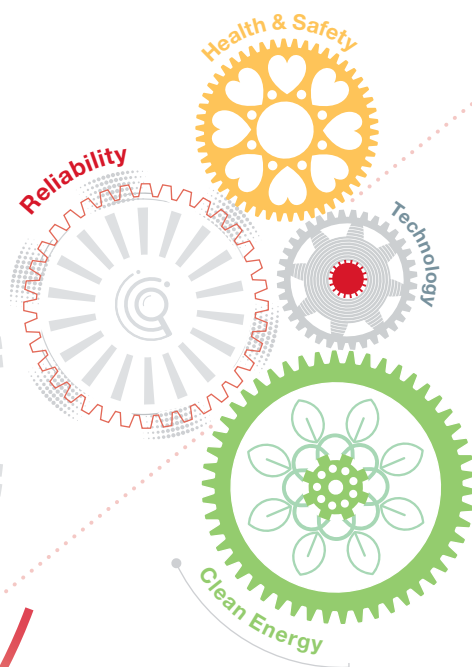




Power Assets Holdings Ltd.

電能實業有限公司

(Stock Code : 6)



Interim Report **2021**

FINANCIAL HIGHLIGHTS

	Six months ended 30 June	
	2021	2020
	HK\$	HK\$
Profit attributable to shareholders (<i>million</i>)	2,509	2,262
Earnings per share	1.18	1.06
Interim dividend per share	0.78	0.77

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

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



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CORPORATE INFORMATION

Board of Directors

Executive Directors

FOK Kin Ning, Canning (*Chairman*)
TSAI Chao Chung, Charles (*Chief Executive Officer*)
CHAN Loi Shun
Andrew John HUNTER
Neil Douglas MCGEE
WAN Chi Tin

Non-executive Directors

LEUNG Hong Shun, Alexander (*Appointed on 13 May 2021*)
LI Tzar Kuoi, Victor

Independent Non-executive Directors

IP Yuk-keung, Albert
KOH Poh Wah (*Appointed on 13 May 2021*)
LUI Wai Yu, Albert
Ralph Raymond SHEA
WU Ting Yuk, Anthony

Audit Committee

IP Yuk-keung, Albert (*Chairman*)
KOH Poh Wah
(*Appointed on 13 May 2021*)
Ralph Raymond SHEA
WU Ting Yuk, Anthony

Remuneration Committee

Ralph Raymond SHEA (*Chairman*)
FOK Kin Ning, Canning
LUI Wai Yu, Albert

Nomination Committee

IP Yuk-keung, Albert (*Chairman*)
LI Tzar Kuoi, Victor
Ralph Raymond SHEA

Sustainability Committee

TSAI Chao Chung, Charles (*Chairman*)
CHAN Loi Shun
IP Yuk-keung, Albert

Company Secretary

Alex NG

Principal Bankers

Bank of China (Hong Kong) Limited
Hang Seng Bank Limited
The Hongkong and Shanghai Banking
Corporation Limited
MUFG Bank, Ltd.

Auditor

KPMG

Website

www.powerassets.com

Registered Office

Unit 2005, 20th Floor, Cheung Kong Center,
2 Queen's Road Central, Hong Kong
Telephone: (852) 2122 9122
Facsimile: (852) 2180 9708
Email: mail@powerassets.com

Share Registrar

Computershare Hong Kong Investor
Services Limited
Shops 1712–1716,
17th Floor, Hopewell Centre,
183 Queen's Road East, Wanchai, Hong Kong
Website: www.computershare.com/hk/contact

ADR (Level 1 Programme) Depository

Citibank, N.A.
Shareholder Services
P.O. Box 43077, Providence,
Rhode Island 02940-3077, U.S.A.
Website: www.citi.com/dr
Email: citibank@shareholders-online.com

Investor Relations

For institutional investors, please contact:
CHAN Loi Shun (*Executive Director*) or
Ivan CHAN (*Chief Financial Officer*)

For other investors, please contact:
Alex NG (*Company Secretary*)

Email: mail@powerassets.com
Telephone: (852) 2122 9122
Facsimile: (852) 2180 9708
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Cheung Kong Center,
2 Queen's Road Central,
Hong Kong

KEY DATES AND SHARE INFORMATION

Key Dates

Interim Results Announcement	4 August 2021
Interim Report Despatch Date	On or before 24 August 2021
Ex-dividend Date	2 September 2021
Record Date for Interim Dividend	3 September 2021
Payment of Interim Dividend (HK\$0.78 per share)	14 September 2021
Financial Year End	31 December 2021

Share Information

Board Lot	500 shares
Market Capitalisation as at 30 June 2021	HK\$101,698 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

Solid Half Year Performance

The Power Assets Group's businesses delivered consistently solid performance despite the prolonged impact caused by the COVID-19 pandemic globally. The Group's unaudited profits attributable to the shareholders for the six months ended 30 June 2021 amounted to HK\$2,509 million (2020: HK\$2,262 million), an increase of 11%.

The Group's financial position remained strong with funds received from operations for the first six months of 2021 totalling HK\$2,570 million (2020: HK\$2,525 million).

Interim Dividend

The board of directors has declared an interim dividend of HK\$0.78 (2020: HK\$0.77) per share, payable on 14 September 2021 to shareholders whose names appear in the Company's Register of Members on 3 September 2021.

International Energy Investment Portfolio

United Kingdom Portfolio

The Group's operating companies in the UK, our largest market, once again met all key targets, continuing to achieve market-leading reliability and customer services despite challenging lockdown conditions. The portfolio recorded a total contribution of HK\$1,122 million (2020: HK\$842 million).

During the period, the Group recorded a tax credit in respect of deferred tax liabilities on intangible assets of a joint venture and a higher deferred tax charges as a result of the 6% increment in UK corporate tax rate.

A new five-year regulatory period for the UK electricity market will come into effect from April 2023. UK Power Networks (UKPN) conducted stakeholder engagement and developed a business plan which has been submitted to the regulator. As for Seabank Power Station, it maintained customary operating standards, with availability, efficiency and starting performance all exceeding expectations.

The regulatory resets for Northern Gas Networks (NGN) and Wales & West Utilities (WWU) would result in reduced contributions from these businesses. Both companies have submitted appeals to the Competition and Markets Authority to challenge the final determinations and the proceedings are in progress.

To support the government's policy objectives, NGN and its partners continued their research into the potential blending of hydrogen with existing gas assets. This included preparations for Phase Two of the Hydeploy project, which will provide a small community in the UK with a blend of up to 20% hydrogen in their gas supply.

Australian Portfolio

Our Australian businesses achieved satisfactory underlying results during the period. Regulatory resets for the electricity distribution networks caused a decrease in the contribution. The portfolio delivered a profit contribution of HK\$630 million (2020: HK\$663 million) to the Group.

SA Power Networks, our electricity distribution network in South Australia, continued to roll out connections to distributed energy resources, such as solar photovoltaics and batteries, across its market at a record pace. As for our Victorian distributors, the Australian Energy Regulator made its final determinations on their revised regulatory proposals in April, marking the end of the 2021-2026 regulatory reset process. The result will support major investments in our networks – Powercor, CitiPower and United Energy – to sustain reliable, safe and affordable electricity supplies while also building the digital automation needed to enable customer choices like rooftop solar, electric vehicles and batteries.

Our gas networks in Australia once again exceeded reliability targets, with Dampier Bunbury Pipeline compressor stations achieving over 99% reliability rating. Australian Gas Networks (AGN), collaboratively with Multinet Gas, progressed its major Hydrogen Park projects in South Australia (SA) and Gladstone as scheduled. The Hydrogen Park SA Project was commissioned in May 2021, marking the first time Australian renewable hydrogen is used for home supply. The project enables hydrogen to be blended with natural gas and delivered to 700 homes in Adelaide. In regards to the Gladstone project, pre-construction work is underway and is scheduled for completion by the end of 2021.

Energy Developments Ltd secured a contract to build, own and operate the Jabiru Hybrid Renewable Power Station in the Northern Territory. The project will integrate 3.9 MW of solar generation and 3-MW/5-MWh of battery energy storage, with 4.5 MW of diesel generation to balance sustainability with reliability. Our electricity transmission network, Australian Energy Operations, now operates two separate terminal stations and transmission lines in Victoria connecting four wind farms; this business provided a steady income stream to the Group.

CHAIRMAN'S STATEMENT *(Continued)*

Other Portfolios

In Canada, Canadian Power Holdings (CPH) reported higher earnings due to increase in market prices in Alberta. The coal-to-gas conversion of the remaining 400-MW unit at Sheerness power plant was completed in early 2021. As for Husky Midstream, targets were achieved throughout the first half of 2021, following the completion of almost all approved major expansion projects in 2020.

The two waste-to-energy incineration plants in the Netherlands, operated by AVR-Afvalverwerking B.V. (AVR), delivered strong results during the period. AVR not only eliminates the adverse environmental impact caused by dumping, it also captures the carbon in its Duiven facility and utilises it for gainful commercial application.

Wellington Electricity Lines in New Zealand continued to deliver high levels of safety, reliability and service to its customers, while maintaining an efficient performance from network assets. The company is also implementing cost reflective pricing strategies to ensure customers are better informed on the cost of delivering electricity at peak times.

Ratchaburi Power in Thailand maintained satisfactory operations. The plant is currently installing 1 MW of rooftop solar photovoltaics at the plant to cut emissions.

In Mainland China, electricity sold by our power plant in Jinwan (Guangdong province) increased by 58% in the first half of the year compared to the same period last year due to strong industrial demand. Our two wind farms in Dali (Yunnan province) and Laoting (Hebei province) performed well. These projects have enabled carbon emission to be reduced by 121,000 tonnes so far in 2021.

Investment in HK Electric Investments

In Hong Kong, HK Electric Investments delivered a profit contribution of HK\$294 million (2020: HK\$271 million) to the Group. With a slowly recovering economy and record high temperatures in April and May, the operating company – HK Electric – recorded a 1.9% increase in electricity unit sales for the first six months of the year compared to 2020.

Work on a range of capital projects under the 2019-2023 Development Plan to transition to a low-carbon generation regime progressed well. These included the construction of two new 380-MW combined cycle gas-fired generating units and an offshore natural gas storage terminal based on floating storage and regasification technology. These projects will successively come onstream over the course of the next two years. Alongside these extensive capital works, HK Electric maintained its excellent supply reliability rating of over 99.999% and either met or surpassed all its customer service standards.

A Unified Framework for Sustainability

The Group remained steadfast in our sustainability commitments by innovating to achieve carbon-neutrality goals with a focus on renewables and hydrogen-related projects across our operating regions.

Integrating sustainability principles and supporting local governments' carbon-neutrality initiatives remained a key focus during the period under review. A governance framework that aligns with the Group's environmental, social and governance (ESG) guidelines and policies was disseminated to all operating companies to ensure consistent performance regardless of market.

NGN and WWU in the UK, and AGN in Australia pioneered carbon reduction initiatives in their markets by moving forward with their projects to blend bio-gas or hydrogen into their distribution networks. Combined with the production of green hydrogen from renewable energy sources, this can lead to zero-carbon household heating where water vapour becomes the only emission.

In Canada, the completion of the coal-to-gas conversion of Sheerness power plant of CPH is expected to drive down emissions. During the period, CPH successfully acquired a 100% equity interest in the Okanagan Wind power project, which consists of two wind farms in British Columbia with a total capacity of 30 MW.

Outlook

While the pandemic and geopolitical tensions will continue to impact the global macro-economic landscape, the completion of regulatory resets for the Group's key operating companies has provided us with a stable framework for smooth operations. A key priority for the remainder of 2021 will be to prepare for the 2023 regulatory reset for UKPN.

CHAIRMAN'S STATEMENT *(Continued)*

We maintain our focus on and investment efforts in suitable high-quality opportunities that meet our strict criteria, and are looking at a diversified range of stable and well-regulated energy markets around the world that yield predictable revenues over the long term.

We are committed to innovating and working within our communities to make contributions to every region in which we operate to meet their carbon neutrality commitments under the Paris Agreement, as well as to support greater sustainability within our industries and provide a brighter and greener future for generations to come.

I would like to thank all my colleagues in the Power Assets Group for their diligence and commitment through these unprecedented times and extend my gratitude to our board of directors, shareholders and other stakeholders for their long-term support.

Fok Kin Ning, Canning
Chairman

Hong Kong, 4 August 2021

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 2021 were HK\$3,602 million (31 December 2020: HK\$3,640 million). In addition, the Group had bank deposits and cash of HK\$3,328 million (31 December 2020: HK\$5,427 million) and no undrawn committed bank facility at 30 June 2021 (31 December 2020: HK\$ Nil).

Treasury Policy, Financing Activities and Debt Structure

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

The Group's financial profile remained strong during the period. On 28 December 2020, Standard & Poor's reaffirmed the "A" long-term issuer credit rating and the "Stable" outlook of the Company, unchanged since September 2018. As at 30 June 2021, the net debt position of the Group was HK\$274 million (31 December 2020: net cash position of HK\$1,787 million) with a net debt to net total capital ratio of 0.3%.

The profile of the Group's external borrowings as at 30 June 2021, 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 2021 was HK\$3,602 million (31 December 2020: HK\$3,640 million). The fair value of forward foreign exchange contracts and cross currency swaps at 30 June 2021 was a liability of HK\$47 million (31 December 2020: liability of HK\$78 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 2021 amounted to HK\$34,195 million (31 December 2020: HK\$35,010 million).

Contingent Liabilities

As at 30 June 2021, the Group had given guarantees and indemnities totalling HK\$416 million (31 December 2020: HK\$438 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 2021, excluding directors' emoluments, amounted to HK\$11 million (2020: HK\$12 million). As at 30 June 2021, the Group employed 13 (31 December 2020: 13) employees. No share option scheme is in operation.

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2021

(Expressed in Hong Kong dollars)

	Note	2021 \$ million	2020 \$ million
Revenue	5	615	601
Other net income		21	176
Other operating costs		(67)	(76)
Operating profit		569	701
Finance costs		(63)	(32)
Share of profits less losses of joint ventures		1,607	1,068
Share of profits less losses of associates		466	584
Profit before taxation	6	2,579	2,321
Income tax	7	(70)	(59)
Profit for the period attributable to equity shareholders of the Company		2,509	2,262
Earnings per share			
Basic and diluted	8	\$1.18	\$1.06

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

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2021

(Expressed in Hong Kong dollars)

	2021 \$ million	2020 \$ million
Profit for the period attributable to equity shareholders of the Company	2,509	2,262
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	1,235	87
Income tax relating to items that will not be reclassified to profit or loss	(316)	(14)
	919	73
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	1,491	(1,916)
Net investment hedges	144	1,919
Cost of hedging	19	120
Cash flow hedges:		
Net movement of hedging reserve related to hedging instruments recognised during the current period	101	(96)
Share of other comprehensive income of joint ventures and associates	1,002	(991)
Income tax relating to items that may be reclassified subsequently to profit or loss	(310)	260
	2,447	(704)
	3,366	(631)
Total comprehensive income for the period attributable to equity shareholders of the Company	5,875	1,631

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

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2021

(Expressed in Hong Kong dollars)

	Note	(Unaudited) 30 June 2021 \$ million	(Audited) 31 December 2020 \$ million
Non-current assets			
Property, plant and equipment and leasehold land	9	16	17
Interest in joint ventures	10	62,374	59,147
Interest in associates	11	26,516	26,405
Other non-current financial assets		1,100	1,100
Derivative financial instruments	16	597	704
Deferred tax assets		80	111
Employee retirement benefit assets		6	6
		<u>90,689</u>	<u>87,490</u>
Current assets			
Trade and other receivables	12	552	635
Bank deposits and cash	13(a)	3,328	5,427
		<u>3,880</u>	<u>6,062</u>
Current liabilities			
Trade and other payables	14	(3,606)	(3,603)
Current portion of bank loans and other interest-bearing borrowings	15	–	(3,642)
Current tax payable		(129)	(161)
		<u>(3,735)</u>	<u>(7,406)</u>
Net current assets/(liabilities)		<u>145</u>	<u>(1,344)</u>
Total assets less current liabilities		<u>90,834</u>	<u>86,146</u>
Non-current liabilities			
Bank loans and other interest-bearing borrowings	15	(3,602)	–
Derivative financial instruments	16	(698)	(1,181)
Deferred tax liabilities		(104)	(57)
Employee retirement benefit liabilities		(143)	(142)
		<u>(4,547)</u>	<u>(1,380)</u>
Net assets		<u>86,287</u>	<u>84,766</u>
Capital and reserves			
Share capital	17	6,610	6,610
Reserves		79,677	78,156
Total equity attributable to equity shareholders of the Company		<u>86,287</u>	<u>84,766</u>

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

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

(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 2020	6,610	(6,118)	(2,114)	82,781	4,333	85,492
Changes in equity for the six months ended 30 June 2020:						
Profit for the period	–	–	–	2,262	–	2,262
Other comprehensive income	–	123	(827)	73	–	(631)
Total comprehensive income	–	123	(827)	2,335	–	1,631
Final dividend in respect of the previous year approved and paid	–	–	–	–	(4,333)	(4,333)
Interim dividend (see note 19)	–	–	–	(1,643)	1,643	–
Balance at 30 June 2020	6,610	(5,995)	(2,941)	83,473	1,643	82,790
Balance at 1 January 2021	6,610	(4,154)	(3,459)	81,415	4,354	84,766
Changes in equity for the six months ended 30 June 2021:						
Profit for the period	–	–	–	2,509	–	2,509
Other comprehensive income	–	1,654	793	919	–	3,366
Total comprehensive income	–	1,654	793	3,428	–	5,875
Final dividend in respect of the previous year approved and paid	–	–	–	–	(4,354)	(4,354)
Interim dividend (see note 19)	–	–	–	(1,665)	1,665	–
Balance at 30 June 2021	6,610	(2,500)	(2,666)	83,178	1,665	86,287

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

UNAUDITED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2021

(Expressed in Hong Kong dollars)

	Note	2021 \$ million	2020 \$ million
Operating activities			
Cash used in operations	13(b)	(269)	(81)
Interest paid		(93)	(38)
Interest received		646	490
Tax paid for operations outside Hong Kong		(71)	(27)
Tax refunded for operations outside Hong Kong		8	—
Net cash generated from operating activities		221	344
Investing activities			
Payment for the purchase of property, plant and equipment		—	(1)
Decrease in bank deposits with more than three months to maturity when placed		1,546	578
Investment in a joint venture		(270)	(636)
Investment in an associate		(18)	—
New loan to a joint venture		(204)	—
Net cash received on hedging instruments		155	918
Dividends received from joint ventures		1,530	1,634
Dividends received from associates		819	547
Net cash generated from investing activities		3,558	3,040
Financing activities			
Proceeds from bank loans		3,685	—
Repayment of bank loans		(3,679)	—
Capital element of lease rentals paid		(1)	(2)
Dividends paid to equity shareholders of the Company		(4,354)	(4,333)
Net cash used in financing activities		(4,349)	(4,335)
Net decrease in cash and cash equivalents		(570)	(951)
Cash and cash equivalents at 1 January		3,388	3,239
Effect of foreign exchange rate changes		17	14
Cash and cash equivalents at 30 June	13(a)	2,835	2,302

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

1. Review of unaudited interim financial statements

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

2. Basis of preparation

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

The interim financial statements have been prepared in accordance with the same accounting policies adopted in the 2020 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2021 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 2020 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 2020 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 2020. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

3. Changes in accounting policies

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements:

- Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16, *Interest rate benchmark reform – phase 2*
- Amendments to HKFRS 16, *COVID-19-related rent concessions beyond 30 June 2021*

The adoption of the amendments above has no material impact on the Group's results and financial position for the current or prior periods.

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:

	2021						
		Investments					
\$ million	Investment in HKEI	United Kingdom	Australia	Others	Sub-total	All other activities	Total
For the six months ended 30 June							
Revenue							
Revenue	-	292	275	48	615	-	615
Other net income	-	-	-	3	3	12	15
Reportable segment revenue	-	292	275	51	618	12	630
Results							
Segment earnings	-	292	275	45	612	(48)	564
Depreciation and amortisation	-	-	-	-	-	(1)	(1)
Bank deposit interest income	-	-	-	-	-	6	6
Operating profit	-	292	275	45	612	(43)	569
Finance costs	-	35	(111)	13	(63)	-	(63)
Share of profits less losses of joint ventures and associates (Note)	294	794	480	503	1,777	2	2,073
Profit before taxation	294	1,121	644	561	2,326	(41)	2,579
Income tax	-	1	(14)	(57)	(70)	-	(70)
Reportable segment profit	294	1,122	630	504	2,256	(41)	2,509
2020							
		Investments					
\$ million	Investment in HKEI	United Kingdom	Australia	Others	Sub-total	All other activities	Total
For the six months ended 30 June							
Revenue							
Revenue	-	268	247	86	601	-	601
Other net income	-	-	-	3	3	126	129
Reportable segment revenue	-	268	247	89	604	126	730
Results							
Segment earnings	-	268	247	81	596	60	656
Depreciation and amortisation	-	-	-	-	-	(2)	(2)
Bank deposit interest income	-	-	-	-	-	47	47
Operating profit	-	268	247	81	596	105	701
Finance costs	-	38	(83)	13	(32)	-	(32)
Share of profits less losses of joint ventures and associates (Note)	271	537	510	332	1,379	2	1,652
Profit before taxation	271	843	674	426	1,943	107	2,321
Income tax	-	(1)	(11)	(47)	(59)	-	(59)
Reportable segment profit	271	842	663	379	1,884	107	2,262

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 (2020: \$780 million).

5. Revenue

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

	Six months ended 30 June	
	2021	2020
	\$ million	\$ million
Interest income	615	601
Share of revenue of joint ventures	9,003	7,956

6. Profit before taxation

	Six months ended 30 June	
	2021	2020
	\$ million	\$ million
Profit before taxation is arrived at after charging:		
Finance costs – interest on borrowings and other finance costs	63	32
Depreciation	1	2

7. Income tax

	Six months ended 30 June	
	2021	2020
	\$ million	\$ million
Current tax	26	34
Deferred tax	44	25
	70	59

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 \$2,509 million for the six months ended 30 June 2021 (2020: \$2,262 million) and 2,134,261,654 ordinary shares (2020: 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 2021 and 2020.

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 2021	1	2	3	12	2	17
Depreciation and amortisation	-	-	-	-	(1)	(1)
Net book value at 30 June 2021	1	2	3	12	1	16
Cost	1	6	7	13	7	27
Accumulated depreciation and amortisation	-	(4)	(4)	(1)	(6)	(11)
Net book value at 30 June 2021	1	2	3	12	1	16

10. Interest in joint ventures

	30 June 2021 \$ million	31 December 2020 \$ million
Share of net assets of unlisted joint ventures	49,355	46,531
Loans to unlisted joint ventures	12,742	12,329
Amounts due from unlisted joint ventures	277	287
	<u>62,374</u>	<u>59,147</u>
Share of total assets of unlisted joint ventures	<u>145,912</u>	<u>141,570</u>

11. Interest in associates

	30 June 2021 \$ million	31 December 2020 \$ million
Share of net assets		
– Listed associate	15,995	16,160
– Unlisted associates	6,809	6,508
	<u>22,804</u>	<u>22,668</u>
Loans to unlisted associates	3,628	3,642
Amounts due from associates	84	95
	<u>26,516</u>	<u>26,405</u>

12. Trade and other receivables

	30 June 2021 \$ million	31 December 2020 \$ million
Trade debtors	–	–
Interest and other receivables	497	406
	<u>497</u>	<u>406</u>
Derivative financial instruments (see note 16)	53	226
Deposits and prepayments	2	3
	<u>552</u>	<u>635</u>

Trade with customers is carried out on credit and invoices are normally due within one month after issued. The ageing of trade debtors is based on invoice date and net of loss allowance.

13. Bank deposits and cash

(a) Bank deposits and cash comprise:

	30 June 2021 \$ million	31 December 2020 \$ million
Deposits with banks and other financial institutions with 3 months or less to maturity when placed	2,673	3,332
Cash at bank and on hand	162	56
Cash and cash equivalents in the consolidated cash flow statement	2,835	3,388
Deposits with banks and other financial institutions with more than 3 months to maturity when placed	493	2,039
Bank deposits and cash in the consolidated statement of financial position	3,328	5,427

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

	Six months ended 30 June 2021 \$ million	2020 \$ million
Profit before taxation	2,579	2,321
Adjustments for:		
Share of profits less losses of joint ventures	(1,607)	(1,068)
Share of profits less losses of associates	(466)	(584)
Interest income	(621)	(648)
Finance costs	63	32
Depreciation	1	2
Exchange gains	(26)	(11)
Changes in working capital:		
(Increase)/decrease in trade and other receivables	(160)	2
Decrease in trade and other payables	(2)	(130)
(Increase)/decrease in amounts due from joint ventures	(2)	2
Increase in amounts due from associates	(29)	–
Increase in net employee retirement benefit liabilities	1	1
Cash used in operations	(269)	(81)

(c) Funds from Operations

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

	Six months ended 30 June	
	2021	2020
	\$ million	\$ million
Net cash generated from operating activities	221	344
Dividends received from joint ventures	1,530	1,634
Dividends received from associates	819	547
	2,570	2,525

14. Trade and other payables

	30 June 2021 \$ million	31 December 2020 \$ million
Due within 1 month or on demand	74	64
Due after 1 month but within 3 months	8	5
Due after 3 months but within 12 months	3,262	3,328
Creditors measured at amortised cost	3,344	3,397
Derivative financial instruments (see note 16)	262	206
	3,606	3,603

15. Bank loans and other interest-bearing borrowings

	30 June 2021 \$ million	31 December 2020 \$ million
Bank loans		
– current	–	3,640
– non-current	3,602	–
	3,602	3,640
Lease liabilities		
– current	–	2
	3,602	3,642

16. Derivative financial instruments

	30 June 2021		31 December 2020	
	Assets	Liabilities	Assets	Liabilities
	\$ million	\$ million	\$ million	\$ million
Derivative financial instruments used for hedging:				
Cash flow hedges				
Interest rate swaps	–	(268)	–	(369)
Forward foreign exchange contracts	5	–	–	(10)
Net investment hedges				
Cross currency swaps	143	(236)	195	(549)
Forward foreign exchange contracts	502	(456)	735	(459)
	<u>650</u>	<u>(960)</u>	<u>930</u>	<u>(1,387)</u>
Analysed as:				
Current	53	(262)	226	(206)
Non-current	597	(698)	704	(1,181)
	<u>650</u>	<u>(960)</u>	<u>930</u>	<u>(1,387)</u>

17. Share capital

	Number of Shares	30 June 2021 \$ million	31 December 2020 \$ million
<i>Issued and fully paid:</i>			
Voting ordinary shares	<u>2,134,261,654</u>	<u>6,610</u>	<u>6,610</u>

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

18. Fair value measurement

(a) Recurring fair value measurements

	Fair value measurement at 30 June 2021 categorised into		Total \$ million
	Level 2 \$ million	Level 3 \$ million	
Financial assets			
Other non-current financial assets	–	1,100	1,100
Derivative financial instruments:			
– Cross currency swaps	143	–	143
– Forward foreign exchange contracts	507	–	507
	<u>650</u>	<u>1,100</u>	<u>1,750</u>
Financial liabilities			
Derivative financial instruments:			
– Interest rate swaps	(268)	–	(268)
– Cross currency swaps	(236)	–	(236)
– Forward foreign exchange contracts	(456)	–	(456)
	<u>(960)</u>	<u>–</u>	<u>(960)</u>
Fair value measurement at 31 December 2020 categorised into			
	Level 2 \$ million	Level 3 \$ million	Total \$ million
Financial assets			
Other non-current financial assets	–	1,100	1,100
Derivative financial instruments:			
– Cross currency swaps	195	–	195
– Forward foreign exchange contracts	735	–	735
	<u>930</u>	<u>1,100</u>	<u>2,030</u>
Financial liabilities			
Derivative financial instruments:			
– Interest rate swaps	(369)	–	(369)
– Cross currency swaps	(549)	–	(549)
– Forward foreign exchange contracts	(469)	–	(469)
	<u>(1,387)</u>	<u>–</u>	<u>(1,387)</u>

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 2020: 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 2020: 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, trade and other receivables, trade and 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 2021 and 31 December 2020.

19. Interim dividend

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

	Six months ended 30 June	
	2021	2020
	\$ million	\$ million
Interim dividend of \$0.78 per ordinary share (2020: \$0.77 per ordinary share)	1,665	1,643

20. Capital commitments

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

	30 June	31 December
	2021	2020
	\$ million	\$ million
Contracted for:		
Investment in a joint venture	–	36
Authorised but not contracted for:		
Capital expenditure for property, plant and equipment	1	–

21. Contingent liabilities

	30 June	31 December
	2021	2020
	\$ million	\$ million
Guarantees given in respect of a joint venture	416	438

22. Material related party transactions

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

(a) Shareholder

Outram Limited ("Outram"), a subsidiary of the Company, reimbursed a wholly-owned subsidiary of CK Infrastructure Holdings Limited, a substantial shareholder of the Company, \$10 million (2020: \$9 million) being the actual costs incurred for providing the operation and management services to Outram and its subsidiaries for the period. The transaction constitutes a continuing connected transaction under the Listing Rules for the Company.

(b) Joint ventures

Interest income received/receivable from joint ventures in respect of the loans to joint ventures amounted to \$412 million for the six months ended 30 June 2021 (2020: \$429 million). The outstanding balances with joint ventures are disclosed in note 10.

(c) Associates

- (i) Interest income received/receivable from associates in respect of the loans to associates amounted to \$203 million for the six months ended 30 June 2021 (2020: \$172 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 \$20 million (2020: \$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 2021 with the associate was \$3 million (31 December 2020: \$4 million).

23. Comparative figures

Certain comparative figures in consolidated cash flow statement and related notes have been reclassified to conform to current period's presentation.

CORPORATE GOVERNANCE

Corporate Governance Practices

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 a company and its ability to attract investment, protect the rights of shareholders and stakeholders, and enhance shareholder value. The Group's corporate governance policy is designed to achieve these objectives and is maintained through a framework of processes, policies and guidelines.

The Company has complied with all 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 2021.

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 responsible for the 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 management. Management is responsible for the day-to-day operations of the Group under the leadership of the Chief Executive Officer.

As at 30 June 2021, the Board consists of a total of thirteen Directors, comprising six Executive Directors, two Non-executive Directors and five Independent Non-executive Directors. More than one-third of the Board are Independent Non-executive Directors, among which more than one of them have appropriate professional qualifications or accounting or related financial management expertise as required by the Listing Rules. All Directors are required to retire from office by rotation and are subject to re-election by shareholders at the annual general meeting once every three years pursuant to the articles of association of the Company.

CORPORATE GOVERNANCE *(Continued)*

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

The Board meets at least four times a year. Additional board meetings will be held when warranted. Directors also participate in the consideration and approval of matters by way of written resolutions, which are circulated to Directors together with supporting explanatory write-up and coupled with briefings from the Chief Executive Officer or the Company Secretary as required.

The Company Secretary of the Company supports the Board by ensuring good information flow within the Board and that board policy and procedures are followed. The Company Secretary is responsible for ensuring that the Board is briefed on all legislative, regulatory and corporate governance developments and that the Board has regard to them when making decisions. The Company Secretary 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.

Model Code for Securities Transactions by Directors

The Board of Directors of the Company has adopted the Model Code for Securities Transactions by Directors (the "Model Code") set out in Appendix 10 of the Listing Rules as the Group's code of conduct regulating directors' securities transactions. All Directors have confirmed following specific enquiry that they have complied with the required standards set out in the Model Code throughout the six months ended 30 June 2021.

Senior managers, and other nominated managers and staff who, because of their respective positions in the Company, are likely to possess inside information regarding the Company and its securities are also required to comply with the Model Code.

Changes in Information of Directors

The changes in the information of Directors since the publication of the annual report 2020 (or, where applicable, subsequent announcement relating to appointments of Directors) and up to 16 August 2021 (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	Resigned as a director of Husky Energy Inc. ⁽¹⁾ Appointed as the Chairman of TPG Telecom Limited ⁽²⁾
Ip Yuk-keung, Albert	Re-designated as an Independent Non-executive Director of Eagle Asset Management (CP) Limited which is the manager of Champion Real Estate Investment Trust ⁽³⁾
Wu Ting Yuk, Anthony	Resigned as the Chairman of the board of directors of China Resources Medical Holdings Company Limited ⁽⁴⁾ Appointed as an Independent Non-executive Director of Sing Tao News Corporation Limited ⁽⁴⁾

Notes:

- (1) A company previously listed on the Toronto Stock Exchange.
- (2) A company whose shares are listed on the Australian Securities Exchange.
- (3) A real estate investment trust listed on The Stock Exchange of Hong Kong Limited.
- (4) A company whose shares are listed on The Stock Exchange of Hong Kong Limited.

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

Risk Management and Internal Control

The Board has overall responsibility for evaluating and determining the nature and extent of the risks they are willing to take in achieving the 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.

CORPORATE GOVERNANCE *(Continued)*

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

The Audit Committee has reviewed the effectiveness of the risk management and internal control systems of the Group for the six months ended 30 June 2021, and considered the systems are effective and adequate.

Audit Committee

The Audit Committee comprises four Independent Non-executive Directors, namely Mr. Ip Yuk-keung, Albert (Chairman of the Audit Committee), Ms. Koh Poh Wah (appointed on 13 May 2021), Mr. Ralph Raymond Shea and Mr. Wu Ting Yuk, Anthony.

The Audit Committee reports directly to the Board of Directors and its principal responsibilities include the review of the Group's financial reporting, risk management and internal control systems, the interim and annual financial statements, and corporate and compliance issues. The Audit Committee also meets regularly with the Company's external auditor to discuss the audit process and accounting issues.

The unaudited consolidated financial statements of the Group for the six months ended 30 June 2021 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 Company has established its Nomination Committee in accordance with the Corporate Governance Code. The Nomination Committee comprises three members, two of whom 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. Victor T K Li (a Non-executive Director) and Mr. Ralph Raymond Shea (an Independent Non-executive Director).

The Nomination Committee reports directly to the Board of Directors. The principal responsibilities of the Nomination Committee 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 Director Nomination Policy and the Board Diversity Policy. The terms of reference of the Nomination Committee are published on the Company's website and HKEX's website.

Remuneration Committee

In compliance with the Corporate Governance Code, the Company has established the Remuneration Committee which comprises three members, two of whom are Independent Non-executive Directors. It is chaired by Mr. Ralph Raymond Shea (an Independent Non-executive Director) and the other members are Mr. Fok Kin Ning, Canning (the Chairman of the Board) and Mr. Lui Wai Yu, Albert (an Independent Non-executive Director).

The Remuneration Committee reports directly to the Board of Directors and its principal responsibilities include the review and consideration of the Company's policy for remuneration of Directors and senior management, 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 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 of Directors and its principal responsibilities are to oversee management and advise the Board on the development and implementation of the sustainability initiatives of the Group, including reviewing the related policies and practices, and assessing and making recommendations on matters concerning the Group's sustainability development and risks. The terms of reference of the Sustainability Committee are published on the Company's website and HKEX's website.

Communication with Shareholders

The Company has established a range of communication channels between itself and its shareholders and investors. These include the annual general meeting, the annual and interim reports, notices, letters, announcements and circulars, news releases, the Company's website at www.powerassets.com and meetings with investors and analysts. All shareholders have the opportunity to put questions to the Board at general meetings, and at other times by emailing or writing to the Company. The Board has adopted a communication policy which provides a framework to promote effective communication with shareholders. The policy is available on the website of 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 copies or through the Company's website) corporate communications from the Company.

The Company handles share registration and related 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 2021, the interests or short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and the chief executives of the Company were deemed or taken to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Long Positions in Shares of the Company

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

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

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

Notes:

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

Save as disclosed above, as at 30 June 2021, 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 2021, shareholders (other than Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange were as follows:

Substantial Shareholders

Long Positions in Shares of the Company

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

Other Persons

(a) Long Positions in Shares and Underlying Shares of the Company

Name	Capacity	Number of Shares/ Underlying Shares	Approximate % of Shareholding
BlackRock, Inc.	Interests of controlled corporations	107,150,773 (Note 4)	5.02%

(b) Short Positions in Shares and Underlying Shares of the Company

Name	Capacity	Number of Shares/ Underlying Shares	Approximate % of Shareholding
BlackRock, Inc.	Interests of controlled corporations	37,500	≈0%

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) Such long position includes derivatives interests in 158,500 underlying shares of the Company derived from unlisted and cash settled derivatives.

Save as disclosed above, as at 30 June 2021, 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 2021 of HK\$0.78 per share. The dividend will be payable on Tuesday, 14 September 2021 to shareholders whose names appear in the register of members of the Company at the close of business on Friday, 3 September 2021, 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, 3 September 2021.

Purchase, Sale or Redemption of Shares

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's issued shares during the six months ended 30 June 2021.

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 2021 required to be disclosed under Rule 13.22 of Chapter 13 of the Listing Rules is set out below:

Combined statement of financial position of the affiliated companies as at 30 June 2021	HK\$ million
Non-current assets	437,514
Current assets	26,222
Current liabilities	(47,108)
Non-current liabilities	(302,245)
Net assets	114,383
Share capital	37,840
Reserves	76,543
Capital and reserves	114,383

As at 30 June 2021, the consolidated attributable interest of the Group in these affiliated companies amounted to HK\$57,761 million.