



Power Assets Holdings Ltd.
電能實業有限公司

(Stock Code : 6)



Interim Report **2023**

FINANCIAL HIGHLIGHTS

	Six months ended 30 June	
	2023	2022
	HK\$	HK\$
Profit attributable to shareholders (<i>million</i>)	2,959	2,871
Earnings per share	1.39	1.35
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

CHENG Cho Ying, Francis

(*Appointed on 1 July 2023*)

Andrew John HUNTER

Neil Douglas MCGEE

WAN Chi Tin

(*Resigned on 1 July 2023*)

Non-executive Directors

LEUNG Hong Shun, Alexander

LI Tzar Kuoi, Victor

Independent Non-executive Directors

Stephen Edward BRADLEY

IP Yuk-keung, Albert

KOH Poh Wah

KWAN Chi Kin, Anthony

WU Ting Yuk, Anthony

Audit Committee

IP Yuk-keung, Albert (*Chairman*)

KOH Poh Wah

WU Ting Yuk, Anthony

Remuneration Committee

KOH Poh Wah (*Chairman*)

FOK Kin Ning, Canning

KWAN Chi Kin, Anthony

Nomination Committee

IP Yuk-keung, Albert (*Chairman*)

Stephen Edward BRADLEY

LI Tzar Kuoi, Victor

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

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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:

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Ivan CHAN (*Chief Financial Officer*)

For other investors, please contact:

Alex NG (*Company Secretary*)

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Hong Kong

KEY DATES AND SHARE INFORMATION

Key Dates

Interim Results Announcement	2 August 2023
Ex-dividend Date	31 August 2023
Record Date for Interim Dividend	1 September 2023
Payment of Interim Dividend (HK\$0.78 per share)	12 September 2023
Financial Year End	31 December 2023

Share Information

Board Lot	500 shares
Market Capitalisation as at 30 June 2023	HK\$87,482 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 and its operating companies continued to meet global customers' needs for affordable, reliable, and increasingly clean energy, while investing to achieve net-zero carbon operations.

The Group's unaudited profits for the six months ended 30 June 2023 amounted to HK\$2,959 million (2022: HK\$2,871 million). Despite rising interest rates in global markets and exchange rate volatility against the Hong Kong dollar, our businesses continued to deliver good results with strong underlying performance.

Interim Dividend

The board of directors has declared an interim dividend of HK\$0.78 (2022: HK\$0.78) per share, payable on 12 September 2023 to shareholders whose names appear in the Company's Register of Members on 1 September 2023.

International Energy Investment Portfolio

United Kingdom Portfolio

The Group's portfolio in UK recorded a total contribution of HK\$1,398 million (2022: HK\$1,433 million). Our operating companies delivered good performance, but the results were partly affected by regulatory resets of UK Power Networks (UKPN), higher finance costs and unfavourable exchange rate.

Our operating companies also met or exceeded their targets in reliability, customer satisfaction, environmental sustainability, and operational excellence. These consistent operational outcomes reaffirm the Group's commitment to maintaining optimal performance standards.

UKPN commenced a new five-year price control period in April 2023. The company was awarded a 25% increase in actual expenditure compared with the previous period to invest in the electricity network to cater to the rollout of electric vehicles, heat pumps and renewables generation. Planned investment provides for both additional network capacity and the establishment of a new distribution system operator function in support of the UK's transition to Net Zero.

Northern Gas Networks' (NGN) ongoing emphasis on customer satisfaction yielded high scores in surveys conducted by the regulator Ofgem. The company achieved an average rating of 9.2 out of 10 across planned, repair and new connection work during the regulatory year. Wales & West Utilities (WWU) met all its regulatory performance targets despite severe adverse weather between December 2022 and March 2023.

Seabank Power met expectations for availability, efficiency, and starting performance under a long-term full tolling agreement with a single customer.

Hong Kong Portfolio

In Hong Kong, HK Electric Investments reported a profit contribution of HK\$328 million (2022: HK\$298 million). Its operating company, HK Electric, recorded an increase in electricity sales of 3% compared to the same period in 2022 due to warmer weather and return to normalcy for businesses and the community following the lifting of COVID-19 restrictions.

A major milestone in HK Electric's strategic 2019-2023 Development Plan was the completion and commercial launch of an offshore liquefied natural gas (LNG) terminal with an LNG storage capacity of 263,000 m³ in early July 2023. We also moved forward with the construction of the third new 380-MW gas-fired generating unit, which is scheduled for launch by early 2024. More than 303,000 smart meters have so far been installed, together with advanced metering infrastructure.

Dialogues with the Government have commenced on the 2024-2028 Development Plan and the Interim Review of the current Scheme of Control Agreement (SCA). The SCA has proven to be successful in establishing a stable framework for investing in decarbonisation.

Australian Portfolio

The Australian portfolio delivered a profit contribution of HK\$558 million (2022: HK\$671 million). Regulatory resets for the gas distribution networks and unfavourable exchange rate caused a decrease in the contribution. The Australian Energy Regulator released the inputs and methodology that will determine regulatory returns from 2023 to 2026, providing a clear framework for the rate of return on debt and equity during the period.

The Group's electricity distribution businesses continued to migrate and augment network capabilities to accommodate large-scale solar generation. One focus area was providing battery storage for solar power. In Melbourne, Powercor commissioned its first neighbourhood battery, charged by both network electricity and local rooftop solar generation, that will supply about 170 homes in western Melbourne for up to three hours during peak demand. United Energy installed about 20 pole-top 30-kW batteries in the city's southeastern suburbs and the Mornington Peninsula.

CHAIRMAN'S STATEMENT *(Continued)*

SA Power Networks mobilised resources extensively to support customers affected by flooding of the River Murray in South Australia. Electricity was disconnected in the region for community safety and gradually reconnected over the period under review.

Australian Gas Networks (AGN) and Multinet Gas (MG) worked to replace most of their cast iron and unprotected steel pipelines with polyethylene pipes, thereby improving safety and minimising gas losses. Major milestones included AGN's construction of a 16-km supply main to Caboolture West, Queensland and MG's replacement of 19.5 km of mains in Victoria.

The Group's gas transmission businesses also achieved operating targets. The compressor stations operated by Dampier Bunbury Pipelines achieved 99.61% reliability performance. Clean energy and remote energy provider Energy Developments Pty Limited completed the construction of North Weipa Solar Battery Project in Queensland. The company also completed the commissioning of the Limestone and Lorain renewable natural gas projects in Ohio, USA.

Australian Energy Operations moved forward with the construction of a 250-MVA synchronous condenser adjacent to the Ararat Terminal Station to improve system stability, for the Australian Energy Market Operator.

Other Portfolios

The Group's businesses in other parts of the world achieved their targets.

In Mainland China, the Jinwan power plant increased electricity it sold due to strong industrial demand. The renewable energy generated by the two wind farms in Dali and Laoting over the past six months reduced carbon emissions in the respective provinces by 99,000 tonnes.

In the Netherlands, AVR-Afvalverwerking B.V. (AVR) generated electricity, steam, and heat through the incineration of 817 kT of waste and provided a sustainable and steady return to the Group.

Canadian Power delivered higher earnings compared to 2022 due to higher power market prices. Following the completion of major expansion projects, Husky Midstream focused on achieving safe and reliable operations and optimising the entire system for efficiency and future growth.

In New Zealand, Wellington Electricity Lines Limited met targets for safety, reliability, and customer service while maintaining a high level of performance from network assets. The company made progress in implementing cost-reflective pricing strategies to ensure consumers are better informed about the cost of delivering electricity at peak periods.

In Thailand, Ratchaburi Power Plant delivered steady revenues under a long-term offtake contract to its sole customer – the Electricity Generating Authority of Thailand.

Sustainability at our hearts

Long-term global investment in the energy sector is inseparable from cultivating a sustainable portfolio to foster enduring value expansion. A key focus area for us is to move to a zero-carbon gas grid by integrating hydrogen into heating.

In the UK, NGN and WWU are jointly developing a project to convert 2,000 properties from gas to hydrogen heating by 2025. NGN progressed the “East Coast Hydrogen” programme in collaboration with other industry players to set up the infrastructure needed to make 7 GW of hydrogen available for transport through existing networks by 2030. In Australia, Australian Gas Infrastructure Group completed the groundwork to commence construction on a major hydrogen production facility at Hydrogen Park Murray Valley in Victoria. The facility will have a 10-MW electrolyser, one of the largest in Australia, and is expected to launch operations in mid-2025.

AVR is a trailblazer not just for the Group but for the industry as a whole when it comes to lower carbon heating supply. To progress even further along this pathway, the company is planning its second carbon capture usage project in Duiven for greenhouse cultivation after the success of the first development project in Rozenburg.

Our businesses collaborated closely with other sector participants, governments, academia, and others, to drive sustainable pathways for electricity, heating, and transportation. We participated in the Global Climate Action Conference, sharing best practices with other companies on topics like driving the energy transition in their respective fields and discovering new sustainability opportunities.

The Group also enhanced its ESG reporting and risk assessment frameworks during the period under review.

CHAIRMAN'S STATEMENT *(Continued)*

Outlook

Following regulatory resets affecting our operating companies in our major markets of the UK and Australia, our focus in the coming months will be to stabilise and set in place appropriate optimisation strategies.

We will continue to seek out appropriate investment opportunities globally that meet our criteria, in alignment with our long-established strategy of concentrating on high-quality ventures in a diversified range of stable and well-regulated energy markets.

We remain fully committed to supporting the governments in all our jurisdictions to achieve their net-zero targets. We actively collaborate with policymakers, sharing our expertise and knowledge to develop strategies and solutions that align with sustainability goals. From reinforcing electricity networks to meet two-way renewables flows to supporting the electrification of transportation and the hydrogenation of heating, we will continue leveraging our experience and resources to accelerate the transition towards a sustainable and carbon-neutral future.

In conclusion, my gratitude goes to the board of directors and all members of the Group for their unwavering commitment. I also extend my appreciation to our shareholders and other stakeholders for their enduring support. Your commitment and contributions are central to all our achievements.

Fok Kin Ning, Canning

Chairman

Hong Kong, 2 August 2023

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 2023 were HK\$3,269 million (31 December 2022: HK\$3,236 million). In addition, the Group had bank deposits and cash of HK\$3,907 million (31 December 2022: HK\$5,894 million) and no undrawn committed bank facility at 30 June 2023 (31 December 2022: 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, Canadian 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 2023, the net cash position of the Group was HK\$638 million (31 December 2022: net cash position of HK\$2,658 million).

The profile of the Group's external borrowings as at 30 June 2023, 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 2023 was HK\$3,269 million (31 December 2022: HK\$3,236 million). The fair value of forward foreign exchange contracts and cross currency swaps at 30 June 2023 was an asset of HK\$1,694 million (31 December 2022: an asset of HK\$2,608 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 2023 amounted to HK\$32,700 million (31 December 2022: HK\$33,262 million).

Contingent Liabilities

As at 30 June 2023, the Group had given guarantees and indemnities totalling HK\$203 million (31 December 2022: HK\$253 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 2023, excluding directors' emoluments, amounted to HK\$13 million (2022: HK\$13 million). As at 30 June 2023, the Group employed 14 (31 December 2022: 14) employees. No share option scheme is in operation.

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2023

(Expressed in Hong Kong dollars)

	Note	2023 \$ million	2022 \$ million
Revenue	5	662	598
Other net income		165	38
Other operating costs		(77)	(65)
Operating profit		750	571
Finance costs		(76)	(57)
Share of profits less losses of joint ventures		1,777	1,742
Share of profits less losses of associates		610	713
Profit before taxation	6	3,061	2,969
Income tax	7	(102)	(98)
Profit for the period attributable to equity shareholders of the Company		2,959	2,871
Earnings per share			
Basic and diluted	8	\$1.39	\$1.35

The notes on pages 16 to 27 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 2023

(Expressed in Hong Kong dollars)

	2023 \$ million	2022 \$ million
Profit for the period attributable to equity shareholders of the Company	2,959	2,871
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	87	448
Income tax relating to items that will not be reclassified to profit or loss	(21)	(119)
	66	329
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	2,551	(3,335)
Net investment hedges	(273)	1,738
Cost of hedging	(12)	(11)
Cash flow hedges: Net movement in hedging reserve	5	212
Share of other comprehensive income of joint ventures and associates	655	3,460
Income tax relating to items that may be reclassified subsequently to profit or loss	(168)	(917)
	2,758	1,147
	2,824	1,476
Total comprehensive income for the period attributable to equity shareholders of the Company	5,783	4,347

The notes on pages 16 to 27 form part of these unaudited interim financial statements.

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2023

(Expressed in Hong Kong dollars)

	Note	(Unaudited) 30 June 2023 \$ million	(Audited) 31 December 2022 \$ million
Non-current assets			
Property, plant and equipment and leasehold land	9	21	18
Interest in joint ventures	10	61,212	57,331
Interest in associates	11	27,273	27,305
Other non-current financial assets		1,100	1,100
Derivative financial instruments	16	1,884	1,887
Employee retirement benefit assets		6	6
		<u>91,496</u>	<u>87,647</u>
Current assets			
Other receivables	12	75	986
Bank deposits and cash	13(a)	3,907	5,894
		<u>3,982</u>	<u>6,880</u>
Current liabilities			
Other payables	14	(3,320)	(3,934)
Current tax payable		(123)	(104)
		<u>(3,443)</u>	<u>(4,038)</u>
Net current assets		<u>539</u>	<u>2,842</u>
Total assets less current liabilities		<u>92,035</u>	<u>90,489</u>
Non-current liabilities			
Bank loans and other interest-bearing borrowings	15	(3,269)	(3,236)
Lease liabilities		(2)	(1)
Derivative financial instruments	16	(39)	(27)
Deferred tax liabilities		(337)	(275)
Employee retirement benefit liabilities		(95)	(93)
		<u>(3,742)</u>	<u>(3,632)</u>
Net assets		<u>88,293</u>	<u>86,857</u>
Capital and reserves			
Share capital	17	6,610	6,610
Reserves		81,683	80,247
Total equity attributable to equity shareholders of the Company		<u>88,293</u>	<u>86,857</u>

The notes on pages 16 to 27 form part of these unaudited interim financial statements.

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

(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 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>
Balance at 1 January 2023	6,610	(7,320)	1,304	81,916	4,347	86,857
Changes in equity for the six months ended 30 June 2023:						
Profit for the period	–	–	–	2,959	–	2,959
Other comprehensive income	–	2,266	502	56	–	2,824
Total comprehensive income	–	2,266	502	3,015	–	5,783
Final dividend in respect of the previous year approved and paid	–	–	–	–	(4,347)	(4,347)
Interim dividend (see note 19)	–	–	–	(1,662)	1,662	–
Balance at 30 June 2023	<u>6,610</u>	<u>(5,054)</u>	<u>1,806</u>	<u>83,269</u>	<u>1,662</u>	<u>88,293</u>

The notes on pages 16 to 27 form part of these unaudited interim financial statements.

UNAUDITED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2023

(Expressed in Hong Kong dollars)

	Note	2023 \$ million	2022 \$ million
Operating activities			
Cash generated from/(used in) operations	13(b)	48	(73)
Interest paid		(57)	(49)
Interest received		658	486
Tax paid for operations outside Hong Kong		(36)	(62)
Net cash generated from operating activities		613	302
Investing activities			
Payment for the purchase of property, plant and equipment		(1)	–
Decrease/(increase) in bank deposits with more than three months to maturity when placed		714	(524)
Investment in a joint venture		(121)	(266)
Repayment of loan from a joint venture		144	–
Net cash received on hedging instruments		6	1,140
Dividends received from joint ventures		1,049	2,023
Dividends received from associates		668	648
Net cash generated from investing activities		2,459	3,021
Financing activities			
Capital element of lease rentals paid		(1)	–
Dividends paid to equity shareholders of the Company		(4,347)	(4,354)
Net cash used in financing activities		(4,348)	(4,354)
Net decrease in cash and cash equivalents		(1,276)	(1,031)
Cash and cash equivalents at 1 January		2,883	4,241
Effect of foreign exchange rate changes		3	(9)
Cash and cash equivalents at 30 June	13(a)	1,610	3,201

The notes on pages 16 to 27 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 2022 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2023 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 2022 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 2022 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 2022. 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 new and amended 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	2023						Total
	Investment in HKEI	Investments			Sub-total	All other activities	
		United Kingdom	Australia	Others			
For the six months ended 30 June							
Revenue							
Revenue	–	299	316	47	662	–	662
Other net income	–	–	–	3	3	35	38
Reportable segment revenue	–	299	316	50	665	35	700
Results							
Segment earnings	–	299	316	45	660	(36)	624
Depreciation and amortisation	–	–	–	–	–	(1)	(1)
Bank deposit interest income	–	–	–	–	–	127	127
Operating profit	–	299	316	45	660	90	750
Finance costs	–	14	(101)	11	(76)	–	(76)
Share of profits less losses of joint ventures and associates	328	1,085	352	620	2,057	2	2,387
Profit before taxation	328	1,398	567	676	2,641	92	3,061
Income tax	–	–	(9)	(93)	(102)	–	(102)
Reportable segment profit	328	1,398	558	583	2,539	92	2,959
2022							
\$ million	Investment in HKEI	Investments			Sub-total	All other activities	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

5. Revenue

Group revenue represents interest income from loans granted to joint ventures and associates and dividends from other financial assets.

	Six months ended 30 June	
	2023	2022
	\$ million	\$ million
Interest income	<u>662</u>	<u>598</u>
Share of revenue of joint ventures	<u>9,502</u>	<u>9,097</u>

6. Profit before taxation

	Six months ended 30 June	
	2023	2022
	\$ million	\$ million
Profit before taxation is arrived at after charging:		
Finance costs – interest on borrowings and other finance costs	76	57
Depreciation	<u>1</u>	<u>1</u>

7. Income tax

	Six months ended 30 June	
	2023	2022
	\$ million	\$ million
Current tax	52	24
Deferred tax	<u>50</u>	<u>74</u>
	<u>102</u>	<u>98</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 \$2,959 million for the six months ended 30 June 2023 (2022: \$2,871 million) and 2,131,105,154 ordinary shares (2022: 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 2023 and 2022.

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 2023	1	2	3	12	3	18
Additions	-	1	1	-	3	4
Depreciation and amortisation	-	-	-	-	(1)	(1)
Net book value at 30 June 2023	1	3	4	12	5	21
Cost	1	8	9	13	9	31
Accumulated depreciation and amortisation	-	(5)	(5)	(1)	(4)	(10)
Net book value at 30 June 2023	1	3	4	12	5	21

10. Interest in joint ventures

	30 June 2023 \$ million	31 December 2022 \$ million
Share of net assets of unlisted joint ventures	49,206	45,759
Loans to unlisted joint ventures	11,490	11,221
Amounts due from unlisted joint ventures	516	351
	61,212	57,331
Share of total assets of unlisted joint ventures	140,667	132,482

11. Interest in associates

	30 June 2023 \$ million	31 December 2022 \$ million
Share of net assets		
– Listed associate	16,529	16,690
– Unlisted associates	7,386	7,274
	23,915	23,964
Loans to unlisted associates	3,283	3,252
Amounts due from associates	75	89
	27,273	27,305

12. Other receivables

	30 June 2023 \$ million	31 December 2022 \$ million
Interest and other receivables	40	132
Derivative financial instruments (see note 16)	33	852
Deposits and prepayments	2	2
	75	986

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 2023 \$ million	31 December 2022 \$ million
Deposits with banks and other financial institutions with 3 months or less to maturity when placed	1,365	2,790
Cash at bank and on hand	245	93
	<hr/>	<hr/>
Cash and cash equivalents in the consolidated cash flow statement	1,610	2,883
Deposits with banks and other financial institutions with more than 3 months to maturity when placed	2,297	3,011
	<hr/>	<hr/>
Bank deposits and cash in the consolidated statement of financial position	3,907	5,894
	<hr/> <hr/>	<hr/> <hr/>

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

	Six months ended 30 June 2023 \$ million	2022 \$ million
Profit before taxation	3,061	2,969
Adjustments for:		
Share of profits less losses of joint ventures	(1,777)	(1,742)
Share of profits less losses of associates	(610)	(713)
Interest income	(789)	(617)
Finance costs	76	57
Depreciation	1	1
Exchange (gains)/losses	(1)	8
Changes in working capital:		
Decrease in other receivables	76	1
Increase/(decrease) in other payables	12	(42)
(Increase)/decrease in amounts due from joint ventures/associates	(3)	4
Increase in net employee retirement benefit liabilities	2	1
	<hr/>	<hr/>
Cash generated from/(used in) operations	48	(73)
	<hr/> <hr/>	<hr/> <hr/>

(c) Funds from operations

	Six months ended 30 June	
	2023 \$ million	2022 \$ million
Net cash generated from operating activities	613	302
Repayment of loan from a joint venture	144	–
Dividends received from joint ventures	1,049	2,023
Dividends received from associates	668	648
	<u>2,474</u>	<u>2,973</u>

14. Other payables

	30 June 2023 \$ million	31 December 2022 \$ million
	Creditors measured at amortised cost	3,225
Lease liabilities	3	2
Derivative financial instruments (see note 16)	92	17
	<u>3,320</u>	<u>3,934</u>

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

15. Bank loans and other interest-bearing borrowings

	30 June 2023 \$ million	31 December 2022 \$ million
	Bank loans – non-current	<u>3,269</u>

16. Derivative financial instruments

	30 June 2023		31 December 2022	
	Assets \$ million	Liabilities \$ million	Assets \$ million	Liabilities \$ million
Derivative financial instruments used for hedging:				
Cash flow hedges				
Interest rate swaps	92	–	87	–
Net investment hedges				
Cross currency swaps	572	–	1,130	–
Forward foreign exchange contracts	1,253	(131)	1,522	(44)
	<u>1,917</u>	<u>(131)</u>	<u>2,739</u>	<u>(44)</u>
Analysed as:				
Current	33	(92)	852	(17)
Non-current	1,884	(39)	1,887	(27)
	<u>1,917</u>	<u>(131)</u>	<u>2,739</u>	<u>(44)</u>

17. Share capital

	Number of Shares	30 June 2023 \$ million	31 December 2022 \$ million
<i>Issued and fully paid:</i>			
Voting ordinary shares	2,131,105,154	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 2022: 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 2022: 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 2023 and 31 December 2022.

19. Interim dividend

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

	Six months ended 30 June	
	2023	2022
	\$ million	\$ million
Interim dividend of \$0.78 per ordinary share (2022: \$0.78 per ordinary share)	1,662	1,665

20. Capital commitments

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

	30 June 2023 \$ million	31 December 2022 \$ million
Authorised but not contracted for: Capital expenditure for property, plant and equipment	<u><u>1</u></u>	<u><u>2</u></u>

21. Contingent liabilities

	30 June 2023 \$ million	31 December 2022 \$ million
Guarantees given in respect of a joint venture	<u><u>203</u></u>	<u><u>253</u></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 \$483 million for the six months ended 30 June 2023 (2022: \$407 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 \$179 million for the six months ended 30 June 2023 (2022: \$191 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 \$22 million (2022: \$21 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 2023 with the associate was \$4 million (31 December 2022: \$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 2023.

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, comprising the Executive Directors, is accountable to the Board, and ultimately to the shareholders.

As at 30 June 2023, the Board consists of a total of thirteen Directors, comprising six Executive Directors, two Non-executive Directors and five Independent Non-executive Directors. The number of Independent Non-executive Directors meets the one-third requirement under the Listing Rules, among which more than one of them have appropriate professional qualifications or accounting or related financial management expertise. 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.

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 holds meetings annually with Independent Non-executive Directors without the presence of other Directors to encourage them to voice out their independent views and promote an open and constructive dialogue. The Chief Executive Officer is responsible for managing the businesses of the Group and assuming full accountability to the Board for all Group operations, and attending to the formulation and successful implementation of Group policies.

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. He 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 2023.

CORPORATE GOVERNANCE *(Continued)*

Changes in Information of Directors

The changes in the information of Directors since the publication of the annual report 2022 (or, where applicable, subsequent announcement relating to appointment of Directors) and up to 14 August 2023 (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

Fok Kin Ning, Canning	Retired as a Director of Cenovus Energy Inc., the shares of which are listed on the Toronto Stock Exchange and the New York Stock Exchange
Ip Yuk-keung, Albert	Appointed as a Member of the Science and Technology Council, Macau Special Administrative Region
Wu Ting Yuk, Anthony	Ceased to be a member of Standing Committee of the 12th and 13th Chinese People's Political Consultative Conference National Committee

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.

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 and supervision of the Group's financial reporting, the review of financial information, the consideration of issues relating to external auditor and their appointment, the review and the 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 2023 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 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 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).

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).

CORPORATE GOVERNANCE *(Continued)*

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, review the related policies and practices, and assess and make 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, including Environmental, Social and Governance risks that 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 the Audit Committee and an Executive Director, 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 disciplines including accounting, engineering and information technology. Internal audit prepares its annual audit plan by using risk assessment methodology, and taking into account the scope and nature of the Group's activities and changes in operating environment. The audit plan is reviewed and approved by the Audit Committee. Depending on the business nature and risk exposure of the Group's business units, the scope of work on the Group's business units performed by internal audit includes financial, operations and information technology reviews, recurring and ad hoc audits, fraud investigations, productivity efficiency reviews and laws and regulations compliance reviews. Internal audit follows up audit recommendations on implementation by 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 2023, 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 the Company 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, briefings and roadshows with investors and analysts from time to time as appropriate. All shareholders may put enquiries to the Board at general meetings, whether they attend the meetings physically or through online access, 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 2023, 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:

CORPORATE GOVERNANCE *(Continued)*

Long Positions in Shares of the Company

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

Note: The approximate percentages of shareholding in this table were computed based on the number of issued shares of the Company as at 30 June 2023, being 2,131,105,154 shares.

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	Total	Approximate % of Issued Share Stapled Units
Li Tzar Kuoi, Victor	Interest of controlled corporation	Corporate	5,170,000) (Note 1))	7,870,000	0.08%
	Beneficiary of trusts	Other	2,700,000) (Note 2))		
Fok Kin Ning, Canning	Interest of controlled corporation	Corporate	2,000,000) (Note 3)	2,000,000	0.02%
Tsai Chao Chung, Charles	Beneficial owner	Personal	880	880	≈0%

Notes:

- (1) *Such share stapled units of HK Electric Investments and HK Electric Investments Limited ("SSUs") are held by Li Ka Shing Foundation Limited ("LKSF"). By virtue of the terms of the constituent documents of LKSF, Mr. Li Tzar Kuoi, Victor 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 SSUs are held by Li Ka-Shing Unity Trustee Company Limited ("TUT1") as trustee of The Li Ka-Shing Unity Trust ("UT1"). Each of Li Ka-Shing Unity Trustee Corporation Limited ("TDT1", which is the trustee of The Li Ka-Shing Unity Discretionary Trust ("DT1")) and Li Ka-Shing Unity Trustcorp Limited ("TDT2", which is the trustee of another discretionary trust ("DT2")) holds units in UT1 but is not entitled to any interest or share in any particular property comprising the trust assets of the said unit trust. The discretionary beneficiaries of each of DT1 and DT2 are, inter alia, Mr. Li Tzar Kuoi, Victor, his wife and children, and Mr. Li Tzar Kai, Richard.*

The entire issued share capital of TUT1, TDT1 and TDT2 are owned by Li Ka-Shing Unity Holdings Limited ("Unity Holdco"). Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor are respectively interested in one-third and two-thirds of the entire issued share capital of Unity Holdco. TUT1 is only interested in the SSUs by reason only of its obligation and power to hold interests in those SSUs in its ordinary course of business as trustee and, when performing its functions as trustee, exercises its power to hold interests in the SSUs independently without any reference to Unity Holdco or any of Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor as a holder of the shares of Unity Holdco as aforesaid.

As Mr. Li Tzar Kuoi, Victor is a discretionary beneficiary of each of DT1 and DT2, and by virtue of the above, Mr. Li Tzar Kuoi, Victor is taken to have a duty of disclosure in relation to the said SSUs held by TUT1 as trustee of UT1 under the SFO as a Director of the Company.

- (3) *Such SSUs 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 2023, 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 2023, 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 ⁽⁴⁾
Venniton Development Inc.	Beneficial owner	153,797,511 <i>(Note 1)</i>	7.22%
Interman Development Inc.	Beneficial owner	186,736,842 <i>(Note 1)</i>	8.76%
Univest Equity S.A.	Beneficial owner	279,011,102 <i>(Note 1)</i>	13.09%
Monitor Equities S.A.	Beneficial owner & interest of controlled corporation	287,211,674 <i>(Note 1)</i>	13.48%
Hyford Limited	Interest of controlled corporations	767,499,612 <i>(Note 2)</i>	36.01%
CK Infrastructure Holdings Limited	Interest of controlled corporations	767,499,612 <i>(Note 2)</i>	36.01%
Hutchison Infrastructure Holdings Limited	Interest of controlled corporations	767,499,612 <i>(Note 3)</i>	36.01%
CK Hutchison Global Investments Limited	Interest of controlled corporations	767,499,612 <i>(Note 3)</i>	36.01%
CK Hutchison Holdings Limited	Interest of controlled corporations	767,499,612 <i>(Note 3)</i>	36.01%

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.*
- (4) *The approximate percentages of shareholding in this table were computed based on the number of issued shares of the Company as at 30 June 2023, being 2,131,105,154 shares.*

Save as disclosed above, as at 30 June 2023, 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 2023 of HK\$0.78 per share. The dividend will be payable on Tuesday, 12 September 2023 to shareholders whose names appear in the register of members of the Company at the close of business on Friday, 1 September 2023, 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, 1 September 2023.

Purchase, Sale or Redemption of Shares

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2023.

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 2023 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 <i>as at 30 June 2023</i>	HK\$ million
Non-current assets	425,579
Current assets	22,010
Current liabilities	(45,599)
Non-current liabilities	<u>(279,521)</u>
Net assets	<u><u>122,469</u></u>
Share capital	35,724
Reserves	<u>86,745</u>
Capital and reserves	<u><u>122,469</u></u>

As at 30 June 2023, the consolidated attributable interest of the Group in these affiliated companies amounted to HK\$58,191 million.