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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2019 ANNUAL RESULTS

CHAIRMAN'S STATEMENT

Full Year Results

The Power Assets Group's diversified operating model combined with our low-risk asset base enabled us to deliver operating profits in line with expectations for the year ended 31 December 2019. The Group's profit attributable to shareholders amounted to HK$7,131 million (2018: HK$7,636 million). The decrease was primarily attributable to weak exchange rates for various currencies and lower contributions from the Group's UK and Hong Kong portfolios.

Our stable underlying performance is an endorsement of the strength of our robust and diverse portfolio of assets that deliver predictable long-term income streams. Today we have investments in power generation, transmission and distribution, gas transmission and distribution as well as oil storage and transmission in 10 markets across the globe – namely the UK, Australia, Mainland China, the Netherlands, Portugal, New Zealand, Thailand, Canada, the United States, and our base Hong Kong.

Dividends

The Board of Directors has recommended a final dividend of HK$2.03 (2018: HK$2.03) per share, payable on 28 May 2020 to shareholders whose names appear in the Company's Register of Members on 19 May 2020. This, together with the interim dividend of HK$0.77 per share, takes the total dividend for the year to HK$2.80 (2018: HK$2.80) per share.

Operations

United Kingdom Portfolio

As the Group’s largest market, our businesses in the UK recorded a total profit contribution of HK$3,489 million (2018: HK$4,045 million). Uncertainties surrounding Brexit during the year did not affect business performance, as output is regulated or governed by long-term offtake contracts. However, currency fluctuations and UK Power Networks (UKPN)’s cessation to recognise certain non-cash revenue impacted the profit contribution to overall earnings.

UKPN, Wales & West Utilities (WWU) and Northern Gas Networks (NGN) all continued to lead in reliability and customer service. Seabank Power met expectations, with its income governed by an offtake contract based on availability.

Hong Kong Portfolio

In our home market Hong Kong, HK Electric Investments made a profit contribution of HK$777 million (2018: HK$1,018 million). The decrease was primarily due to a reduction of the rate of permitted return under the new Scheme of Control Agreement which commenced on 1 January 2019.

The operating company, HK Electric, is transitioning smoothly into the new regulatory period. A new gas-fired generation unit, L10, was synchronised in October 2019 and commissioned in February 2020. The company is progressing with other capital works under the 2019-2023 Development Plan which will not only increase its assets base but also increase gas-fired generation further to about 70% of total output by 2023. At the same time, HK Electric achieved a reliability rating of more than 99.999% for the 23rd year in a row, despite the city-wide social unrest since June 2019.

Australian portfolio

The Australian portfolio delivered a profit contribution of HK$1,445 million (2018: HK$1,451 million) to the Group. The underlying performance was strong, but results were partly affected by unfavourable exchange rates.

The electricity distribution networks, SA Power Networks (SAPN), Victoria Power Networks (VPN) and United Energy (UE) engaged with the regulator and stakeholders to determine acceptable outcomes in regulatory resets. The reset for SAPN will be in 2020 while the resets for both VPN and UE will be in 2021. In addition, our electricity distribution networks in Australia have been minimally impacted by the bushfires. In the State of Victoria, neither VPN nor UE has been affected. The bushfires did cause damages to homes in the State of South Australia; nonetheless, SAPN recorded minimal damage to our assets given our electricity poles are constructed of concrete and steel.

The gas distribution networks, Australian Gas Networks and Multinet Gas, progressed the construction of a 1.25-MW hydrogen electrolyser plant at the Tonsley Innovation District in South Australia for the Hydrogen Park SA project. This will be used to analyse and develop business models for the use of “green” hydrogen utilising excess solar energy in the day time and the excess wind energy in the night time to progressively decarbonise gas supply. Our gas transmission pipeline, Dampier Bunbury Pipeline completed and commenced operation of the Tanami Gas Pipeline ahead of schedule. Energy Developments Pty Ltd (EDL) acquired two additional landfill sites capable of generating approximately 65 MW in the United States. Australian Energy Operations connected the Moorabool and Elaine Wind Farms to the grid in 2019 and started contribution to the Group.

Mainland China portfolio

The Chinese portfolio comprising wind farms and coal-fired power plants made a profit contribution of HK$415 million in 2019 (2018: HK$469 million). The transfer of ownership of the Siping cogeneration plant to the mainland joint venture partner under the respective co-operative agreement was completed in 2019. The operation rights of Zhuhai power plant also expired in 2019 and the transfer of its ownership to our mainland partners is in progress. This is aligned with the Group’s global decarbonisation goals and will have reduced our total installed coal-fired generation capacity by 1,600 MW upon completion.

Other portfolios

The Group’s two Canadian operating companies delivered earnings in line with expectations in 2019. Husky Midstream continued to expand its network footprint, delivering a reliable income stream for the Group devoid of commodity risk. Within the fleet of our Canadian power plants, the only coal-fired power station in Alberta, the Sheerness power plant, is currently undergoing progressive coal-to-gas conversion and ultimately becoming a 100% gas-fired generating unit.

Our continental Europe portfolio focuses on energy generation from waste and through renewables. AVR-Afvalverwerking B.V. (AVR) in the Netherlands designed, installed and is currently operating the first carbon capture and utilisation plant selling captured carbon dioxide to nearby greenhouses. Both AVR and Iberwind met expectations and made stable profit contributions to the Group.

Wellington Electricity Lines Limited in New Zealand and Ratchaburi Power Plant in Thailand operated smoothly and met customer services targets and performance expectation.

Supporting global efforts to decarbonise energy and heating

There is a non-stop momentum towards decarbonisation of energy around the world. To meet UK Government's Net-Zero initiative, our strategy is two-fold: to accelerate and support decarbonisation of home heating and electricity supply, and to ensure the requisite infrastructures are in place to support businesses and consumers' own efforts in this regard. In the electricity distribution sector, our networks are continuously upgraded to accommodate the projected influx of distributed renewable energy sources from solar and wind generation as well as the anticipated surge in the required charging networks to facilitate the massive uptake of electric vehicles.

In the gas distribution sector, NGN and WWU are founding members promoting the H21 (hydrogen in the 21st Century) concept and related projects. The series of projects embark on the safety case studies at the Health & Safety Laboratories in Buxton as well as hydrogen blending (into the natural gas network) trials at Keele University, with a full-scale pilot demonstrator planned for Gateshead in North East of England. In addition to the blending of hydrogen, our gas networks in the UK continue to take on additional bio-methane gas to reduce emissions in household heating.

In order to help reduce emissions in electricity supply, we generate renewable energy in Portugal, Mainland China, Australia and Hong Kong, as well as producing energy from waste in the Netherlands. Furthermore, through our investment in EDL, we also produce energy from landfill gas in Australia, North America and Europe. In our continuous efforts to phase out coal-fired units, HK Electric is building two more gas-fired generating units to increase gas-fired generation capacity to 70% of total output by 2023. Together with the relinquishment of 1,600 MW of coal-fired units in Mainland China and Canadian Power's coal-to-gas conversion of Sheerness Power Plant, the Group's carbon emissions will be significantly reduced going forward.

The Group is also supporting efforts by consumers and businesses to move towards greener lifestyles through adoption of electric vehicles (EVs), energy conservation, and consumer-side renewable generation. In the UK, WWU is making public transport in Wales and South West England greener by connecting and supplying gas to gas filling stations for bus and lorry fleets, while UKPN is powering a network of electric bus garages. In Hong Kong, UK and New Zealand, our operating companies built out EV charging facilities for private as well as public transportation.

We optimised our distribution systems to be more agile in order to support renewable installations by consumers. In Hong Kong, a Feed-in Tariff scheme where customers can sell electricity from their own installations back to the grid at advantageous tariffs drew an encouraging response from the community. A notable adopter of this scheme is Ocean Park, which has installed a 200-kW rooftop solar panel system that can generate approximately 200,000 kWh of green electricity every year.

Outlook

It is widely anticipated that global economic uncertainties will persist in 2020 with the challenge of the looming threat of global trade tensions, political disruptions, natural disasters and infectious diseases. In addition, lower allowed returns resulting from ultra-low interest rates globally and tough stances by regulators will inevitably result in lower revenues.

With a sound net cash position and good liquidity, the Group is strongly positioned to pursue large strategic acquisitions despite geopolitical and economic uncertainties. Our strategy is to achieve organic growth among our underlying businesses, with opportunities to expand their operational scale through acquisitions. At the same time we join our strategic partner, CK Infrastructure Holdings Limited, to vigorously pursue acquisition targets that offer assured, long-term returns in well-regulated and mature markets with financial discipline.

In closing I would like to thank our board, management and shareholders, as well as all our employees around the world for your unwavering loyalty, hard work and commitment.

Fok Kin Ning, Canning
Chairman
Hong Kong, 18 March 2020

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$86,142 million (2018: HK$79,422 million). Total unsecured bank loans outstanding at the year end were HK$3,319 million (2018: HK$3,437 million). In addition, the Group had bank deposits and cash of HK$4,876 million (2018: HK$5,229 million). Due to its strong cash position, the Group did not maintain any undrawn committed bank facility at the year end (2018: HK$Nil).

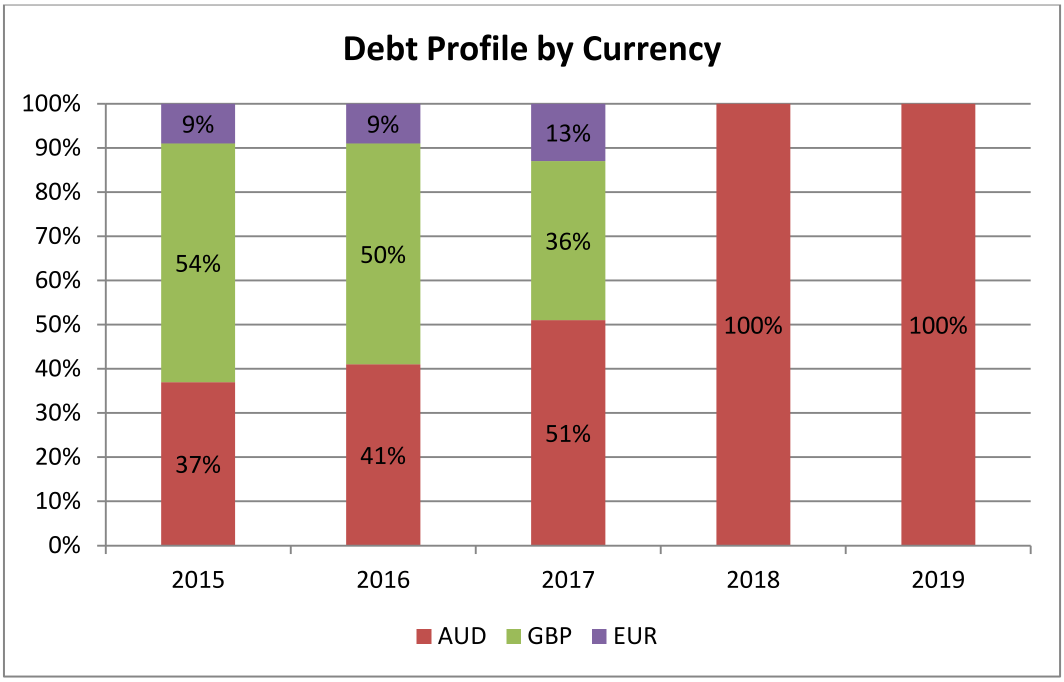
Treasury Policy, Financing Activities and Debt Structure

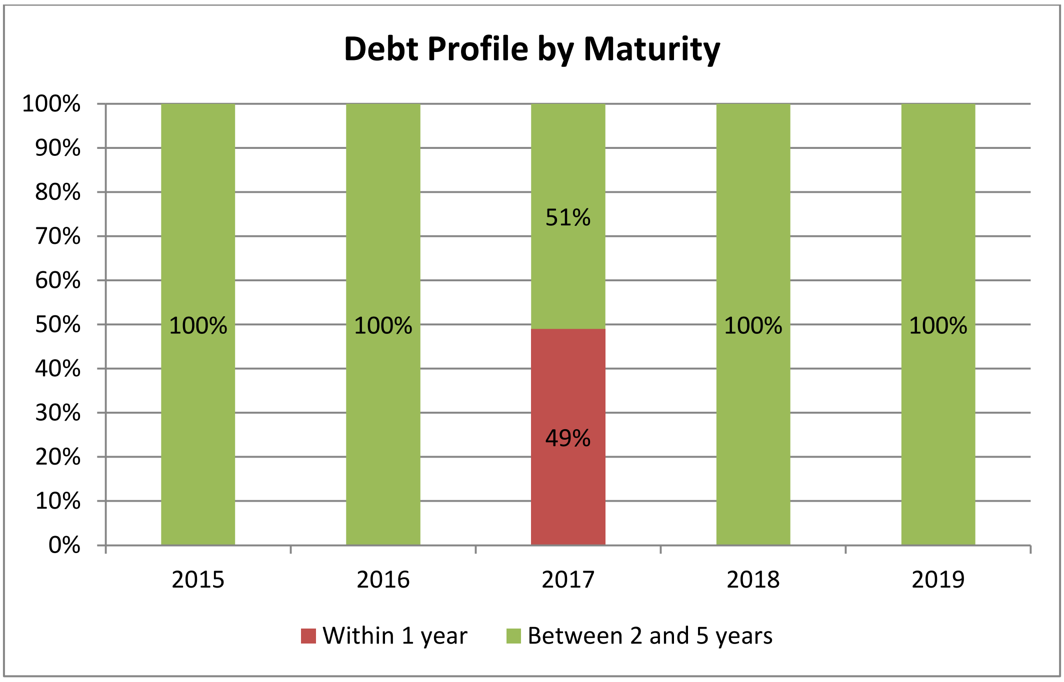
The Group manages its financial risks in accordance with guidelines laid down in its treasury policy, which is approved by the Board. The treasury policy is designed to manage the Group's currency, interest rate and counterparty risks. Surplus funds, which arise mainly from dividends and other repatriation from investments, are generally placed in short-term deposits denominated primarily in Australian dollars, 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.

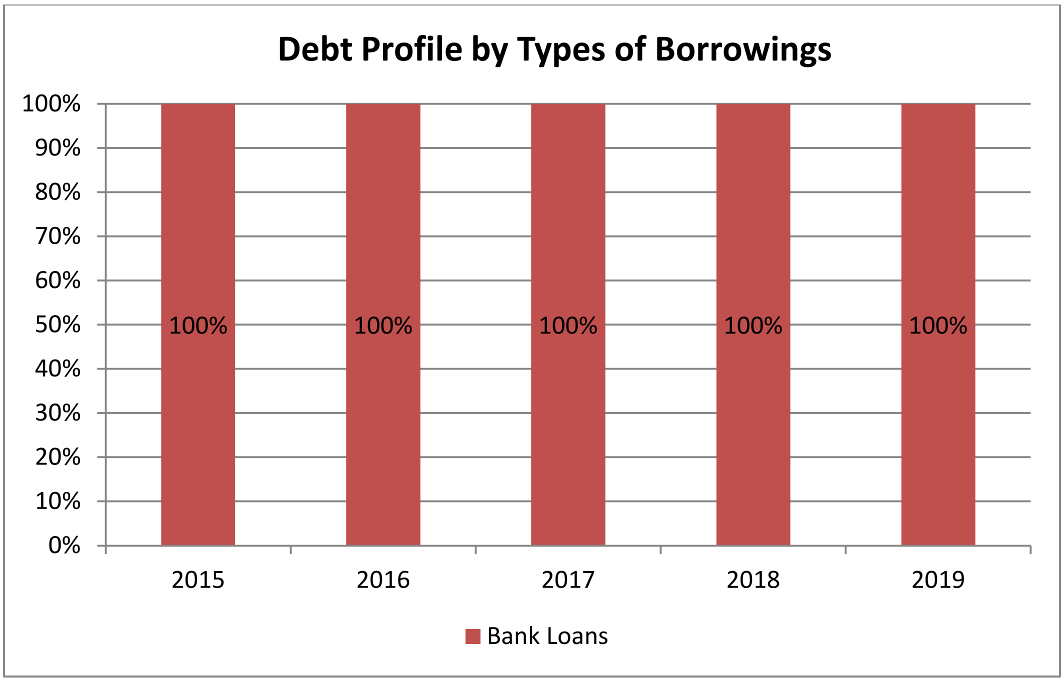
The Group's financial profile remained strong during the year. On 15 February 2019, Standard & Poor's reaffirmed the "A" long-term issuer credit rating and the "Stable" outlook of the Company, unchanged since September 2018.

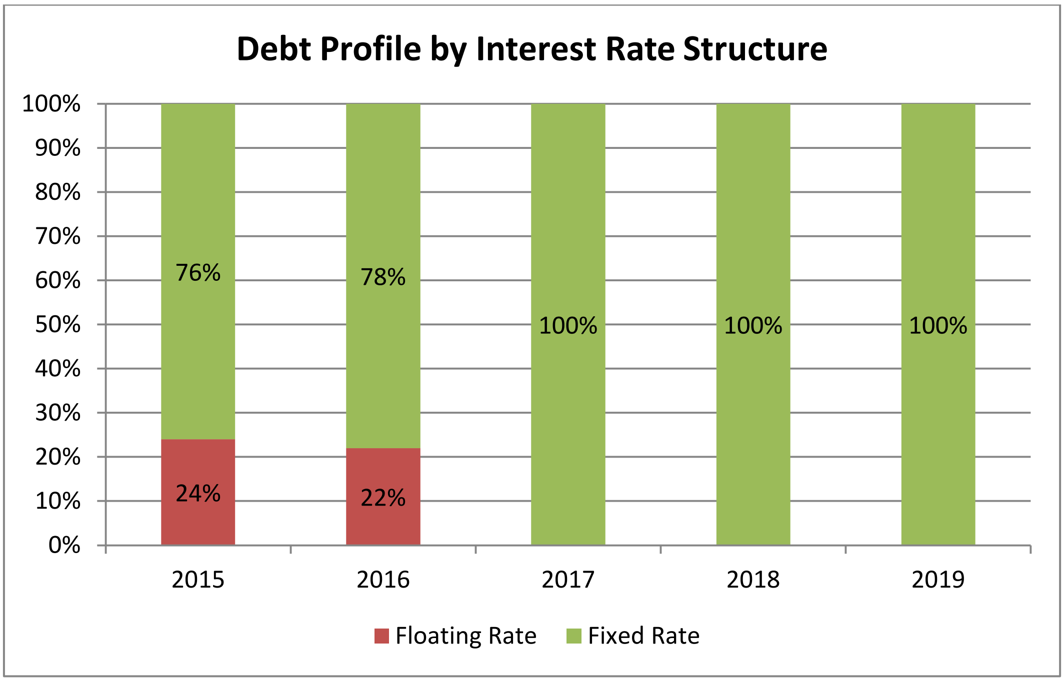
As at 31 December 2019, the net cash position of the Group was HK$1,557 million (2018: HK$1,792 million).

The profile of the Group's external borrowings as at 31 December 2019, 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%
100%
100%
51%
49%
100%
100%
2015
2016
2017
2018
2019
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%
2015
2016
2017
2018
2019
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 2019 was HK$3,319 million (2018: HK$3,437 million). The fair value of forward foreign exchange contracts and cross currency swaps at 31 December 2019 was an asset of HK$1,061 million (2018: asset of HK$1,313 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 2019 amounted to HK$35,502 million (2018: HK$35,575 million).

Charges on Assets

At 31 December 2019, the Group's interest in an associate of HK$182 million (2018: HK$232 million) had been pledged as part of the security to secure financing facilities granted to the associate.

Contingent Liabilities

As at 31 December 2019, the Group had given guarantees and indemnities totalling HK$493 million (2018: HK$529 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 2019, excluding directors' emoluments, amounted to HK$24 million (2018: HK$21 million). As at 31 December 2019, the Group employed 13 (2018: 11) employees. No share option scheme is in operation.

POWER ASSETS HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2019
(Expressed in Hong Kong dollars)

	Note	**2019** **$ million**	2018* $ million
Revenue	5	**1,348**	1,555
Direct costs		**-**	(1)
		1,348	1,554
Other net income	6	**582**	285
Other operating costs	7	**(170)**	(311)
Operating profit		**1,760**	1,528
Finance costs		**(96)**	(194)
Share of profits less losses of joint ventures		**4,186**	4,668
Share of profits less losses of associates		**1,324**	1,688
Profit before taxation	8	**7,174**	7,690
Income tax:	9		
Current		**(22)**	(62)
Deferred		**(21)**	8
		(43)	(54)
Profit for the year attributable to equity shareholders of the Company		**7,131**	7,636
Earnings per share			
Basic and diluted	10	**$3.34**	$3.58

* The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, the comparative information is not restated.

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 2019
(Expressed in Hong Kong dollars)

	2019 **$ million**	2018* $ million
Profit for the year attributable to equity shareholders of the Company	**7,131**	7,636
Other comprehensive income for the year		
Items that will not be reclassified to profit or loss		
Remeasurement of net defined benefit asset/liability	**10**	(20)
Share of other comprehensive income of joint ventures and associates	**730**	696
Income tax relating to items that will not be reclassified to profit or loss	**(114)**	(119)
	626	557
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translating operations outside Hong Kong, including joint ventures and associates	**364**	(3,592)
Net investment hedges	**(285)**	1,971
Cost of hedging	**302**	155
Cash flow hedges:		
Net movement of hedging reserve related to hedging instruments recognised during the current year	**(173)**	(55)
Share of other comprehensive income of joint ventures and associates	**(195)**	(246)
Income tax relating to items that may be reclassified subsequently to profit or loss	**165**	97
	178	(1,670)
	804	(1,113)
Total comprehensive income for the year attributable to equity shareholders of the Company	**7,935**	6,523

* The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, the comparative information is not restated.

POWER ASSETS HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2019
(Expressed in Hong Kong dollars)

	Note	**2019** **$ million**	2018* $ million
Non-current assets			
Property, plant and equipment and leasehold land		**19**	14
Interest in joint ventures	11	**59,728**	55,697
Interest in associates	12	**26,414**	23,725
Other non-current financial assets		**1,100**	5,100
Derivative financial instruments		**1,212**	1,375
Deferred tax assets		**77**	46
Employee retirement benefit assets		**6**	5
		88,556	85,962
Current assets			
Trade and other receivables	13	**139**	246
Bank deposits and cash		**4,876**	5,229
		5,015	5,475
Current liabilities			
Trade and other payables	14	**(4,276)**	(4,063)
Current portion of bank loans and other interest-bearing borrowings		**(3)**	-
Current tax payable		**(45)**	(9)
		(4,324)	(4,072)
Net current assets		**691**	1,403
Total assets less current liabilities		**89,247**	87,365
Non-current liabilities			
Bank loans and other interest-bearing borrowings		**(3,321)**	(3,437)
Derivative financial instruments		**(298)**	(228)
Employee retirement benefit liabilities		**(136)**	(143)
		(3,755)	(3,808)
Net assets		**85,492**	83,557
Capital and reserves			
Share capital		**6,610**	6,610
Reserves		**78,882**	76,947
Total equity attributable to equity shareholders of the Company		**85,492**	83,557

* The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, the comparative information is not restated.

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 2019 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 new and revised 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 and prior accounting periods reflected in these financial statements.

The financial information relating to the years ended 31 December 2019 and 2018 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 2018 has been delivered to the Registrar of Companies and the Company's financial statements for the year ended 31 December 2019 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 2018. 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 2019 have yet to be reported on by the Company's auditor.

3. Changes in accounting policies

(a) Overview

The HKICPA has issued a new HKFRS, HKFRS 16, *Leases*, and a number of amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements:

- HKFRS 16, *Leases*
- HK(IFRIC) 23, *Uncertainty over income tax treatments*
- Annual Improvements to HKFRSs 2015-2017 Cycle
- Amendments to HKAS 28, *Long-term interests in associates and joint ventures*

The adoption of HKFRS 16, *Leases* and these amendments does not have 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 effective for the current accounting period.

(b) HKFRS 16, *Leases*

HKFRS 16 replaces HKAS 17, *Leases*, and the related interpretations, HK(IFRIC) 4, *Determining whether an arrangement contains a Lease*, HK(SIC) 15, *Operating Leases-Incentives* and HK(SIC) 27, *Evaluating the substance of transactions involving the legal form of a lease*. It introduces a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less ("short-term leases") and leases of low value assets. The lessor accounting requirements are brought forward from HKAS 17 substantially unchanged.

(i) Changes in accounting policies

The change in the definition of a lease mainly relates to the concept of control. HKFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

HKFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by HKAS 17. Instead, the Group is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under HKAS 17, other than those short-term leases and leases of low-value assets.

(ii) Transition

The Group has initially applied HKFRS 16 as from 1 January 2019. The Group has elected to use the modified retrospective approach and has therefore recognised the cumulative effect of initial application to the opening balance of equity at 1 January 2019. Comparative information has not been restated and continues to be reported under HKAS 17.

On transition, the Group recognised right-of-use assets and lease liabilities for the leases previously classified as operating leases. The Group measures the carrying amount of right-of-use asset for a lease as if HKFRS 16 had always been applied since the commencement date, but using a discount rate based on a relevant incremental borrowing rate at the date of initial application. The weighted average incremental borrowing rate applied to the lease liability recognised under HKFRS 16 was 2.9%.

4. Segment reporting

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

	2019							
		Investments						
$ million	Investment in HKEI	United Kingdom	Australia	Mainland China	Others	Sub-total	All other activities	Total
For the year ended 31 December								
Revenue								
Revenue	-	556	571	43	178	1,348	-	1,348
Other net income	-	-	-	-	6	6	465	471
Reportable segment revenue	-	556	571	43	184	1,354	465	1,819
Result								
Segment earnings	-	556	571	24	183	1,334	317	1,651
Depreciation and amortisation	-	-	-	-	-	-	(2)	(2)
Bank deposit interest income	-	-	-	-	-	-	111	111
Operating profit	-	556	571	24	183	1,334	426	1,760
Finance costs	-	74	(196)	-	26	(96)	-	(96)
Share of profits less losses of joint ventures and associates	777	2,873	1,092	395	370	4,730	3	5,510
Profit before taxation	777	3,503	1,467	419	579	5,968	429	7,174
Income tax	-	(14)	(22)	(4)	(3)	(43)	-	(43)
Reportable segment profit	777	3,489	1,445	415	576	5,925	429	7,131
At 31 December								
Assets								
Property, plant and equipment and leasehold land	-	-	-	-	-	-	19	19
Other assets	-	1,045	216	305	90	1,656	878	2,534
Interest in joint ventures and associates	16,403	38,015	18,644	1,907	11,168	69,734	5	86,142
Bank deposits and cash	-	-	-	-	-	-	4,876	4,876
Reportable segment assets	16,403	39,060	18,860	2,212	11,258	71,390	5,778	93,571
Liabilities								
Segment liabilities	-	(667)	(795)	(4)	(61)	(1,527)	(3,183)	(4,710)
Current and deferred taxation	-	-	(8)	-	(37)	(45)	-	(45)
Interest-bearing borrowings	-	-	(3,319)	-	-	(3,319)	(5)	(3,324)
Reportable segment liabilities	-	(667)	(4,122)	(4)	(98)	(4,891)	(3,188)	(8,079)

4. Segment reporting (continued)

	2018							
		Investments						
$ million	Investment in HKEI	United Kingdom	Australia	Mainland China	Others	Sub-total	All other activities	Total
For the year ended 31 December								
Revenue								
Revenue	-	616	659	40	238	1,553	2	1,555
Other net income	-	-	-	-	7	7	54	61
Reportable segment revenue	-	616	659	40	245	1,560	56	1,616
Result								
Segment earnings	-	616	659	13	244	1,532	(227)	1,305
Depreciation and amortisation	-	-	-	-	-	-	(1)	(1)
Bank deposit interest income	-	-	-	-	-	-	224	224
Operating profit	-	616	659	13	244	1,532	(4)	1,528
Finance costs	-	51	(248)	-	3	(194)	-	(194)
Share of profits less losses of joint ventures and associates	1,018	3,393	1,055	460	397	5,305	33	6,356
Profit before taxation	1,018	4,060	1,466	473	644	6,643	29	7,690
Income tax	-	(15)	(15)	(4)	(20)	(54)	-	(54)
Reportable segment profit	1,018	4,045	1,451	469	624	6,589	29	7,636
At 31 December								
Assets								
Property, plant and equipment and leasehold land	-	-	-	-	-	-	14	14
Other assets	-	1,241	279	303	137	1,960	4,812	6,772
Interest in joint ventures and associates	16,493	31,345	19,081	2,035	10,462	62,923	6	79,422
Bank deposits and cash	-	-	-	-	-	-	5,229	5,229
Reportable segment assets	16,493	32,586	19,360	2,338	10,599	64,883	10,061	91,437
Liabilities								
Segment liabilities	-	(781)	(374)	(4)	(84)	(1,243)	(3,191)	(4,434)
Current and deferred taxation	-	-	22	-	(31)	(9)	-	(9)
Interest-bearing borrowings	-	-	(3,437)	-	-	(3,437)	-	(3,437)
Reportable segment liabilities	-	(781)	(3,789)	(4)	(115)	(4,689)	(3,191)	(7,880)

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.

	2019 $ million	2018 $ million
Interest income	**1,305**	1,513
Dividend income	**43**	40
Others	**-**	2
	1,348	1,555
Share of revenue of joint ventures	**17,793**	19,454

6. Other net income

	2019 $ million	2018 $ million
Interest income on financial assets measured at amortised cost	**111**	224
Net exchange loss	**(25)**	(9)
Sundry income	**496**	70
	582	285

7. Other operating costs

	2019 $ million	2018 $ million
Staff costs	**29**	27
Depreciation	**2**	1
Cost of services and investment related expenses	**139**	283
	170	311

8. Profit before taxation

	2019 **$ million**	2018 $ million
Profit before taxation is arrived at after charging:		
Auditors' remuneration		
– audit and audit related work		
– KPMG	**3**	3
– other auditors	**1**	-
– non-audit work		
– KPMG	**2**	1
– other auditors	**6**	2

9. Income tax

Taxation in the consolidated statement of profit or loss represents:

	2019 **$ million**	2018 $ million
Current tax – operations outside Hong Kong		
Provision for the year	**22**	62
Deferred tax		
Origination and reversal of temporary differences	**21**	(8)
	43	54

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 $7,131 million (2018: $7,636 million) and 2,134,261,654 ordinary shares (2018: 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 2019 and 2018.

11. Interest in joint ventures

	2019 **$ million**	2018 $ million
Share of net assets of unlisted joint ventures	**46,910**	42,893
Loans to unlisted joint ventures	**12,722**	12,713
Amounts due from unlisted joint ventures	**96**	91
	59,728	55,697
Share of total assets of unlisted joint ventures	**137,701**	127,200

12. Interest in associates

	2019 **$ million**	2018 $ million
Share of net assets		
– Listed associate	**16,403**	16,493
– Unlisted associates	**6,590**	3,733
	22,993	20,226
Loans to unlisted associates	**3,320**	3,404
Amounts due from associates	**101**	95
	26,414	23,725

13. Trade and other receivables

	2019 **$ million**	2018 $ million
Trade debtors	**-**	1
Interest and other receivables	**137**	72
	137	73
Derivative financial instruments	**-**	86
Deposits and prepayments	**2**	87
	139	246

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

	2019 **$ million**	2018 $ million
Creditors measured at amortised cost	**4,165**	4,063
Derivative financial instruments	**111**	-
	4,276	4,063

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

Creditors' ageing is analysed as follows:

	2019 **$ million**	2018 $ million
Due within 1 month or on demand	**752**	768
Due after 1 month but within 3 months	**72**	19
Due after 3 months but within 12 months	**3,341**	3,276
	4,165	4,063

15. Dividends

	2019 **$ million**	2018 $ million
Interim dividend declared and paid of $0.77 per ordinary share (2018: $0.77 per ordinary share)	**1,643**	1,643
Final dividend proposed after the end of the reporting period of $2.03 per ordinary share (2018: $2.03 per ordinary share)	**4,333**	4,333
	5,976	5,976

The final dividend proposed after the end of the reporting period is based on 2,134,261,654 ordinary shares (2018: 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.

16. Comparative figures

The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, the comparative information is not restated. Further details of the changes in accounting policies are disclosed in note 3.

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, 13 May 2020 (or any adjournment thereof), the register of members of the Company will be closed from Friday, 8 May 2020 to Wednesday, 13 May 2020, 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, 7 May 2020.

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, 19 May 2020, 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, 19 May 2020.

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 Practices

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

The Company has complied with 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 (“Listing Rules”) throughout the year ended 31 December 2019, except as stated hereunder.

In accordance with code provision A.5.1, the Company establishes the Nomination Committee. Its membership comprises all Directors of the Company and in discharging its responsibilities, the Nomination Committee is assisted by an ad hoc sub-committee which is chaired by the Chairman of the Board, and its membership is compliant with the requirements under the Listing Rules for a nomination committee.

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 handling of inside information and securities dealing for compliance by the Company's employees.

Model Code for Securities Transactions by Directors

The Board of Directors of the Company has adopted the Model Code for Securities Transactions by Directors ("Model Code") set out in Appendix 10 of the Listing Rules as the Group's code of conduct regulating directors' securities transactions. All Directors have confirmed following specific enquiry that they have complied with the required standards set out in the Model Code throughout the year ended 31 December 2019.

Audit Committee

The Listing Rules require every listed issuer to establish an audit committee comprising at least three members who must be non-executive directors only, and the majority thereof must be independent non-executive directors, at least one of whom must have appropriate professional qualifications, or accounting or related financial management expertise. The Company established the Audit Committee on 1 January 1999 and has formulated its written terms of reference, which have from time to time been modified, in accordance with the prevailing provisions of the Corporate Governance Code.

The Audit Committee is chaired by Mr. Wong Chung Hin and the other members are Mr. Ip Yuk-keung, Albert and Mr. Ralph Raymond Shea. All the three Committee members are Independent Non-executive Directors. The Audit Committee reports directly to the Board of Directors and its principal responsibilities include the review of the Group's financial reporting, risk management and internal control systems, the interim and annual financial statements, and corporate and compliance issues.

Remuneration Committee

In compliance with the Corporate Governance Code, the Company established its remuneration committee on 1 January 2005 with a majority of the members thereof being Independent Non-executive Directors. The Remuneration Committee is chaired by Mr. Wong Chung Hin (an Independent Non-executive Director), and the other members are Mr. Fok Kin Ning, Canning (the Chairman) and Mr. Ralph Raymond Shea (an Independent Non-executive Director).

Nomination Committee

The Company established its nomination committee on 1 January 2019 which comprises all Directors of the Company. The Nomination Committee is chaired by Mr. Fok Kin Ning, Canning, the Chairman of the Board. In discharging its responsibilities, the Nomination Committee is assisted by an ad hoc sub-committee which is chaired by the Chairman of the Board and its membership, comprising a majority of Independent Non-executive Directors, is compliant with the requirements under the Listing Rules for a nomination committee.

Annual General Meeting

The annual general meeting of the Company will be held at 1st Floor, Harbour Grand Kowloon, 20 Tak Fung Street, Hung Hom, Kowloon, Hong Kong on Wednesday, 13 May 2020 at 2:45 p.m. The notice of the annual general meeting will be published and despatched to shareholders in the manner as required by the Listing Rules 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 Director	:	Mr. LI Tzar Kuoi, Victor
Independent Non-executive Directors	:	Mr. IP Yuk-keung, Albert, Mr. Ralph Raymond SHEA, Mr. WONG Chung Hin and Mr. WU Ting Yuk, Anthony