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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2021 ANNUAL RESULTS

CHAIRMAN'S STATEMENT

Solid Full Year Results

2021 saw the Power Assets Group deliver steady performance based on its diversified portfolio of long-term investments in the power generation, transmission and distribution; gas transmission and distribution; and oil storage and transmission sectors. This model of investing in low-risk energy infrastructure has helped to insulate us from the lingering macroeconomic impact of the global COVID-19 pandemic and fluctuations in fuel prices.

The Group's profits attributable to shareholders amounted to HK$6,140 million (2020: HK$6,132 million). Excluding the non-cash deferred tax related charges for the operating companies in the United Kingdom in 2020 and 2021 as well as the disposal gain from the sale of Portugal investment, Iberwind, in 2020, the adjusted profits attributable to shareholders would have increased by 10%.

The Group's financial position remained solid with funds received from operations for 2021 totalling HK$5,300 million (2020: HK$5,533 million).

The Power Assets Group is a strategic investor in the global energy sector. Our portfolio includes primarily regulated businesses across stable energy markets: the UK, Australia, Hong Kong, Mainland China, the Netherlands, New Zealand, Thailand, Canada and the United States. In 2021, our operating companies kept their focus on providing uninterrupted, reliable energy to our commercial and residential customers while continuing to digitalise and upgrade our operations as well as observe due precautions associated with the COVID-19 pandemic.

The energy sector is seeing a dramatic transformation as all players seek to supply energy needs with minimal impact on the environment. Most of our operating markets have committed to supporting zero-carbon targets within the coming decades. Transformative innovation from every energy player is essential to enable this to be realised, and many of our operating companies are at the vanguard of change through research and innovation in collaboration with cross-sector stakeholders.

Dividends

The Board of Directors has recommended a final dividend of HK$2.04 (2020: HK$2.04) per share, payable on 7 June 2022 to shareholders whose names appear in the Company's Register of Members on 24 May 2022. This, together with the interim dividend of HK$0.78 per share, takes the total dividend for the year to HK$2.82 (2020: HK$2.81) per share.

International Energy Investment Portfolio

Regulatory resets were completed for several operating companies in the UK and Australia, ensuring a stable environment for smooth operations in the coming years.

United Kingdom portfolio

The Group's portfolio in the UK, our largest market of operation, made a profit contribution of HK$2,819 million (2020: HK$2,460 million). All our operating companies once again delivered market-leading performance in reliability, safety and customer service. Appeals to the Competition and Markets Authority to challenge the final determinations for Northern Gas Networks (NGN) and Wales & West Utilities (WWU) have been completed; thus offering stable and predictable cash flow for the five-year regulatory period of 2021-2026.

In 2021, the Group recorded non-cash transactions on 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.

UK Power Networks (UKPN) was the best in class for performance, safety and customer satisfaction, beating regulatory targets. The company remains focused on innovations to drive improved performance as well as initiative to facilitate Net Zero. Its market-leading innovation projects have delivered benefits since 2015, with 50 innovative solutions deployed to business.

NGN conducted extensive engagements with the regulator and its stakeholders, and received an incentive payment for having the best business case for the new regulatory period. It also successfully progressed the future use of hydrogen as an energy source, by supplying a blended gas containing 20% hydrogen by volume to 668 homes, a school and some small businesses in Gateshead in North East England. In support of the government's Ten Point Plan, NGN has further developed, and officially opened to public, two semi-detached homes with all household appliances fuelled 100% by hydrogen - our gas network's vision towards zero-emission home heating.

WWU was recognised by the Institute of Customer Service for customer satisfaction, and ranked as a leader in this area amongst national household brands, not just within the utility business sector. In addition, WWU has connected 19 biomethane plants to the network since 2013, enabling decarbonised heating for 151,000 homes.

Seabank Power completed its scheduled overhaul and exceeded targets for operational efficiency and starting performance.

Australian portfolio

The Australian portfolio delivered a profit contribution of HK$1,283 million (2020: HK$1,329 million) to the Group. In light of the massive growth in roof top solar and distributed battery energy systems, the Australian Energy Regulator is conducting a comprehensive process to review the regulatory regime for energy companies and our operating companies have been collaborating with the regulator through this process.

Victoria Power Networks (VPN) has invested in widespread network improvements and vegetation management techniques with a view to significantly improving bushfire safety, while United Energy (UE) achieved incentive payments from the regulator for customer service and reliability. As for SA Power Networks (SAPN), its IT systems, including billing and customer relationship management were upgraded to provide improved functionality and system stability over the coming years.

Australian Gas Networks (AGN) exceeded regulatory targets on customer and emergency call response times, repairs, and customer service. AGN and Multinet Gas are at the forefront of gas network innovation and made encouraging progress on the hydrogen park projects for blending green-hydrogen into the natural gas distribution network to decarbonise the gas supply.

Dampier Bunbury Pipeline delivered satisfactory performance, while Energy Developments was named one of Australia's Most Innovative Companies by the Australian Financial Review following its development of groundbreaking techniques in hybrid energy solutions. Australian Energy Operations initiated planning for augmentation of two terminal stations to advance a state-wide network infrastructure enhancement initiative.

Other portfolios

The Canadian portfolio progressed with decarbonisation and delivered stable performance. Canadian Power acquired two wind farms in Okanagan in June 2021, marking its entry into renewable energy generation. With a capacity of 30 MW of green power, the assets have met expectations and started to contribute to the Group's revenues and green portfolio. The Sheerness power station completed its conversion from coal-fired to gas-fired during the year, signifying the end of the Group's coal-fired generation portfolio in OECD countries. Husky Midstream, having completed a number of major expansion projects in 2020, has placed its focus on safety, reliability and efficiency optimisation of its system, facilitating future growth.

In the Netherlands, AVR-Afvalverwerking B.V. (AVR) installed a new back pressure steam turbine, thereby substantially increasing cycle efficiency, which will supply low-carbon heat and power to 60,000 households in the Rotterdam region. During the year, the company was successfully named preferred bidder for AEB, a waste-to-energy business in the Netherlands; the acquisition is poised to extend AVR's core business.

Wellington Electricity completed a major three-year programme of works to enhance earthquake readiness across its network in New Zealand; the project included seismic strengthening of 91 buildings. In Thailand, Ratchaburi Power Plant delivered stable performance.

In Mainland China, the Jinwan co-generation power plant increased electricity sent out in response to strong industrial demand despite coal supply scarcities. The two wind farms in Dali and Laoting met targets and jointly offset 207,000 tonnes of carbon emissions.

Investment in HK Electric Investments

HK Electric Investments (HKEI) once again provided stable income to the Group and delivered a profit contribution of HK$979 million (2020: HK$912 million).

HKEI's wholly owned subsidiary HK Electric continues to work towards its goal of building a sustainable future. In support of the Government's "Hong Kong's Climate Action Plan 2050", which seeks to halve carbon emissions compared to the 2005 level before 2035 and achieve carbon neutrality before 2050, the company is undertaking a phased retirement of all coal-fired generating units and increasing support for renewable energy.

During the year, progress was made on its programme of capital works that will see the commissioning of two new gas-fired generating units in 2022 and 2023 respectively, together with an offshore liquefied natural gas (LNG) receiving terminal scheduled for commissioning in 2022. In addition, planning was under way for a large-scale offshore wind farm in Hong Kong waters.

The company's smart meter installation programme continued in 2021 with more than 120,000 smart meters already deployed. Through a new corporate mobile app, customers installed with smart meters can now access detailed energy consumption information which empowers them to optimise their energy use. Other customers will progressively enjoy this function under the smart meter installation programme, which is targeted for completion by 2025. HK Electric also offered technical consultancy to customers to facilitate wider adoption of electric vehicles (EVs) while also assisted the construction sector to reduce carbon emissions through a new "Smart Power for Construction Site" service.

A range of funds, services and schemes were implemented to support consumers and businesses which were facing difficulties in the wake of the economic slowdown resulting from the COVID-19 pandemic.

Initiatives to tackle climate change

We believe that climate change is a global challenge, and breakthrough solutions are essential to deliver clean, affordable energy to all. Many markets are on the route to carbon neutrality, reaffirming commitment to COP26 targets. Across the board, we are seeing exponential growth in rooftop solar, EV adoption, and more. Although this transition is placing unprecedented pressure on existing systems, this is a crucial stage in which customers, government and energy players can collaborate to create a greener planet.

We are evolving many of our electricity transmission and distribution networks to become "Distribution System Operators", placing us at the heart of the new renewable energy future. A case in point is that in South Australia, 34% of households have solar panels installed for rooftop solar generation. To facilitate this shift, SAPN has invested in digital technology to make the automated network more agile and dynamic, enabling the receiving and redistributing of electricity across the grid.

EVs are another essential part of a low-carbon future. UKPN has been investing systematically in readying their networks for large-scale charging requirements of EVs in the coming years. UKPN and UE are also conducting trials to investigate EV charging patterns and how they affect networks in real time to help identify affordable ways to promote their rollout and inform network and tariff planning.

In gas distribution, blending hydrogen with natural gas while utilising existing gas distribution network is an inexpensive but efficient way to transport and store energy as well as reduce carbon emissions. In May 2021, AGN opened the 1.25-MW Hydrogen Park South Australia, the first facility in Australia to produce renewable green-hydrogen. It is currently progressing a Hydrogen Park project in Gladstone, Queensland involving a 175-kW electrolyser. It has also commenced larger-scale plans to build a 10-MW renewable hydrogen electrolyser which will deliver hydrogen-blended gas to over 40,000 homes and businesses.

Outlook

We continue to maintain a strong financial position, in line with our prudent strategy of seeking out appropriately valued investments that meet our criteria for accretive growth. Though there is a strong likelihood of interest rate hikes in the coming months, our strong cash position allows us to continue to pursue our strategy and manage operating costs without negative impact.

Fluctuations in commodity prices – notably those of coal and natural gas – have affected the performance of all players in the energy space during the year. Our well-established strategy of investment diversification across the energy value chain with strategic focus on regulated infrastructure has ensured that our exposure to these fluctuations has been negligible, enabling us to deliver consistent returns to shareholders.

The global upsurge in fuel prices and a worldwide shortage in coal and gas supply mean energy price increase is inevitable for end consumers. In this context, we are making it a priority to support the energy-poor and underprivileged. HK Electric has set aside HK$63 million from three existing funds to assist those in need, promote energy efficiency and conservation, as well as strengthen outreach to the community regarding the advantages of and paths to low-carbon living.

Our approach to decarbonisation transcends our own operating companies. Under the leadership of our Sustainability Committee, we will continue to collaborate across the industry and with governments to deliver on societal decarbonisation goals. Areas like hydrogenising the gas supply, promoting EV rollout, increasing the grid’s ability to optimise connections of renewables, and investing in renewables are all part of this effort.

While recent regulatory resets have been challenging, their conclusion has given us a stable platform on which to invest in decarbonisation and offer consumers the highest standards in reliability, safety, affordability and customer service while maintaining controls over operating costs.

In closing, I express my gratitude to our board, management and stakeholders, and all our employees around the world for your support, your flexibility in the face of societal change, and your dedicated efforts during the year.

Fok Kin Ning, Canning
Chairman
Hong Kong, 16 March 2022

FINANCIAL REVIEW

Financial Position, Liquidity and Financial Resources

The Group's financial position remained strong. Capital expenditure and investments were primarily funded by cash from operations, dividends and other repatriation from investments. Interest in joint ventures and associates at the year end were HK$87,135 million (2020: HK$85,552 million). Total unsecured bank loans outstanding at the year end were HK$3,433 million (2020: HK$3,640 million). In addition, the Group had bank deposits and cash of HK$4,610 million (2020: HK$5,427 million). The Group did not maintain any undrawn committed bank facility at the year end (2020: HK$Nil).

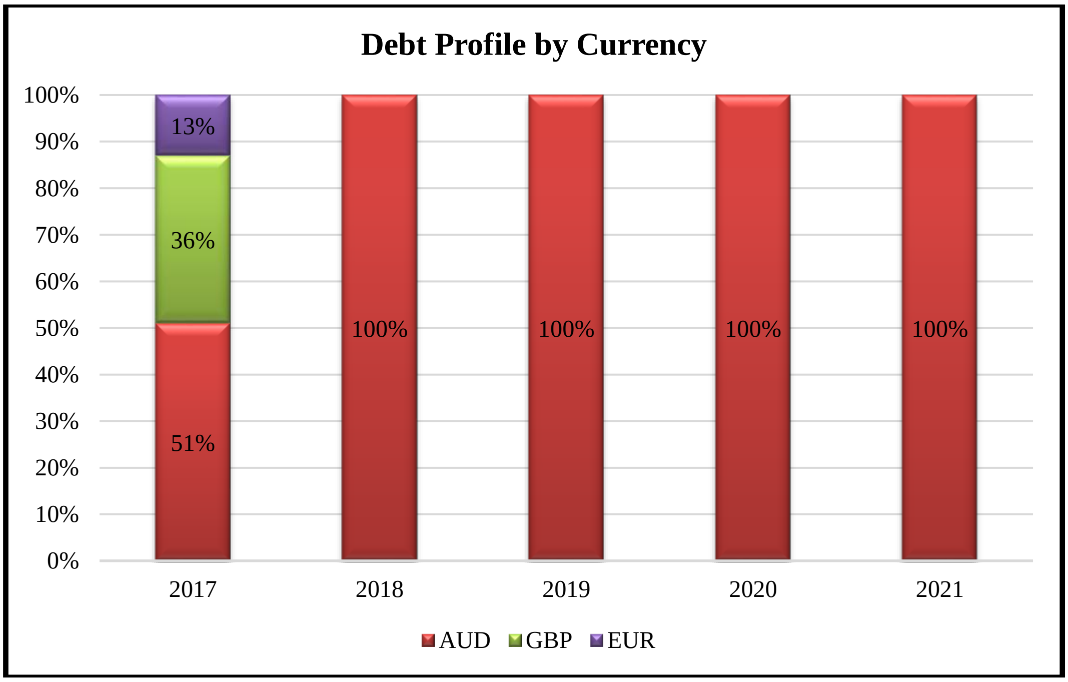
Treasury Policy, Financing Activities and Debt Structure

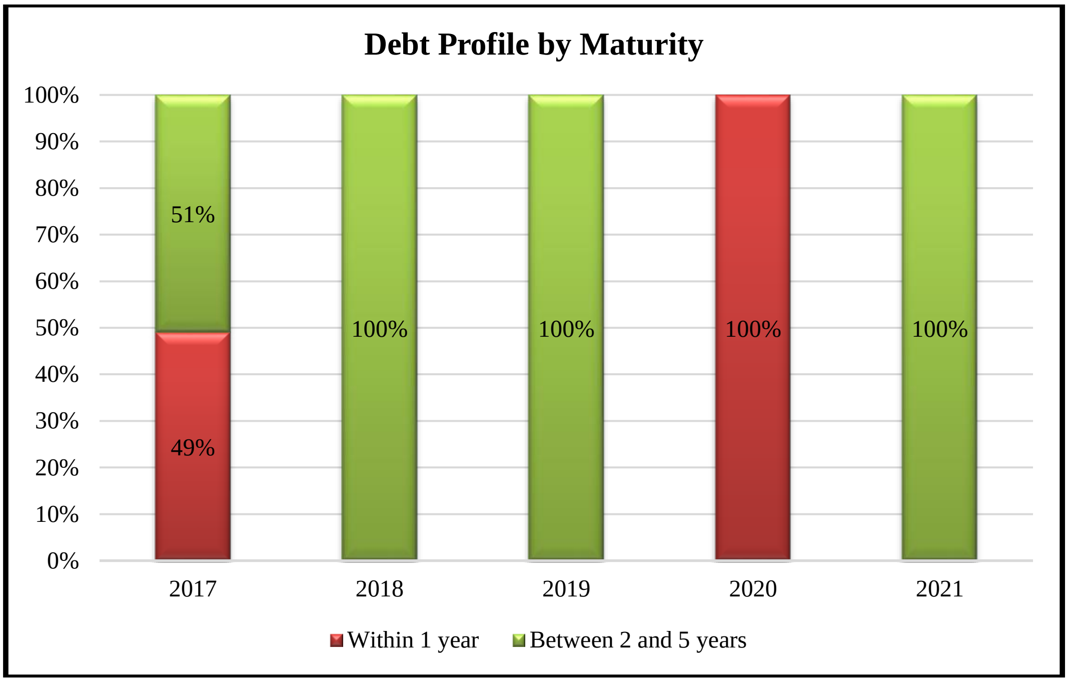
The Group manages its financial risks in accordance with guidelines laid down in its treasury policy, which is approved by the Board. The treasury policy is designed to manage the Group's currency, interest rate and counterparty risks. Surplus funds, which arise mainly from dividends and other repatriation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

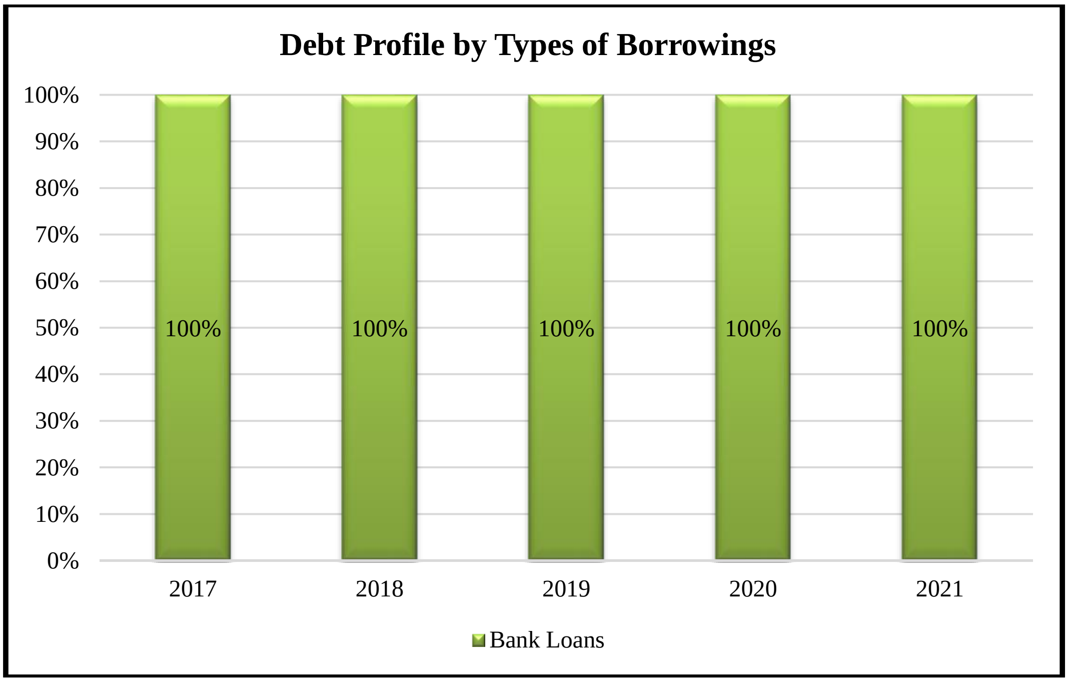
The Group's financial profile remained strong during the year. On 28 December 2020, Standard & Poor's reaffirmed the "A" long-term issuer credit rating and the "Stable" outlook of the Company, unchanged since September 2018.

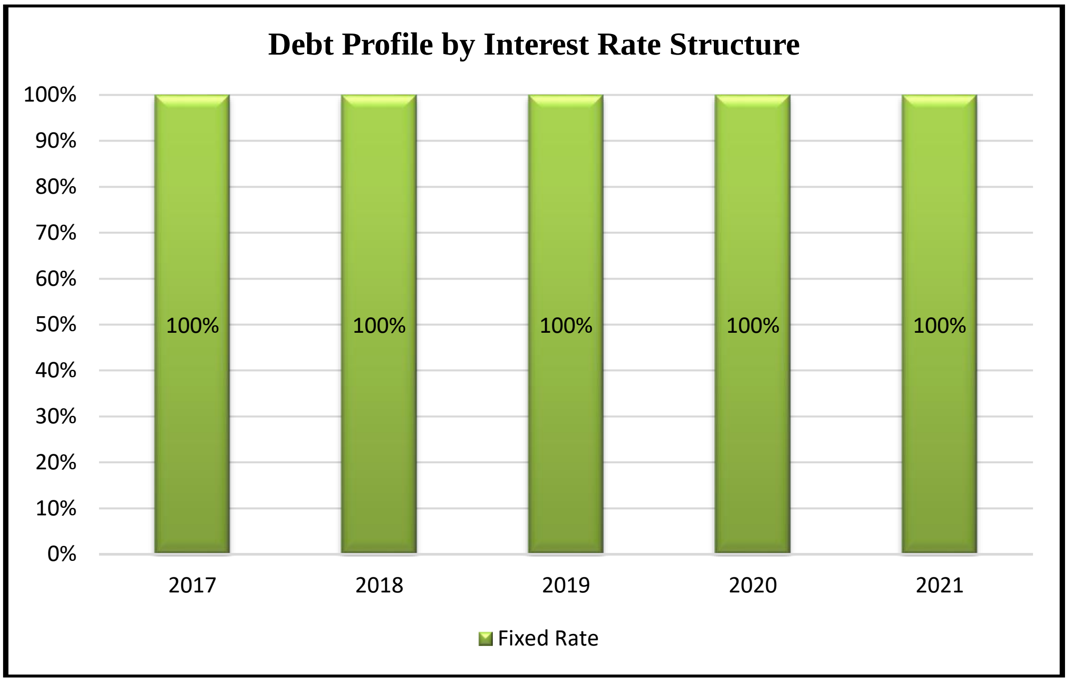
As at 31 December 2021, the net cash position of the Group was HK$1,177 million (2020: HK$1,787 million).

The profile of the Group's external borrowings as at 31 December 2021, after taking into account interest rate swaps, is set out in the tables below:




Debt Profile by Maturity
100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
51%
49%
100%
100%
100%
100%
2017
2018
2019
2020
2021
Within 1 year
Between 2 and 5 years


Debt Profile by Types of Borrowings
100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
100%
100%
100%
100%
100%
2017
2018
2019
2020
2021
Bank Loans



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

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

The Group's principal foreign currency exposures arise from its investments outside Hong Kong. Foreign currency transaction exposure also arises from settlement to vendors which is not material and is managed mainly through purchases in the spot market or utilisation of foreign currency receipts of the Group. Currency exposure arising from investments outside Hong Kong is, where considered appropriate, mitigated by financing those investments in local currency borrowings, or by entering into forward foreign exchange contracts or cross currency swaps. The fair value of such borrowings at 31 December 2021 was HK$3,433 million (2020: HK$3,640 million). The fair value of forward foreign exchange contracts and cross currency swaps at 31 December 2021 was an asset of HK$1,112 million (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 placed as foreign currency deposits, converted into United States dollars on receipt.

The contractual notional amounts of derivative financial instruments outstanding at 31 December 2021 amounted to HK$34,407 million (2020: HK$35,010 million).

Contingent Liabilities

As at 31 December 2021, the Group had given guarantees and indemnities totalling HK$363 million (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 year ended 31 December 2021, excluding directors' emoluments, amounted to HK$24 million (2020: HK$25 million). As at 31 December 2021, the Group employed 13 (2020: 13) employees. No share option scheme is in operation.

POWER ASSETS HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2021
(Expressed in Hong Kong dollars)

	Note	**2021** **$ million**	2020 $ million
Revenue	5	**1,276**	1,270
Other net income	6	**368**	59
Other operating costs	7	**(143)**	(154)
Operating profit		**1,501**	1,175
Finance costs		**(125)**	(86)
Share of profits less losses of joint ventures		**3,374**	3,782
Share of profits less losses of associates		**1,522**	1,329
Profit before taxation	8	**6,272**	6,200
Income tax:	9		
Current		**(54)**	(12)
Deferred		**(78)**	(56)
		(132)	(68)
Profit for the year attributable to equity shareholders of the Company		**6,140**	6,132
Earnings per share			
Basic and diluted	10	**$2.88**	$2.87

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

POWER ASSETS HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021
(Expressed in Hong Kong dollars)

	2021 $ million	2020 $ million
Profit for the year attributable to equity shareholders of the Company	**6,140**	6,132
Other comprehensive income for the year		
Items that will not be reclassified to profit or loss		
Remeasurement of net defined benefit asset/liability	**(2)**	(3)
Share of other comprehensive income of joint ventures and associates	**1,681**	(1,856)
Income tax relating to items that will not be reclassified to profit or loss	**(426)**	358
	1,253	(1,501)
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translating operations outside Hong Kong, including joint ventures and associates	**(1,414)**	3,120
Net investment hedges	**1,108**	(1,229)
Cost of hedging	**47**	73
Cash flow hedges:		
Net movement of hedging reserve related to hedging instruments recognised during the current year	**219**	(115)
Share of other comprehensive income of joint ventures and associates	**1,040**	(1,631)
Income tax relating to items that may be reclassified subsequently to profit or loss	**(373)**	401
	627	619
	1,880	(882)
Total comprehensive income for the year attributable to equity shareholders of the Company	**8,020**	5,250

POWER ASSETS HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2021
(Expressed in Hong Kong dollars)

	Note	**2021** **$ million**	2020 $ million
Non-current assets			
Property, plant and equipment and leasehold land		**20**	17
Interest in joint ventures	11	**60,234**	59,147
Interest in associates	12	**26,901**	26,405
Other non-current financial assets		**1,100**	1,100
Derivative financial instruments		**1,034**	704
Deferred tax assets		**45**	111
Employee retirement benefit assets		**7**	6
		89,341	87,490
Current assets			
Trade and other receivables	13	**353**	635
Bank deposits and cash		**4,610**	5,427
		4,963	6,062
Current liabilities			
Trade and other payables	14	**(3,417)**	(3,603)
Current portion of bank loans and other interest-bearing borrowings		**-**	(3,642)
Current tax payable		**(137)**	(161)
		(3,554)	(7,406)
Net current assets / (liabilities)		**1,409**	(1,344)
Total assets less current liabilities		**90,750**	86,146
Non-current liabilities			
Bank loans and other interest-bearing borrowings		**(3,433)**	-
Lease liabilities		**(3)**	-
Derivative financial instruments		**(267)**	(1,181)
Deferred tax liabilities		**(134)**	(57)
Employee retirement benefit liabilities		**(146)**	(142)
		(3,983)	(1,380)
Net assets		**86,767**	84,766
Capital and reserves			
Share capital		**6,610**	6,610
Reserves		**80,157**	78,156
Total equity attributable to equity shareholders of the Company		**86,767**	84,766

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

1. Review of annual results

The annual results have been reviewed by the Audit Committee.

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2021 have been compared by the Company's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's draft financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect was limited and did not constitute an audit, review or other assurance engagement and consequently no assurance has been expressed by the auditor on this announcement.

2. Basis of preparation

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

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

The financial information relating to the years ended 31 December 2021 and 2020 included in this preliminary announcement of annual results does not constitute the Company's statutory annual financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance is as follows:

The Company's financial statements for the year ended 31 December 2020 have been delivered to the Registrar of Companies and the Company's financial statements for the year ended 31 December 2021 will be delivered to the Registrar of Companies in due course.

The Company's auditor has reported on the financial statements of the Company for the year ended 31 December 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 Companies Ordinance. The financial statements for the year ended 31 December 2021 have yet to be reported on by the Company's auditor.

3. Changes in accounting policies

The HKICPA has issued several 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 and HKFRS 16, *Interest rate benchmark reform – phase 2*
- Amendments to HKFRS 16, *COVID-19-related rent concessions beyond 30 June 2021*

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

4. Segment reporting

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

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

Note: Included net amount of share of deferred tax charges on change in corporate tax rate of the United Kingdom and share of tax credit in respect of deferred tax liabilities on intangible assets amounting to $551 million (2020: $780 million).

4. Segment reporting (continued)

$ million	Investment in HKEI	Investments: United Kingdom	Investments: Australia	Investments: Others	Investments: Sub-total	All other activities	Total
	2020						
For the year ended 31 December							
Revenue							
Revenue	-	548	511	211	1,270	-	1,270
Other net income	-	-	-	6	6	(3)	3
Reportable segment revenue	-	548	511	217	1,276	(3)	1,273
Result							
Segment earnings	-	548	511	205	1,264	(141)	1,123
Depreciation and amortisation	-	-	-	-	-	(4)	(4)
Bank deposit interest income	-	-	-	-	-	56	56
Operating profit	-	548	511	205	1,264	(89)	1,175
Finance costs	-	74	(186)	26	(86)	-	(86)
Share of profits less losses of joint ventures and associates *(Note)*	912	1,785	1,029	1,381	4,195	4	5,111
Profit before taxation	912	2,407	1,354	1,612	5,373	(85)	6,200
Income tax	-	53	(25)	(96)	(68)	-	(68)
Reportable segment profit	912	2,460	1,329	1,516	5,305	(85)	6,132
At 31 December							
Assets							
Property, plant and equipment and leasehold land	-	-	-	-	-	17	17
Other assets	-	966	473	308	1,747	809	2,556
Interest in joint ventures and associates	16,160	38,171	20,330	10,882	69,383	9	85,552
Bank deposits and cash	-	-	-	-	-	5,427	5,427
Reportable segment assets	16,160	39,137	20,803	11,190	71,130	6,262	93,552
Liabilities							
Segment liabilities	-	(232)	(1,446)	(124)	(1,802)	(3,124)	(4,926)
Current and deferred taxation	-	-	(7)	(211)	(218)	-	(218)
Interest-bearing borrowings	-	-	(3,640)	-	(3,640)	(2)	(3,642)
Reportable segment liabilities	-	(232)	(5,093)	(335)	(5,660)	(3,126)	(8,786)

5. Revenue

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

	2021 **$ million**	2020 $ million
Interest income	**1,224**	1,217
Dividend income	**52**	53
	1,276	1,270
Share of revenue of joint ventures	**18,322**	16,528

6. Other net income

	2021 **$ million**	2020 $ million
Interest income on financial assets measured at amortised cost	**12**	56
Net exchange gain/(loss)	**3**	(190)
Sundry income	**353**	193
	368	59

7. Other operating costs

	2021 **$ million**	2020 $ million
Staff costs	**29**	30
Depreciation	**3**	4
Cost of services and investment related expenses	**111**	120
	143	154

8. Profit before taxation

	2021 **$ million**	2020 $ million
Profit before taxation is arrived at after charging:		
Auditors' remuneration		
– audit and audit related work		
– KPMG	**3**	3
– other auditors	**1**	1
– non-audit work		
– KPMG	**2**	1
– other auditors	**1**	4

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

	2021 **$ million**	2020 $ million
Current tax – operations outside Hong Kong		
Provision for the year	**54**	12
Deferred tax		
Origination and reversal of temporary differences	**78**	56
	132	68

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

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

10. Earnings per share

The calculation of earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of $6,140 million (2020: $6,132 million) and 2,134,261,654 ordinary shares (2020: 2,134,261,654 ordinary shares) in issue throughout the year.

There were no dilutive potential ordinary shares in existence during the years ended 31 December 2021 and 2020.

11. Interest in joint ventures

	2021 **$ million**	2020 $ million
Share of net assets of unlisted joint ventures	**47,811**	46,531
Loans to unlisted joint ventures	**12,184**	12,329
Amounts due from unlisted joint ventures	**239**	287
	60,234	59,147
Share of total assets of unlisted joint ventures	**141,144**	141,570

12. Interest in associates

	2021 **$ million**	2020 $ million
Share of net assets		
– Listed associate	**16,376**	16,160
– Unlisted associates	**7,016**	6,508
	23,392	22,668
Loans to unlisted associates	**3,456**	3,642
Amounts due from associates	**53**	95
	26,901	26,405

13. Trade and other receivables

	2021 **$ million**	2020 $ million
Interest and other receivables	**128**	406
Derivative financial instruments	**223**	226
Deposits and prepayments	**2**	3
	353	635

Trade with customers is carried out on credit and invoices are normally due within one month after issued. All of the trade and other receivables are expected to be recovered within one year.

14. Trade and other payables

	2021 **$ million**	2020 $ million
Creditors measured at amortised cost (see note below)	**3,384**	3,397
Lease liabilities	**2**	-
Derivative financial instruments	**31**	206
	3,417	3,603

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

Creditors' ageing is analysed as follows:

	2021 **$ million**	2020 $ million
Due within 1 month or on demand	**101**	64
Due after 1 month but within 3 months	**5**	5
Due after 3 months but within 12 months	**3,278**	3,328
	3,384	3,397

15. Dividends

	2021 **$ million**	2020 $ million
Interim dividend declared and paid of $0.78 per ordinary share (2020: $0.77 per ordinary share)	**1,665**	1,643
Final dividend proposed after the end of the reporting period of $2.04 per ordinary share (2020: $2.04 per ordinary share)	**4,354**	4,354
	6,019	5,997

The final dividend proposed after the end of the reporting period is based on 2,134,261,654 ordinary shares (2020: 2,134,261,654 ordinary shares), being the total number of issued shares at the year end. The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

POWER ASSETS HOLDINGS LIMITED
OTHER INFORMATION

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

For the purpose of ascertaining shareholders who are entitled to attend and vote at the annual general meeting to be held on Wednesday, 18 May 2022 (or any adjournment thereof), the register of members of the Company will be closed from Friday, 13 May 2022 to Wednesday, 18 May 2022, both days inclusive. In order to qualify for the right to attend and vote at the meeting (or any adjournment thereof), all transfers accompanied by the relevant share certificates should be lodged with Computershare Hong Kong Investor Services Limited, no later than 4:30 p.m. on Thursday, 12 May 2022.

The final dividend is payable to shareholders whose names appear on the register of members of the Company at the close of business on Tuesday, 24 May 2022, being the record date for determination of entitlement to the final dividend. In order to qualify for the proposed final dividend, all transfers accompanied by the relevant share certificates should be lodged with Computershare Hong Kong Investor Services Limited, no later than 4:30 p.m. on Tuesday, 24 May 2022.

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

Purchase, Sale or Redemption of Shares

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's issued shares during the year.

Corporate Governance

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

The Company has complied with the applicable code provisions in the Corporate Governance Code set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year ended 31 December 2021.

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

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

Model Code for Securities Transactions by Directors

The Board has adopted the Model Code for Securities Transactions by Directors (the "Model Code") set out in Appendix 10 of the Listing Rules as the code of conduct regulating directors' securities transactions. All Directors have confirmed, following specific enquiry, that they have complied with the Model Code throughout the year ended 31 December 2021.

Annual General Meeting

The annual general meeting of the Company will be held on Wednesday, 18 May 2022. Notice of the annual general meeting will be published and issued to shareholders in due course.

Board Composition

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

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