are as follows:

	2022						
		Investments					
$ million	Investment in HKEI	United Kingdom	Australia	Others	Sub-total	All other activities	Total
For the year ended 31 December							
Revenue							
Revenue	-	550	557	158	1,265	-	1,265
Other net income	-	-	-	6	6	(16)	(10)
Reportable segment revenue	-	550	557	164	1,271	(16)	1,255
Result							
Segment earnings	-	550	557	151	1,258	(159)	1,099
Depreciation and amortisation	-	-	-	-	-	(3)	(3)
Bank deposit interest income	-	-	-	-	-	68	68
Operating profit	-	550	557	151	1,258	(94)	1,164
Finance costs	-	76	(206)	26	(104)	-	(104)
Share of profits less losses of joint ventures and associates	986	1,891	1,009	889	3,789	3	4,778
Profit before taxation	986	2,517	1,360	1,066	4,943	(91)	5,838
Income tax	-	-	(18)	(171)	(189)	-	(189)
Reportable segment profit	986	2,517	1,342	895	4,754	(91)	5,649
At 31 December							
Assets							
Property, plant and equipment and leasehold land	-	-	-	-	-	18	18
Other assets	-	1,972	551	587	3,110	869	3,979
Interest in joint ventures and associates	16,690	37,152	21,080	9,706	67,938	8	84,636
Bank deposits and cash	-	-	-	-	-	5,894	5,894
Reportable segment assets	16,690	39,124	21,631	10,293	71,048	6,789	94,527
Liabilities							
Segment liabilities	-	(922)	(763)	(94)	(1,779)	(2,276)	(4,055)
Current and deferred taxation	-	-	(25)	(354)	(379)	-	(379)
Interest-bearing borrowings	-	-	(3,236)	-	(3,236)	-	(3,236)
Reportable segment liabilities	-	(922)	(4,024)	(448)	(5,394)	(2,276)	(7,670)

4. Segment reporting (continued)

$ million	Investment in HKEI	United Kingdom	Australia	Others	Sub-total	All other activities	Total
	2021						
		Investments					
For the year ended 31 December							
Revenue							
Revenue	-	583	540	153	1,276	-	1,276
Other net income	-	-	-	5	5	351	356
Reportable segment revenue	-	583	540	158	1,281	351	1,632
Result							
Segment earnings	-	583	540	144	1,267	225	1,492
Depreciation and amortisation	-	-	-	-	-	(3)	(3)
Bank deposit interest income	-	-	-	-	-	12	12
Operating profit	-	583	540	144	1,267	234	1,501
Finance costs	-	71	(222)	26	(125)	-	(125)
Share of profits less losses of joint ventures and associates *(Note)*	979	2,164	989	761	3,914	3	4,896
Profit before taxation	979	2,818	1,307	931	5,056	237	6,272
Income tax	-	1	(24)	(109)	(132)	-	(132)
Reportable segment profit	979	2,819	1,283	822	4,924	237	6,140
At 31 December							
Assets							
Property, plant and equipment and leasehold land	-	-	-	-	-	20	20
Other assets	-	914	358	400	1,672	867	2,539
Interest in joint ventures and associates	16,376	39,304	20,452	10,995	70,751	8	87,135
Bank deposits and cash	-	-	-	-	-	4,610	4,610
Reportable segment assets	16,376	40,218	20,810	11,395	72,423	5,505	94,304
Liabilities							
Segment liabilities	-	(332)	(656)	(35)	(1,023)	(2,810)	(3,833)
Current and deferred taxation	-	-	(3)	(268)	(271)	-	(271)
Interest-bearing borrowings	-	-	(3,433)	-	(3,433)	-	(3,433)
Reportable segment liabilities	-	(332)	(4,092)	(303)	(4,727)	(2,810)	(7,537)

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

The principal activity of the Group is investment in energy and utility-related businesses. Group revenue represents interest income from loans granted to joint ventures and associates and dividends from other financial assets.

	2022 **$ million**	2021 $ million
Interest income	**1,207**	1,224
Dividend income	**58**	52
	1,265	1,276
Share of revenue of joint ventures	**18,345**	18,322

6. Other net income

	2022 **$ million**	2021 $ million
Interest income on financial assets measured at amortised cost	**68**	12
Net exchange (loss)/gain	**(30)**	3
Sundry income	**20**	353
	58	368

7. Other operating costs

	2022 **$ million**	2021 $ million
Staff costs	**32**	29
Depreciation	**3**	3
Cost of services and investment related expenses	**124**	111
	159	143

8. Profit before taxation

	2022	2021
	$ million	$ million
Profit before taxation is arrived at after charging:		
Auditors' remuneration		
– audit and audit related work		
– KPMG	**3**	3
– other auditors	**1**	1
– non-audit work		
– KPMG	**1**	2
– other auditors	**1**	1

9. Income tax in the consolidated statement of profit or loss

	2022	2021
	$ million	$ million
Current tax – operations outside Hong Kong		
Provision for the year	**59**	54
Deferred tax		
Origination and reversal of temporary differences	**130**	78
	189	132

No provision for Hong Kong Profits Tax has been made in the financial statements as the Group did not have any assessable profits during the current and preceding years in Hong Kong.

Taxation for operations outside Hong Kong is charged at the appropriate current rates of taxation ruling in the relevant countries.

10. Earnings per share

The calculation of earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of $5,649 million (2021: $6,140 million) and on the weighted average of 2,133,515,443 ordinary shares (2021: 2,134,261,654 ordinary shares) in issue during the year.

There were no dilutive potential ordinary shares in existence during the years ended 31 December 2022 and 2021.

11. Interest in joint ventures

	2022 **$ million**	2021 $ million
Share of net assets of unlisted joint ventures	**45,759**	47,811
Loans to unlisted joint ventures	**11,221**	12,184
Amounts due from unlisted joint ventures	**351**	239
	57,331	60,234
Share of total assets of unlisted joint ventures	**132,482**	141,144

12. Interest in associates

	2022 **$ million**	2021 $ million
Share of net assets		
– Listed associate	**16,690**	16,376
– Unlisted associates	**7,274**	7,016
	23,964	23,392
Loans to unlisted associates	**3,252**	3,456
Amounts due from associates	**89**	53
	27,305	26,901

13. Other receivables

	2022 **$ million**	2021 $ million
Interest and other receivables	**132**	128
Derivative financial instruments	**852**	223
Deposits and prepayments	**2**	2
	986	353

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

14. Other payables

	2022 $ million	2021 $ million
Creditors measured at amortised cost	**3,915**	3,384
Lease liabilities	**2**	2
Derivative financial instruments	**17**	31
	3,934	3,417

All of the other payables are expected to be settled within one year.

15. Dividends

	2022 $ million	2021 $ million
Interim dividend declared and paid of $0.78 per ordinary share (2021: $0.78 per ordinary share)	**1,665**	1,665
Final dividend proposed after the end of the reporting period of $2.04 per ordinary share (2021: $2.04 per ordinary share)	**4,347**	4,354
	6,012	6,019

The final dividend proposed after the end of the reporting period is based on 2,131,105,154 ordinary shares (2021: 2,134,261,654 ordinary shares), being the total number of issued shares at the year end. The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

POWER ASSETS HOLDINGS LIMITED
OTHER INFORMATION

Closure of Register of Members and Record Date for Proposed Final Dividend

For the purpose of ascertaining shareholders who are entitled to attend and vote at the annual general meeting to be held on Wednesday, 17 May 2023 (or any adjournment thereof), the register of members of the Company will be closed from Friday, 12 May 2023 to Wednesday, 17 May 2023, both days inclusive. In order to qualify for the right to attend and vote at the meeting (or any adjournment thereof), all transfers accompanied by the relevant share certificates should be lodged with Computershare Hong Kong Investor Services Limited, no later than 4:30 p.m. on Thursday, 11 May 2023.

The final dividend is payable to shareholders whose names appear on the register of members of the Company at the close of business on Tuesday, 23 May 2023, being the record date for determination of entitlement to the final dividend. In order to qualify for the proposed final dividend, all transfers accompanied by the relevant share certificates should be lodged with Computershare Hong Kong Investor Services Limited, no later than 4:30 p.m. on Tuesday, 23 May 2023.

The address of Computershare Hong Kong Investor Services Limited is Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

Purchase, Sale or Redemption of Shares

During the year, the Company repurchased a total of 3,156,500 ordinary shares of the Company on The Stock Exchange of Hong Kong Limited, with an aggregate consideration paid amounted to approximately $121 million. All the shares repurchased were subsequently cancelled during the year. As at 31 December 2022, the total number of shares of the Company in issue was 2,131,105,154.

Particulars of the share repurchases are as follows:

Month	Number of Shares Repurchased	Purchase Price per Share		Aggregate Consideration
		Highest	Lowest	
		$	$	$
September 2022	920,000	39.00	38.05	35,597,250.00
October 2022	2,236,500	39.80	35.50	85,403,514.65

Saved as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's issued securities during the year.

Corporate Governance

The Company 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 year ended 31 December 2022.

The Audit Committee, Nomination Committee and Remuneration Committee, all chaired by an Independent Non-executive Director, support the Board of Directors (the "Board") in providing independent oversight in their respective areas of responsibilities. The Sustainability Committee oversees management of, and advises the Board on the development and implementation of the sustainability initiatives of the Group.

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.

Model Code for Securities Transactions by Directors

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. All Directors have confirmed, following specific enquiry, that they have complied with the Model Code throughout the year ended 31 December 2022.

Annual General Meeting

The annual general meeting of the Company will be held on Wednesday, 17 May 2023. Notice of the annual general meeting will be published and issued to shareholders in due course.

Board Composition

As at the date of this announcement, the Directors of the Company are:

Executive Directors	:	Mr. FOK Kin Ning, Canning (Chairman), Mr. TSAI Chao Chung, Charles (Chief Executive Officer), Mr. CHAN Loi Shun, Mr. Andrew John HUNTER, Mr. Neil Douglas MCGEE and Mr. WAN Chi Tin
Non-executive Directors	:	Mr. LEUNG Hong Shun, Alexander and Mr. LI Tzar Kuoi, Victor
Independent Non-executive Directors	:	Mr. Stephen Edward BRADLEY, Mr. IP Yuk-keung, Albert, Ms. KOH Poh Wah, Mr. KWAN Chi Kin, Anthony and Mr. WU Ting Yuk, Anthony