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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2023 INTERIM RESULTS

CHAIRMAN'S STATEMENT

Half-year Results

During the six months under review, the Power Assets Group and its operating companies continued to meet global customers' needs for affordable, reliable, and increasingly clean energy, while investing to achieve net-zero carbon operations.

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

Interim Dividend

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

International Energy Investment Portfolio

United Kingdom Portfolio

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

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

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

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

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

Hong Kong Portfolio

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

A major milestone in HK Electric's strategic 2019-2023 Development Plan was the completion and commercial launch of an offshore liquefied natural gas (LNG) terminal with an LNG storage capacity of 263,000 m^3 in early July 2023. We also moved forward with the construction of the third new 380-MW gas-fired generating unit, which is scheduled for launch by early 2024. More than 303,000 smart meters have so far been installed, together with advanced metering infrastructure.

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

Australian Portfolio

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

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

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

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

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

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

Other Portfolios

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

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

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

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

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

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

Sustainability at our hearts

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

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

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

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

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

Outlook

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

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

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

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

Fok Kin Ning, Canning
Chairman

Hong Kong, 2 August 2023

FINANCIAL REVIEW

Capital Expenditure, Liquidity and Financial Resources

The Group's capital expenditure and investments were primarily funded by cash from operations, dividends and other repatriation from investments. Total unsecured bank loans outstanding at 30 June 2023 were HK$3,269 million (31 December 2022: HK$3,236 million). In addition, the Group had bank deposits and cash of HK$3,907 million (31 December 2022: HK$5,894 million) and no undrawn committed bank facility at 30 June 2023 (31 December 2022: HK$ Nil).

Treasury Policy, Financing Activities and Debt Structure

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

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

As at 30 June 2023, the net cash position of the Group was HK$638 million (31 December 2022: net cash position of HK$2,658 million).

The profile of the Group's external borrowings as at 30 June 2023, after taking into account interest rate swaps, was as follows:

(1) 100% were in Australian dollars;

(2) 100% were bank loans;

(3) 100% were repayable after 1 year but within 5 years; and

(4) 100% were in fixed rate.

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

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

The Group's principal foreign currency exposures arise from its investments outside Hong Kong. Foreign currency transaction exposure also arises from settlement to vendors which is not material and is managed mainly through purchases in the spot market or utilisation of foreign currency receipts of the Group. Currency exposures arising from investments outside Hong Kong are, where considered appropriate, mitigated by financing those investments in local currency borrowings or by entering into forward foreign exchange contracts or cross currency swaps. The fair value of such borrowings at 30 June 2023 was HK$3,269 million (31 December 2022: HK$3,236 million). The fair value of forward foreign exchange contracts and cross currency swaps at 30 June 2023 was an asset of HK$1,694 million (31 December 2022: an asset of HK$2,608 million). Foreign currency fluctuations will affect the translated value of the net assets of investments outside Hong Kong and the resultant translation difference is included in the Group's reserve account. Income received from the Group's investments outside Hong Kong which is not denominated in Hong Kong dollars is, unless otherwise determined, converted into United States dollars on receipt.

The contractual notional amounts of derivative financial instruments outstanding at 30 June 2023 amounted to HK$32,700 million (31 December 2022: HK$33,262 million).

Contingent Liabilities

As at 30 June 2023, the Group had given guarantees and indemnities totalling HK$203 million (31 December 2022: HK$253 million).

Employees

The Group continues its policy of pay-for-performance and the pay levels are monitored to ensure competitiveness is maintained. The Group's total remuneration costs for the six months ended 30 June 2023, excluding directors' emoluments, amounted to HK$13 million (2022: HK$13 million). As at 30 June 2023, the Group employed 14 (31 December 2022: 14) employees. No share option scheme is in operation.

POWER ASSETS HOLDINGS LIMITED
UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the six months ended 30 June 2023
(Expressed in Hong Kong dollars)

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

POWER ASSETS HOLDINGS LIMITED
UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2023
(Expressed in Hong Kong dollars)

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

POWER ASSETS HOLDINGS LIMITED
UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 June 2023
(Expressed in Hong Kong dollars)

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

POWER ASSETS HOLDINGS LIMITED
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the six months ended 30 June 2023
(Expressed in Hong Kong dollars)

	Attributable to equity shareholders of the Company					
$ million	**Share capital**	**Exchange reserve**	**Hedging reserve**	**Revenue reserve**	**Proposed/ declared dividend**	**Total**
Balance at 1 January 2022	6,610	(4,413)	(2,573)	82,789	4,354	86,767
Changes in equity for the six months ended 30 June 2022:						
Profit for the period	-	-	-	2,871	-	2,871
Other comprehensive income	-	(1,608)	2,755	329	-	1,476
Total comprehensive income	-	(1,608)	2,755	3,200	-	4,347
Final dividend in respect of the previous year approved and paid	-	-	-	-	(4,354)	(4,354)
Interim dividend *(see note 13)*	-	-	-	(1,665)	1,665	-
Balance at 30 June 2022	6,610	(6,021)	182	84,324	1,665	86,760
Balance at 1 January 2023	**6,610**	**(7,320)**	**1,304**	**81,916**	**4,347**	**86,857**
Changes in equity for the six months ended 30 June 2023:						
Profit for the period	**-**	**-**	**-**	**2,959**	**-**	**2,959**
Other comprehensive income	**-**	**2,266**	**502**	**56**	**-**	**2,824**
Total comprehensive income	**-**	**2,266**	**502**	**3,015**	**-**	**5,783**
Final dividend in respect of the previous year approved and paid	**-**	**-**	**-**	**-**	**(4,347)**	**(4,347)**
Interim dividend *(see note 13)*	**-**	**-**	**-**	**(1,662)**	**1,662**	**-**
Balance at 30 June 2023	**6,610**	**(5,054)**	**1,806**	**83,269**	**1,662**	**88,293**

1. Review of unaudited interim financial statements

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

2. Basis of preparation

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

The interim financial statements have been prepared in accordance with the same accounting policies adopted in the 2022 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2023 annual financial statements. Details of these changes in accounting policies are set out in note 3.

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

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

The financial information relating to the financial year ended 31 December 2022 that is included in the interim financial statements as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2022 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

The Company's auditor has reported on the financial statements of the Company for the year ended 31 December 2022. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

3. Changes in accounting policies

The HKICPA has issued a number of new and amended HKFRSs that are first effective for the current accounting period of the Group.

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

4. Segment reporting

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

	2023						
		Investments					
$ million	Investment in HKEI	United Kingdom	Australia	Others	Sub-total	All other activities	Total
For the six months ended 30 June							
Revenue							
Revenue	-	299	316	47	662	-	662
Other net income	-	-	-	3	3	35	38
Reportable segment revenue	-	299	316	50	665	35	700
Results							
Segment earnings	-	299	316	45	660	(36)	624
Depreciation and amortisation	-	-	-	-	-	(1)	(1)
Bank deposit interest income	-	-	-	-	-	127	127
Operating profit	-	299	316	45	660	90	750
Finance costs	-	14	(101)	11	(76)	-	(76)
Share of profits less losses of joint ventures and associates	328	1,085	352	620	2,057	2	2,387
Profit before taxation	328	1,398	567	676	2,641	92	3,061
Income tax	-	-	(9)	(93)	(102)	-	(102)
Reportable segment profit	328	1,398	558	583	2,539	92	2,959

	2022						
		Investments					
$ million	Investment in HKEI	United Kingdom	Australia	Others	Sub-total	All other activities	Total
For the six months ended 30 June							
Revenue							
Revenue	-	281	266	51	598	-	598
Other net income	-	-	-	4	4	15	19
Reportable segment revenue	-	281	266	55	602	15	617
Results							
Segment earnings	-	281	266	50	597	(44)	553
Depreciation and amortisation	-	-	-	-	-	(1)	(1)
Bank deposit interest income	-	-	-	-	-	19	19
Operating profit	-	281	266	50	597	(26)	571
Finance costs	-	37	(107)	13	(57)	-	(57)
Share of profits less losses of joint ventures and associates	298	1,115	523	411	2,049	108	2,455
Profit before taxation	298	1,433	682	474	2,589	82	2,969
Income tax	-	-	(11)	(87)	(98)	-	(98)
Reportable segment profit	298	1,433	671	387	2,491	82	2,871

5. Revenue

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

	Six months ended 30 June	
	2023	2022
	$ million	$ million
Interest income	**662**	598
Share of revenue of joint ventures	**9,502**	9,097

6. Profit before taxation

	Six months ended 30 June	
	2023	2022
	$ million	$ million
Profit before taxation is arrived at after charging:		
Finance costs − interest on borrowings and other finance costs	**76**	57
Depreciation	**1**	1

7. Income tax

	Six months ended 30 June	
	2023	2022
	$ million	$ million
Current tax	**52**	24
Deferred tax	**50**	74
	102	98

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

8. Earnings per share

The calculation of earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of $2,959 million for the six months ended 30 June 2023 (2022: $2,871 million) and 2,131,105,154 ordinary shares (2022: 2,134,261,654 ordinary shares) in issue throughout the period.

There were no dilutive potential ordinary shares in existence during the six months ended 30 June 2023 and 2022.

9. Interest in joint ventures

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

10. Interest in associates

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

11. Other receivables

	30 June 2023 $ million	31 December 2022 $ million
Interest and other receivables	**40**	132
Derivative financial instruments	**33**	852
Deposits and prepayments	**2**	2
	75	986

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

12. Other payables

	30 June 2023 $ million	31 December 2022 $ million
Creditors measured at amortised cost	**3,225**	3,915
Lease liabilities	**3**	2
Derivative financial instruments	**92**	17
	3,320	3,934

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

13. Interim dividend

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

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

OTHER INFORMATION

Interim Dividend

The Board of Directors has declared an interim dividend for 2023 of HK$0.78 per share. The dividend will be payable on Tuesday, 12 September 2023 to shareholders whose names appear in the register of members of the Company at the close of business on Friday, 1 September 2023, being the record date for determination of entitlement to the interim dividend. To qualify for the interim dividend, all transfers accompanied by the relevant share certificates should be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Friday, 1 September 2023.

Purchase, Sale or Redemption of Shares

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

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 2023.

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 2023.

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. CHENG Cho Ying, Francis, Mr. Andrew John HUNTER and Mr. Neil Douglas MCGEE
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