



**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  
股份代號 Stock Code: 6

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## **2016 INTERIM RESULTS**

### **CHAIRMAN'S STATEMENT**

#### **A measured approach to steady growth**

It is my pleasure to present the 2016 interim results for the Power Assets Group.

Our systematic efforts to deliver long-term returns continued during the period under review, through investment in energy related infrastructure businesses yielding predictable revenues. This measured approach enabled the Group to perform in line with expectations during the first half of 2016.

In April, we extended our presence in North America through an investment in Husky Energy Inc. ("Husky"). The investment adheres to our strategy of focusing on stable and well-structured markets. The Group's portfolio now spans nine markets in Europe, Asia, Australia and North America. This geographic diversification minimises our exposure to the economic cycles of any one market to achieve steady performance.

We offer our expertise and bring our operational experience to our investments to sustain growth and excellence.

#### **Acquisition of a Portfolio of Husky's Pipeline Assets in Canada**

During the period under review, the Group entered into an agreement with Husky to acquire from the latter a 48.75% interest in a portfolio of its pipeline assets in Canada. Included in the portfolio are approximately 1,900 km of oil pipelines, 4.1 million barrels of oil storage capacity and other ancillary assets. A long-term revenue stream is ensured by means of a 20-year off-take contract.

The investment has significant potential for sustained growth over the long term as increasing demand will trigger the need for new pipeline and gathering systems. The transaction was completed on 15 July 2016.

## **Half Year Results**

The Group's unaudited profits for the six months ended 30 June 2016 amounted to HK\$3,476 million (2015: HK\$3,237 million, including a loss of HK\$532 million from the disposal of HK Electric Investments and HK Electric Investments Limited in June 2015).

## **Interim Dividend**

The board of directors has declared an interim dividend of HK\$0.70 (2015: HK\$0.68) per share, payable on 7 September 2016 to shareholders whose names appear in the Company's Register of Members on 29 August 2016.

After careful consideration, the Board decided earlier that it was in the best interests of the Group and its shareholders as a whole to preserve the Group's financial capacity for future acquisitions. Accordingly, the Board has resolved not to declare any special interim dividend for the time being. This decision was communicated to shareholders at the Group's Annual General Meeting on 12 May 2016.

## **Operations**

Against a backdrop of steady macroeconomic indicators such as inflation and GDP performance across different markets, the Group delivered positive operating results during the period under review.

Our four operating companies in the UK, our biggest market, achieved satisfactory results. UK Power Networks improved network performance against key service reliability metrics and significantly outperformed regulatory targets. Wales & West Utilities maintained its industry-leading position in customer satisfaction. Northern Gas Networks delivered strong operational and financial performance through targeted cost reductions and improved service levels. Seabank Power attained high availability and implemented an overhaul of Module 2 of the power plant to further enhance efficiency and reliability.

HK Electric, our Hong Kong-based flagship company, maintained its world-leading reliability performance. Progress was made with the construction of a new gas-fired combined cycle unit at the Lamma Power Station in order to increase the proportion of natural gas in its fuel mix. Discussions with the Hong Kong SAR Government on the post-2018 regulatory regime continued based upon the strength of the public views collected during a government consultation exercise held last year. We believe that the current contractual arrangement by the Scheme of Control Agreement has worked well to ensure reliable, safe and affordable power supply to customers while providing a reasonable rate of return to investors as we move toward a cleaner energy future.

In Australia, SA Power Networks conducted an extensive stakeholder engagement programme to submit a revised tariff proposal to the regulator. In May 2016, Victoria Power Networks received the Australian Energy Regulator's final determination for the current regulatory period, which was more favourable than the preliminary determination. Performance of Australian Gas Networks was in line with expectation. Transmission General Holdings Australia is on track with construction of the transmission assets for Ararat Wind Farm.

In mainland China, the focus of the power plants was on emissions reduction to meet stringent new standards. The Jinwan and Zhuhai plants in Guangdong Province successfully reduced non-carbon emissions following comprehensive equipment upgrades and the Siping plant in Jilin Province began its upgrade exercise. Despite lower wind yields, the renewable energy generated by the two wind farms in Dali (Yunnan Province) and Laoting (Hebei Province) amounted to 113 GWh offsetting 110,093 tonnes of carbon emissions.

Continental Europe experienced a mild winter which affected demand for heating. During the period, Dutch Enviro Energy Holdings B.V., the Netherlands-based energy-from-waste company, was on track on all its operating metrics, delivering 260 GWh of electricity, 209 kt of steam and 3,117 TJ of heat. In Portugal, Iberwind, the wind farm developer and operator acquired in 2015, achieved high availability levels of 97.6% and made progress with capital projects to increase installed capacity.

Canadian Power, the Group's business in Canada achieved improved operating efficiencies to deliver performance in line with budget. The Meridian power plant improved output and efficiency after a hot gas path replacement.

In New Zealand, Wellington Electricity Lines ran a major campaign designed to encourage the use of electric vehicles for both cost and environmental benefits, while optimising network use. Steady returns were generated by the Group's business in Thailand.

## **Outlook**

With economic uncertainties across various regions in the world, the Group maintains a healthy cash position to provide us with the flexibility to pursue any appropriate opportunities that might arise. We will do so prudently, concentrating on high quality investments in a diversified range of stable, well regulated energy markets. We are currently in good progress on a few potential sizable investments. Our goal remains on sustainable, long term growth for our investors.

On 23 June 2016, the UK, our largest market of operations, voted by referendum to leave the European Union. As most of our investments in the country are energy related infrastructure and regulated businesses, such as electricity and gas, which are necessities to our customers whether the country stays or exits the European Union, we do not expect the voting result would have any material impact on our fundamental businesses. Nevertheless there would be exchange rate uncertainty on our reported earnings when the financials are translated from the pound sterling to Hong Kong dollar. During the first half of 2016, contributions from the UK recorded a rise of 2% in pound sterling, and however recorded a drop of 4% in Hong Kong dollar.

Our focus in North America will be the integration of acquired assets of Husky following the acquisition. Across the other existing operating companies, we will aim to further improve customer satisfaction through excellence in customer service and green operations. In China, our primary strategy will be to upgrade the wind farms and cut coal plant emissions to close to zero to address competition and ongoing power market reform.

In Hong Kong, we will continue to discuss with the regulator on improving the post-2018 regulatory framework. To further reduce our reliance on coal, HK Electric is partnering with another energy company in the city to study the feasibility of building an offshore liquefied natural gas terminal using floating storage and regasification unit technology in Hong Kong. If the project receives Government approval, the terminal will improve HK Electric's access to and negotiating power in the natural gas market as well as the security of supply.

I wish to thank the board of directors and all employees for their diligence and commitment, and our shareholders and other stakeholders for their long-term support of our business.

**Fok Kin Ning, Canning**  
*Chairman*

Hong Kong, 28 July 2016

## **FINANCIAL REVIEW**

### **Financial Performance**

The Group's unaudited profit for the six months ended 30 June 2016 amounted to HK\$3,476 million (2015: HK\$3,237 million, including a loss of HK\$532 million from the disposal of a 16.53% stake in HK Electric Investments and HK Electric Investments Limited (collectively known as "HKEI") in June 2015).

Investments in the United Kingdom achieved satisfactory results, contributing earnings of HK\$2,234 million (2015: HK\$2,334 million). The drop in earnings was mainly due to a weakening of the pound sterling.

Our Australian investments maintained stable profitability and contributed HK\$561 million (2015 restated: HK\$414 million). It was higher than last year mainly due to savings in operating expenses despite a lower exchange rate of Australian dollar when comparing with the same period of last year.

Investments in mainland China recorded lower earning, mainly due to the lower contribution from our Jinwan Power Plant for the suppressed utilisation of coal-fired units in Guangdong Province owing to the strong hydro power output from the Western China and the commissioning of new coal-fired units and nuclear power station, as well as the lower wind yield at both windfarms in Dali and Laoting throughout the period.

Investment in Portugal, which was acquired in November 2015, commenced contribution to the Group with expected results. Our investments in the Netherlands, Canada, Thailand and New Zealand continued to contribute stable earnings to the Group.

Our investment in HKEI recorded lower earnings of HK\$367 million (2015: HK\$568 million) mainly due to reduction of our shareholding from 49.9% to 33.37% since 9 June 2015.

Secure earnings and a strong financial position allowed us to continue with a stable dividend policy. 2016 interim dividend of HK\$0.70 per share (2015: HK\$0.68 per share) representing a 2.9% growth.

### **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 2016 were HK\$9,064 million (31 December 2015: HK\$9,405 million). In addition, the Group had bank deposits and cash of HK\$65,946 million (31 December 2015: HK\$68,149 million) and no undrawn committed bank facility at 30 June 2016 (31 December 2015: 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 on short term deposits denominated primarily in Australian dollars, Hong Kong dollars, pounds sterling and United States dollars. The Group aims to ensure that adequate financial resources are available for refinancing and business growth whilst maintaining a prudent capital structure.

The Group's financial profile remained strong during the period. On 19 January 2016, Standard & Poor's pronounced that the long term credit ratings of the Company was "A-" with a stable outlook which remains unchanged since January 2014. As at 30 June 2016, the net cash position of the Group amounted to HK\$56,882 million (31 December 2015: HK\$58,744 million).

The profile of the Group's external borrowings as at 30 June 2016, after taking into account interest rate swaps, was as follows:

- (1) 9% were in Euro, 39% were in Australian dollars and 52% were in pounds sterling;
- (2) 100% were bank loans;
- (3) 100% were repayable between 2 and 5 years;
- (4) 77% were in fixed rate and 23% were in floating rate.

The Group's policy is to maintain a 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 and by entering into forward foreign exchange contracts. The fair value of such borrowings at 30 June 2016 was HK\$9,112 million (31 December 2015: HK\$9,426 million). The fair value of forward foreign exchange contracts at 30 June 2016 was an asset of HK\$297 million (31 December 2015: asset HK\$203 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 Hong Kong dollars on receipt.

The contractual notional amounts of derivative financial instruments outstanding at 30 June 2016 amounted to HK\$24,627 million (31 December 2015: HK\$21,967 million).

### **Charges on Group Assets**

At 30 June 2016, the Group's interest in an associate of HK\$393 million (31 December 2015: HK\$422 million) had been pledged as part of the security to secure financing facilities granted to the associate.

### **Contingent Liabilities**

As at 30 June 2016, the Group had given guarantees and indemnities totalling HK\$843 million (31 December 2015: HK\$792 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 2016, excluding directors' emoluments, amounted to HK\$12 million (2015: HK\$11 million). As at 30 June 2016, the Group employed 12 (31 December 2015: 11) permanent 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 2016**  
(Expressed in Hong Kong dollars)

	Note	2016 \$ million	2015 \$ million
<b>Revenue</b>	5	<b>629</b>	626
Direct costs		<u>(5)</u>	<u>(4)</u>
		<b>624</b>	622
Other net loss		<b>(11)</b>	(176)
Other operating costs		<u>(75)</u>	<u>(322)</u>
<b>Operating profit</b>		<b>538</b>	124
Finance costs		<b>(126)</b>	(140)
Share of profits less losses of joint ventures		<b>2,355</b>	2,458
Share of profits less losses of associates		<u>703</u>	<u>780</u>
<b>Profit before taxation</b>	6	<b>3,470</b>	3,222
Income tax	7	<u>6</u>	<u>15</u>
<b>Profit for the period attributable to equity shareholders of the Company</b>		<u><b>3,476</b></u>	<u>3,237</u>
<b>Earnings per share</b>			
Basic and diluted	8	<u><b>\$1.63</b></u>	<u>\$1.52</u>



**POWER ASSETS HOLDINGS LIMITED**  
**UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2016**  
(Expressed in Hong Kong dollars)

	2016 \$ million	2015 \$ million
<b>Profit for the period attributable to equity shareholders of the Company</b>	<u>3,476</u>	<u>3,237</u>
<b>Other comprehensive income for the period</b>		
<b>Items that will not be reclassified to profit or loss</b>		
Remeasurement of net defined benefit asset/liability	-	(14)
Share of other comprehensive income of joint ventures and associates	(310)	(297)
Income tax relating to items that will not be reclassified to profit or loss	72	42
	<u>(238)</u>	<u>(269)</u>
<b>Items that may be reclassified subsequently to profit or loss</b>		
Exchange differences on translating operations outside Hong Kong, including joint ventures and associates	(2,249)	(607)
Net investment hedges	548	217
Cash flow hedges:		
Effective portion of changes in fair value of hedging instruments recognised during the period	(272)	268
Share of other comprehensive income of joint ventures and associates	(664)	(122)
Income tax relating to items that may be reclassified subsequently to profit or loss	212	(50)
	<u>(2,425)</u>	<u>(294)</u>
	<u>(2,663)</u>	<u>(563)</u>
<b>Total comprehensive income for the period attributable to equity shareholders of the Company</b>	<u>813</u>	<u>2,674</u>

**POWER ASSETS HOLDINGS LIMITED**  
**UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AT 30 JUNE 2016**

(Expressed in Hong Kong dollars)

	Note	(Unaudited) 30 June 2016 \$ million	(Audited) 31 December 2015 \$ million
<b>Non-current assets</b>			
Property, plant and equipment and leasehold land			
– Property, plant and equipment		12	12
– Interests in leasehold land held for own use under finance leases		17	18
		<u>29</u>	<u>30</u>
Interest in joint ventures	9	41,428	42,629
Interest in associates	10	23,934	23,919
Other non-current financial assets		67	67
Derivative financial instruments		422	167
Deferred tax assets		49	-
Employee retirement benefit assets		3	3
		<u>65,932</u>	<u>66,815</u>
<b>Current assets</b>			
Trade and other receivables	11	58	394
Bank deposits and cash		65,946	68,149
		<u>66,004</u>	<u>68,543</u>
<b>Current liabilities</b>			
Trade and other payables	12	(2,286)	(2,078)
Current tax payable		(62)	(41)
		<u>(2,348)</u>	<u>(2,119)</u>
<b>Net current assets</b>		<u>63,656</u>	<u>66,424</u>
<b>Total assets less current liabilities</b>		<u>129,588</u>	<u>133,239</u>
<b>Non-current liabilities</b>			
Bank loans and other interest-bearing borrowings		(9,064)	(9,405)
Derivative financial instruments		(282)	(70)
Deferred tax liabilities		(1)	(27)
Employee retirement benefit liabilities		(142)	(140)
		<u>(9,489)</u>	<u>(9,642)</u>
<b>Net assets</b>		<u>120,099</u>	<u>123,597</u>
<b>Capital and reserves</b>			
Share capital		6,610	6,610
Reserves		113,489	116,987
<b>Total equity attributable to equity shareholders of the Company</b>		<u>120,099</u>	<u>123,597</u>

**POWER ASSETS HOLDINGS LIMITED**  
**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2016**  
(Expressed in Hong Kong dollars)

\$ million	Attributable to equity shareholders of the Company					
	Share capital	Exchange reserve	Hedging reserve	Revenue reserve	Proposed/ declared dividend	Total
Balance at 1 January 2015	6,610	(621)	(1,152)	113,961	4,290	123,088
Changes in equity for the six months ended 30 June 2015:						
Profit for the period	-	-	-	3,237	-	3,237
Other comprehensive income	-	(390)	96	(269)	-	(563)
Total comprehensive income	-	(390)	96	2,968	-	2,674
Final dividend in respect of the previous year approved and paid	-	-	-	-	(4,290)	(4,290)
Interim dividend ( <i>see note 13</i> )	-	-	-	(1,451)	1,451	-
Balance at 30 June 2015	6,610	(1,011)	(1,056)	115,478	1,451	121,472
<b>Balance at 1 January 2016</b>	<b>6,610</b>	<b>(2,586)</b>	<b>(965)</b>	<b>116,227</b>	<b>4,311</b>	<b>123,597</b>
Changes in equity for the six months ended 30 June 2016:						
Profit for the period	-	-	-	3,476	-	3,476
Other comprehensive income	-	(1,701)	(724)	(238)	-	(2,663)
Total comprehensive income	-	(1,701)	(724)	3,238	-	813
Final dividend in respect of the previous year approved and paid	-	-	-	-	(4,311)	(4,311)
Interim dividend ( <i>see note 13</i> )	-	-	-	(1,494)	1,494	-
<b>Balance at 30 June 2016</b>	<b>6,610</b>	<b>(4,287)</b>	<b>(1,689)</b>	<b>117,971</b>	<b>1,494</b>	<b>120,099</b>

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

**1. Review of unaudited interim financial statements**

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

**2. Basis of preparation**

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

The interim financial statements have been prepared in accordance with the same accounting policies adopted in the 2015 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2016 annual financial statements. Details of these changes in accounting policies are set out in note 3.

The preparation of 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”).

**3. Changes in accounting policies**

The HKICPA has issued a few 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:

- Annual improvements to HKFRSs 2012-2014 cycle
- Amendments to HKFRS 10 and HKAS 28, *Sale or contribution of assets between an investor and its associate or joint venture*
- Amendments to HKFRS 11, *Accounting for acquisitions of interests in joint operations*
- Amendments to HKAS 1, *Disclosure initiative*
- Amendments to HKAS 16 and HKAS 38, *Clarification of acceptable methods of depreciation and amortisation*
- HKAS 27, *Separate Financial Statements*

The adoption of these amendments to HKFRSs has no material impact on the Group’s result and financial position for the current or prior periods. The Group has not applied any new standard or amendment that is not effective for the current accounting period.

#### 4. Segment reporting

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

\$ million	2016							Total
	Investment in HKEI*	Investments				Sub-total	All other activities	
		United Kingdom	Australia	Mainland China	Others			
<b>For the six months ended 30 June</b>								
<b>Revenue</b>								
Revenue	-	293	222	-	108	623	6	629
Other net loss	-	-	-	-	3	3	(262)	(259)
<b>Reportable segment revenue</b>	<b>-</b>	<b>293</b>	<b>222</b>	<b>-</b>	<b>111</b>	<b>626</b>	<b>(256)</b>	<b>370</b>
<b>Result</b>								
Segment earnings	-	293	222	(11)	111	615	(324)	291
Depreciation and amortisation	-	-	-	-	-	-	(1)	(1)
Bank deposit interest income	-	-	-	-	-	-	248	248
Operating profit	-	293	222	(11)	111	615	(77)	538
Finance costs	-	(51)	(66)	-	(9)	(126)	-	(126)
Share of profits less losses of joint ventures and associates	367	1,966	425	150	148	2,689	2	3,058
Profit before taxation	367	2,208	581	139	250	3,178	(75)	3,470
Income tax	-	26	(20)	-	-	6	-	6
<b>Reportable segment profit</b>	<b>367</b>	<b>2,234</b>	<b>561</b>	<b>139</b>	<b>250</b>	<b>3,184</b>	<b>(75)</b>	<b>3,476</b>
<b>At 30 June</b>								
<b>Reportable segment assets</b>	<b>16,344</b>	<b>29,684</b>	<b>10,796</b>	<b>3,962</b>	<b>5,105</b>	<b>49,547</b>	<b>66,045</b>	<b>131,936</b>
<b>Reportable segment liabilities</b>	<b>-</b>	<b>(4,829)</b>	<b>(3,962)</b>	<b>(4)</b>	<b>(971)</b>	<b>(9,766)</b>	<b>(2,071)</b>	<b>(11,837)</b>

#### 4. Segment reporting (continued)

\$ million	2015							All other activities	Total
	Investment in HKEI*	Investments				Sub-total	Restated		
		United Kingdom	Australia	Mainland China	Others				
			Restated			Restated	Restated		
For the six months ended 30 June									
Revenue									
Revenue	-	310	237	-	74	621	5	626	
Other net income	-	-	-	-	3	3	5	8	
Reportable segment revenue	-	310	237	-	77	624	10	634	
Result									
Segment earnings	-	310	231	(11)	77	607	(299)	308	
Loss on partial disposal of an associate	-	-	-	-	-	-	(532)	(532)	
Bank deposit interest income	-	-	-	-	-	-	348	348	
Operating profit	-	310	231	(11)	77	607	(483)	124	
Finance costs	-	(54)	(77)	-	(9)	(140)	-	(140)	
Share of profits less losses of joint ventures and associates	568	2,050	273	261	85	2,669	1	3,238	
Profit before taxation	568	2,306	427	250	153	3,136	(482)	3,222	
Income tax	-	28	(13)	-	-	15	-	15	
Reportable segment profit	568	2,334	414	250	153	3,151	(482)	3,237	
At 30 June									
Reportable segment assets	16,413	30,475	11,335	4,407	3,706	49,923	68,219	134,555	
Reportable segment liabilities	-	(5,604)	(3,860)	(2)	(896)	(10,362)	(2,721)	(13,083)	

#### Note:

\* As at 1 January 2015, the Group has a 49.9% equity interest in HK Electric Investments and HK Electric Investments Limited (collectively as "HKEI"), which is listed on The Stock Exchange of Hong Kong Limited. On 9 June 2015, the Group disposed of a 16.53% stake in HKEI and retained approximately 33.37% stake in HKEI.

## 5. Revenue

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

	<b>Six months ended 30 June</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$ million</b>	<b>\$ million</b>
Interest income	<b>623</b>	621
Others	<b>6</b>	5
	<hr/>	<hr/>
	<b>629</b>	626
	<hr/>	<hr/>
Share of revenue of unlisted joint ventures	<b>8,374</b>	8,997
	<hr/>	<hr/>

## 6. Profit before taxation

	<b>Six months ended 30 June</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$ million</b>	<b>\$ million</b>
Profit before taxation is arrived at after charging:		
Finance costs – interest on borrowings	<b>126</b>	140
Amortisation of leasehold land	<b>1</b>	-
	<hr/>	<hr/>

## 7. Income tax

	<b>Six months ended 30 June</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$ million</b>	<b>\$ million</b>
Current tax	(6)	(15)
Deferred tax	-	-
	<u>(6)</u>	<u>(15)</u>

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 \$3,476 million for the six months ended 30 June 2016 (2015: \$3,237 million) and 2,134,261,654 ordinary shares (2015: 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 2016 and 2015.

## 9. Interest in joint ventures

	<b>30 June</b>	<b>31 December</b>
	<b>2016</b>	<b>2015</b>
	<b>\$ million</b>	<b>\$ million</b>
Share of net assets of unlisted joint ventures	<b>32,352</b>	33,281
Loans to unlisted joint ventures	<b>8,783</b>	9,175
Amounts due from unlisted joint ventures	<b>293</b>	173
	<u><b>41,428</b></u>	<u>42,629</u>
Share of total assets of unlisted joint ventures	<u><b>101,510</b></u>	<u>104,655</u>



## 10. Interest in associates

	<b>30 June 2016 \$ million</b>	31 December 2015 \$ million
Share of net assets		
– Listed associate	<b>16,344</b>	16,583
– Unlisted associates	<b>3,571</b>	3,395
	<b>19,915</b>	19,978
Loans to unlisted associates	<b>3,944</b>	3,868
Amounts due from associates	<b>75</b>	73
	<b>23,934</b>	23,919

## 11. Trade and other receivables

The ageing analysis of trade debtors based on invoice date, which are neither individually nor collectively considered to be impaired, is as follows:

	<b>30 June 2016 \$ million</b>	31 December 2015 \$ million
1 to 3 months	-	1
Trade debtors	-	1
Interest and other receivables	<b>45</b>	241
Derivative financial instruments	-	144
Deposits and prepayments	<b>13</b>	8
	<b>58</b>	394

Trade with customers is carried out on credit and invoices are normally due within 1 month after issued.

## 12. Trade and other payables

	<b>30 June 2016 \$ million</b>	31 December 2015 \$ million
Due within 1 month or on demand	23	26
Due after 1 month but within 3 months	73	6
Due after 3 months but within 12 months	<u>2,113</u>	<u>2,002</u>
Creditors measured at amortised cost	2,209	2,034
Derivative financial instruments	<u>77</u>	<u>44</u>
	<u><u>2,286</u></u>	<u><u>2,078</u></u>

## 13. Interim dividend

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

	<b>Six months ended 30 June 2016 \$ million</b>	2015 \$ million
Interim dividend of \$0.70 per ordinary share (2015: \$0.68 per ordinary share)	<u>1,494</u>	<u>1,451</u>

## 14. Events after the reporting period

On 26 April 2016, the Company and Cheung Kong Infrastructure Holdings Limited jointly announced that they have entered into an agreement with Husky Energy Inc. (“Husky”) to acquire a portfolio of Husky’s oil pipeline assets in Canada for which the Group will have a 48.75% interest in the project. Husky is one of Canada’s largest integrated energy companies. It is headquartered in Calgary, Alberta, Canada and its common shares are publicly traded on the Toronto Stock Exchange.

The acquisition was completed on 15 July 2016. The Group’s interest in the joint venture of approximately C\$866 million would be recorded as a result of the acquisition completion.

## 15. Comparative figures

Certain comparative figures have been reclassified to conform to current period’s presentation.

## **POWER ASSETS HOLDINGS LIMITED**

### **OTHER INFORMATION**

#### **Interim Dividend**

The Board of Directors has declared an interim dividend for 2016 of HK\$0.70 per share. The dividend will be payable on 7 September 2016 to shareholders whose names appear in the Company's Register of Members at the close of business on Monday, 29 August 2016, 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 Monday, 29 August 2016.

#### **Purchase, Sale or Redemption of Shares**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's issued shares during the six months ended 30 June 2016.

#### **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 six months ended 30 June 2016, except as noted hereunder.

The Company does not have a nomination committee as provided for in code provision A.5. At present, the Company does not consider it necessary to have a nomination committee as the full Board is responsible for reviewing the structure, size and composition of the Board and the appointment of new Directors from time to time having regard to the Group's Board Diversity Policy. The Board as a whole is also responsible for reviewing the succession plan for the Directors, in particular the Chairman and the Chief Executive Officer.

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.

## 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. LI Tzar Kuoi, Victor and Mr. Frank John SIXT
- Independent non-executive directors : Mr. IP Yuk-keung, Albert, Mr. Ralph Raymond SHEA, Mr. WONG Chung Hin and Mr. WU Ting Yuk, Anthony