



Power Assets Holdings Ltd.
電能實業有限公司

於香港註冊成立的有限公司
Incorporated in Hong Kong with limited liability
股票代號 Stock Code: 6

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2022 INTERIM RESULTS

CHAIRMAN'S STATEMENT

Half Year Results

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

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

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

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

Interim Dividend

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

International Energy Investment Portfolio

United Kingdom Portfolio

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

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

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

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

Australian Portfolio

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

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

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

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

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

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

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

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

Other Portfolios

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

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

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

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

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

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

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

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

Investment in HK Electric Investments

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

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

Sustainability-centric long-term growth

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

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

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

Outlook

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

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

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

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

Fok Kin Ning, Canning
Chairman

Hong Kong, 3 August 2022

FINANCIAL REVIEW

Capital Expenditure, Liquidity and Financial Resources

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

Treasury Policy, Financing Activities and Debt Structure

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

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

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

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

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

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

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

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

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

Contingent Liabilities

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

Employees

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

POWER ASSETS HOLDINGS LIMITED
UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the six months ended 30 June 2022
(Expressed in Hong Kong dollars)

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

POWER ASSETS HOLDINGS LIMITED
UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2022
(Expressed in Hong Kong dollars)

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

POWER ASSETS HOLDINGS LIMITED
UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2022

(Expressed in Hong Kong dollars)

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

POWER ASSETS HOLDINGS LIMITED
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the six months ended 30 June 2022
(Expressed in Hong Kong dollars)

\$ million	Attributable to equity shareholders of the Company					Total
	Share capital	Exchange reserve	Hedging reserve	Revenue reserve	Proposed/ declared dividend	
Balance at 1 January 2021	6,610	(4,154)	(3,459)	81,415	4,354	84,766
Changes in equity for the six months ended 30 June 2021:						
Profit for the period	-	-	-	2,509	-	2,509
Other comprehensive income	-	1,654	793	919	-	3,366
Total comprehensive income	-	1,654	793	3,428	-	5,875
Final dividend in respect of the previous year approved and paid	-	-	-	-	(4,354)	(4,354)
Interim dividend (<i>see note 13</i>)	-	-	-	(1,665)	1,665	-
Balance at 30 June 2021	6,610	(2,500)	(2,666)	83,178	1,665	86,287
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 (<i>see note 13</i>)	-	-	-	(1,665)	1,665	-
Balance at 30 June 2022	6,610	(6,021)	182	84,324	1,665	86,760

POWER ASSETS HOLDINGS LIMITED
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
(Expressed in Hong Kong dollars)

1. Review of unaudited interim financial statements

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

2. Basis of preparation

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

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

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

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

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

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

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

3. Changes in accounting policies

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

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

4. Segment reporting

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

\$ million	2022						Total
	Investment in HKEI	United Kingdom	Australia	Others	Sub-total	All other activities	
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

\$ million	2021						Total
	Investments					All other activities	
	Investment in HKEI	United Kingdom	Australia	Others	Sub-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 (<i>Note</i>)	294	794	480	503	1,777	2	2,073
Profit before taxation	294	1,121	644	561	2,326	(41)	2,579
Income tax	-	1	(14)	(57)	(70)	-	(70)
Reportable segment profit	294	1,122	630	504	2,256	(41)	2,509

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

5. Revenue

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

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

6. Profit before taxation

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

7. Income tax

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

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

8. Earnings per share

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

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

9. Interest in joint ventures

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

10. Interest in associates

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

11. Other receivables

	30 June 2022 \$ million	31 December 2021 \$ million
Interest and other receivables	130	128
Derivative financial instruments	778	223
Deposits and prepayments	2	2
	910	353

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

12. Other payables

	30 June 2022 \$ million	31 December 2021 \$ million
Creditors measured at amortised cost	4,154	3,384
Lease liabilities	2	2
Derivative financial instruments	22	31
	4,178	3,417

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

13. Interim dividend

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

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

OTHER INFORMATION

Interim Dividend

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

Purchase, Sale or Redemption of Shares

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

Corporate Governance

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

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

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

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

Model Code for Securities Transactions by Directors

The Board has adopted the Model Code for Securities Transactions by Directors (the “Model Code”) set out in Appendix 10 of the Listing Rules as the code of conduct regulating directors’ securities transactions. All Directors have confirmed, following specific enquiry, that they have complied with the Model Code throughout the six months ended 30 June 2022.

Board Composition

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

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