



**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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## **2020 INTERIM RESULTS**

### **CHAIRMAN'S STATEMENT**

Though the Power Assets Group is not immune to the social and economic impact of the COVID-19 pandemic, the impact on our Group has been far less severe than those experienced by many other industries. This is because most of our operating companies are either regulated businesses or have their revenue protected by long-term contracts. I deeply appreciate the selfless service of our team during these challenging times.

#### **Half Year Results**

The Group's unaudited profits for the six months ended 30 June 2020 amounted to HK\$2,262 million (2019: HK\$3,791 million). This decline is attributable to the following factors: (i) the corporate tax rate in the UK remained at 19% instead of reducing to 17% as previously enacted under UK law, which necessitated a one-off non-cash adjustment to the deferred tax balances of our operating companies there and negatively impacted the Group's share of the results of our joint ventures and associates of approximately HK\$780 million; (ii) a lower contribution from our mainland China portfolio following the expiry of our operating rights in two coal-fired power plants in 2019; (iii) the adverse impact of the COVID-19 pandemic.

The Group operates a diversified portfolio of operating companies in the generation of thermal and renewable power, the transmission of electricity, gas and oil, and the distribution of electricity and gas across Asia, Europe, Australia, New Zealand and North America.

#### **Interim Dividend**

The board of directors has declared an interim dividend of HK\$0.77 (2019: HK\$0.77) per share, payable on 15 September 2020 to shareholders whose names appear in the Company's Register of Members on 4 September 2020.

## **Delivering Resilient and Reliable Operating Results**

Under the pandemic, as providers of essential services, all our operating companies moved swiftly to implement appropriate measures to ensure staff safety and maintain business continuity as we continued to supply our customers with power and heating especially during the lockdown periods. These included technologies to support work-from-home measures, guidelines to field workers, the provision of protective clothing, and sanitisers. With these safeguarding measures in place, we maintained our customary high standards with respect to efficiency, customer service and emissions. A review of the performances by respective markets follows.

### **United Kingdom Portfolio**

The operating companies in the UK, our largest market, once again met all their key targets and several led their respective sectors for reliability and customer service, recording a total profit contribution of HK\$842 million (2019: HK\$1,825 million). The results for the first half of the year were affected by a one-off non-cash adjustment resulting from the UK corporate tax rate remaining at 19% instead of reducing to 17%, as previously enacted under UK law. A weaker pounds sterling exchange rate compared to the same period last year also affected the contributions of our UK investments.

Both Northern Gas Networks and Wales & West Utilities received the draft determinations for their next regulatory period starting April 2021, though with significantly lower rates of return and reduced potential for outperformance when compared to the current period. The two gas distribution networks will be responding to the draft determination consultation and will continue to assist the regulator with its enquiries in advance of the final determination expected by December 2020.

### **Hong Kong Portfolio**

In Hong Kong, HK Electric Investments made a profit contribution of HK\$271 million (2019: HK\$237 million) as it continues to yield stable income to the Group.

HK Electric, our flagship operating company based in Hong Kong, maintained its world-leading reliability rating of over 99.999%. It has increased the proportion of gas-fired electricity to approximately 50% following the commissioning of a new gas-fired generating unit, L10, in February 2020. Two other generating units are currently under construction that will together increase gas-fired generation to approximately 70% of total output by the end of 2023. Progress was also made on the development of an offshore liquefied natural gas terminal scheduled for commercial operation in 2022. These capital works are essential to HK Electric's decarbonisation strategy in support of the Hong Kong government's policy and efforts in this area.

HK Electric launched a series of plans and schemes to improve energy efficiency and conservation in the community, while providing support to customers and businesses adversely impacted by the economic downturn during the period under review. A total of HK\$23 million has been distributed to the community in the form of dining coupons and subsidies to help the underprivileged while generating business income for the catering industry.

#### Australian Portfolio

The Australian portfolio delivered a profit contribution of HK\$663 million (2019: HK\$742 million). Our operating companies in the market achieved strong underlying performance, which partly offset the impact of unfavourable exchange rates and the adverse effects of the COVID-19 pandemic on consumption.

Our electricity distribution network in South Australia, SA Power Networks, commenced a new regulatory reset period. Though the allowed return was lower compared to the previous period, the new regime offers predictability to the earnings of the company for the next five years. Two other electricity distribution networks - Victoria Power Networks and United Energy - are working with the regulator for a new five-year regulatory reset period starting July 2021. Under the current low-interest rate regime and tough stances by the regulator, the exercise is expected to be challenging.

Our gas networks in Australia continued to outperform regulatory targets in public safety, reliability and customer services. Australia Gas Networks submitted a draft South Australian Access Arrangement proposal to the regulator to determine targets and income for the next regulatory period commencing July 2021. Multinet Gas moved ahead with a major asset relocation project while Dampier Bunbury Pipeline achieved 99.6% reliability performance for compressor stations.

Energy Developments Ltd completed the installation of an 18MW wind farm and a 13MW battery as part of a renewable hybrid project in Western Australia, which commenced commercial operations in April 2020. Australian Energy Operations, our electricity transmission network, delivered steady income and met targets, connecting four wind farms to the grid.

#### Mainland China Portfolio

Our mainland China portfolio presently comprises two wind farms and a coal-fired power plant after our handover of the operating rights of two coal-fired plants to the respective joint-venture partners in accordance with the terms of the respective co-operative agreements. Consequently, the profit contribution from our Chinese assets declined to HK\$28 million (2019: HK\$254 million) in the first half of 2020.

While the early part of the year saw electricity consumption in the mainland decline due to the COVID-19 pandemic, Jinwan Power Plant increased the amount of heat sold in the first half of 2020 year-on-year. The renewable energy generated by the two wind farms in Dali and Laoting reduced 111,000 tonnes of carbon emissions within the respective provinces.

#### Other Portfolios

In Canada, Canadian Power continued to migrate to gas-fired generation according to schedule. Husky Midstream moved forward on the second phase of expansion of the Saskatchewan Gathering System and the construction of long-term contracted crude oil storage tanks. The storage tanks will be put into service in the 4th quarter of 2020. The Ansell Corser gas processing plant maintained smooth operations in the first half of 2020, following commissioning in late 2019.

AVR-Afvalverwerking B.V. (AVR) in the Netherlands operates two waste-to-energy incineration plants in Rozenburg and Duiven. These plants met their operating targets, processing 831 kT of household and commercial waste. AVR was able to maintain more than 89% availability during the period under review.

In Portugal, Iberwind experienced a weaker-than-expected wind resource which impacted its contribution to the Group during the period under review.

In New Zealand, Wellington Electricity Lines met expectations in safety, reliability and customer service. It ran a campaign to support the use of electric vehicles to optimise network use and deliver both cost and environmental benefits.

Ratchaburi Power Company Limited, which operates generating facilities in Thailand, achieved all its operating parameters in line with its production plan.

#### **Outlook**

As countries across the world come out of lockdown gradually, improvements may be seen in many of our markets of operation even though socio-economic uncertainties are expected to persist in the second half of 2020. Regulatory resets, imminent in many key global markets, will pose a challenge in terms of negotiating favourable outcomes. We are engaged in extensive preparation work to position ourselves for this.

Leveraging our financial strength and strong cash position, we will continue to seek appropriate opportunities that meet our criteria to expand our portfolio to deliver long-term value appreciation. All expansion will be undertaken with a prudent mindset, concentrating on high quality investments in a diversified range of stable and well-regulated energy markets.

I would like to pay tribute to all my colleagues in the Power Assets Group whose tireless efforts and dedication through this challenging time have made it possible to maintain normal services.

I would also like to take this opportunity to extend my gratitude to the board of directors, our shareholders and other stakeholders for their continuous support.

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

Hong Kong, 5 August 2020

## **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 2020 were HK\$3,313 million (31 December 2019: HK\$3,319 million). In addition, the Group had bank deposits and cash of HK\$3,361 million (31 December 2019: HK\$4,876 million) and no undrawn committed bank facility at 30 June 2020 (31 December 2019: HK\$Nil).

### **Treasury Policy, Financing Activities and Debt Structure**

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

The Group's financial profile remained strong during the period. On 28 January 2020, Standard & Poor's reaffirmed the "A" long-term issuer credit rating of the Company. The outlook remained "Stable", unchanged since September 2018. As at 30 June 2020, the net cash position of the Group amounted to HK\$48 million (31 December 2019: HK\$1,557 million).

The profile of the Group's external borrowings as at 30 June 2020, 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 within 1 year; 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 2020 was HK\$3,313 million (31 December 2019: HK\$3,319 million). The fair value of forward foreign exchange contracts and cross currency swaps at 30 June 2020 was an asset of HK\$3,055 million (31 December 2019: asset of HK\$1,061 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 2020 amounted to HK\$35,321 million (31 December 2019: HK\$35,502 million).

### **Charges on Assets**

At 30 June 2020, the Group's interest in an associate of HK\$177 million (31 December 2019: HK\$182 million) had been pledged as part of the security to secure financing facilities granted to the associate.

### **Contingent Liabilities**

As at 30 June 2020, the Group had given guarantees and indemnities totalling HK\$443 million (31 December 2019: HK\$493 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 2020, excluding directors' emoluments, amounted to HK\$12 million (2019: HK\$12 million). As at 30 June 2020, the Group employed 13 (31 December 2019: 13) employees. No share option scheme is in operation.

**POWER ASSETS HOLDINGS LIMITED**  
**UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2020**  
(Expressed in Hong Kong dollars)

	Note	2020 \$ million	2019 \$ million
<b>Revenue</b>	5	<b>601</b>	665
Other net income		<b>176</b>	443
Other operating costs		<u><b>(76)</b></u>	<u>(75)</u>
<b>Operating profit</b>		<b>701</b>	1,033
Finance costs		<b>(32)</b>	(50)
Share of profits less losses of joint ventures		<b>1,068</b>	2,314
Share of profits less losses of associates		<u><b>584</b></u>	<u>530</u>
<b>Profit before taxation</b>	6	<b>2,321</b>	3,827
Income tax	7	<u><b>(59)</b></u>	<u>(36)</u>
<b>Profit for the period attributable to equity shareholders of the Company</b>		<u><b>2,262</b></u>	<u>3,791</u>
<b>Earnings per share</b>			
Basic and diluted	8	<u><b>\$1.06</b></u>	<u>\$1.78</u>



**POWER ASSETS HOLDINGS LIMITED**  
**UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2020**  
(Expressed in Hong Kong dollars)

	2020 \$ million	2019 \$ million
<b>Profit for the period attributable to equity shareholders of the Company</b>	<u>2,262</u>	<u>3,791</u>
<b>Other comprehensive income for the period</b>		
<b>Items that will not be reclassified to profit or loss</b>		
Share of other comprehensive income of joint ventures and associates	87	509
Income tax relating to items that will not be reclassified to profit or loss	<u>(14)</u>	<u>(74)</u>
	<u>73</u>	<u>435</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	(1,916)	(255)
Net investment hedges	1,919	135
Cost of hedging	120	202
Cash flow hedges:		
Net movement of hedging reserve related to hedging instruments recognised during the current period	(96)	(186)
Share of other comprehensive income of joint ventures and associates	(991)	(963)
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>260</u>	<u>320</u>
	<u>(704)</u>	<u>(747)</u>
	<u>(631)</u>	<u>(312)</u>
<b>Total comprehensive income for the period attributable to equity shareholders of the Company</b>	<u>1,631</u>	<u>3,479</u>

**POWER ASSETS HOLDINGS LIMITED**  
**UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AT 30 JUNE 2020**

(Expressed in Hong Kong dollars)

	Note	(Unaudited) 30 June 2020 \$ million	(Audited) 31 December 2019 \$ million
<b>Non-current assets</b>			
Property, plant and equipment and leasehold land		18	19
Interest in joint ventures	9	57,635	59,728
Interest in associates	10	26,127	26,414
Other non-current financial assets		1,100	1,100
Derivative financial instruments		2,718	1,212
Deferred tax assets		105	77
Employee retirement benefit assets		6	6
		<u>87,709</u>	<u>88,556</u>
<b>Current assets</b>			
Trade and other receivables	11	504	139
Bank deposits and cash		3,361	4,876
		<u>3,865</u>	<u>5,015</u>
<b>Current liabilities</b>			
Trade and other payables	12	(4,891)	(4,276)
Current portion of bank loans and other interest-bearing borrowings		(3,316)	(3)
Current tax payable		(50)	(45)
		<u>(8,257)</u>	<u>(4,324)</u>
<b>Net current (liabilities)/assets</b>		<u>(4,392)</u>	<u>691</u>
<b>Total assets less current liabilities</b>		<u>83,317</u>	<u>89,247</u>
<b>Non-current liabilities</b>			
Bank loans and other interest-bearing borrowings		-	(3,321)
Derivative financial instruments		(366)	(298)
Deferred tax liabilities		(24)	-
Employee retirement benefit liabilities		(137)	(136)
		<u>(527)</u>	<u>(3,755)</u>
<b>Net assets</b>		<u>82,790</u>	<u>85,492</u>
<b>Capital and reserves</b>			
Share capital		6,610	6,610
Reserves		76,180	78,882
<b>Total equity attributable to equity shareholders of the Company</b>		<u>82,790</u>	<u>85,492</u>

**POWER ASSETS HOLDINGS LIMITED**  
**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2020**  
(Expressed in Hong Kong dollars)

\$ million	Attributable to equity shareholders of the Company					Total
	Share capital	Exchange reserve	Hedging reserve	Revenue reserve	Proposed/ declared dividend	
Balance at 1 January 2019	6,610	(6,499)	(1,911)	81,000	4,333	83,533
Changes in equity for the six months ended 30 June 2019:						
Profit for the period	-	-	-	3,791	-	3,791
Other comprehensive income	-	82	(829)	435	-	(312)
Total comprehensive income	-	82	(829)	4,226	-	3,479
Final dividend in respect of the previous year approved and paid	-	-	-	-	(4,333)	(4,333)
Interim dividend ( <i>see note 13</i> )	-	-	-	(1,643)	1,643	-
Balance at 30 June 2019	6,610	(6,417)	(2,740)	83,583	1,643	82,679
<b>Balance at 1 January 2020</b>	<b>6,610</b>	<b>(6,118)</b>	<b>(2,114)</b>	<b>82,781</b>	<b>4,333</b>	<b>85,492</b>
Changes in equity for the six months ended 30 June 2020:						
Profit for the period	-	-	-	2,262	-	2,262
Other comprehensive income	-	123	(827)	73	-	(631)
Total comprehensive income	-	123	(827)	2,335	-	1,631
Final dividend in respect of the previous year approved and paid	-	-	-	-	(4,333)	(4,333)
Interim dividend ( <i>see note 13</i> )	-	-	-	(1,643)	1,643	-
<b>Balance at 30 June 2020</b>	<b>6,610</b>	<b>(5,995)</b>	<b>(2,941)</b>	<b>83,473</b>	<b>1,643</b>	<b>82,790</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 2019 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2020 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 2019 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 is as follows:

The Company has delivered the financial statements for the year ended 31 December 2019 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 2019. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

### 3. Changes in accounting policies

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

- Amendments to HKFRS 3, *Definition of a business*
- Amendments to HKAS 1 and HKAS 8, *Definition of material*
- Amendments to HKFRS 9, HKAS 39 and HKFRS 7, *Interest rate benchmark reform*
- Amendments to HKFRS 16, *COVID-19-Related Rent Concessions*

The adoption of the amendments above has no material impact on the Group's results and financial position for the current or prior periods.

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

### 4. Segment reporting

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

\$ million	2020							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	-	268	247	-	86	601	-	601
Other net income	-	-	-	-	3	3	126	129
<b>Reportable segment revenue</b>	<b>-</b>	<b>268</b>	<b>247</b>	<b>-</b>	<b>89</b>	<b>604</b>	<b>126</b>	<b>730</b>
<b>Results</b>								
Segment earnings	-	268	247	(8)	89	596	60	656
Depreciation and amortisation	-	-	-	-	-	-	(2)	(2)
Bank deposit interest income	-	-	-	-	-	-	47	47
Operating profit	-	268	247	(8)	89	596	105	701
Finance costs	-	38	(83)	-	13	(32)	-	(32)
Share of profits less losses of joint ventures and associates	271	537	510	36	296	1,379	2	1,652
Profit before taxation	271	843	674	28	398	1,943	107	2,321
Income tax	-	(1)	(11)	-	(47)	(59)	-	(59)
<b>Reportable segment profit</b>	<b>271</b>	<b>842</b>	<b>663</b>	<b>28</b>	<b>351</b>	<b>1,884</b>	<b>107</b>	<b>2,262</b>

2019								
\$ million	Investment in HKEI	Investments				Sub-total	All other activities	Total
		United Kingdom	Australia	Mainland China	Others			
<b>For the six months ended 30 June</b>								
<b>Revenue</b>								
Revenue	-	279	298	-	88	665	-	665
Other net income	-	-	-	-	3	3	372	375
<b>Reportable segment revenue</b>	<b>-</b>	<b>279</b>	<b>298</b>	<b>-</b>	<b>91</b>	<b>668</b>	<b>372</b>	<b>1,040</b>
<b>Results</b>								
Segment earnings	-	279	298	(10)	91	658	308	966
Depreciation and amortisation	-	-	-	-	-	-	(1)	(1)
Bank deposit interest income	-	-	-	-	-	-	68	68
Operating profit	-	279	298	(10)	91	658	375	1,033
Finance costs	-	37	(100)	-	13	(50)	-	(50)
Share of profits less losses of joint ventures and associates	237	1,516	555	264	270	2,605	2	2,844
Profit before taxation	237	1,832	753	254	374	3,213	377	3,827
Income tax	-	(7)	(11)	-	(18)	(36)	-	(36)
<b>Reportable segment profit</b>	<b>237</b>	<b>1,825</b>	<b>742</b>	<b>254</b>	<b>356</b>	<b>3,177</b>	<b>377</b>	<b>3,791</b>

## 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>2020</b>	<b>2019</b>
	<b>\$ million</b>	<b>\$ million</b>
Interest income	<b>601</b>	<b>665</b>
Share of revenue of joint ventures	<b>7,956</b>	<b>8,965</b>

## 6. Profit before taxation

	<b>Six months ended 30 June</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$ million</b>	<b>\$ million</b>
Profit before taxation is arrived at after charging:		
Finance costs - interest on borrowings and other finance costs	32	50
Depreciation	2	1
	<hr/>	<hr/>

## 7. Income tax

	<b>Six months ended 30 June</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$ million</b>	<b>\$ million</b>
Current tax	34	(11)
Deferred tax	25	47
	<hr/>	<hr/>
	<b>59</b>	<b>36</b>
	<hr/>	<hr/>

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

## 8. Earnings per share

The calculation of earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of \$2,262 million for the six months ended 30 June 2020 (2019: \$3,791 million) and 2,134,261,654 ordinary shares (2019: 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 2020 and 2019.

## 9. Interest in joint ventures

	<b>30 June 2020 \$ million</b>	31 December 2019 \$ million
Share of net assets of unlisted joint ventures	<b>44,949</b>	46,910
Loans to unlisted joint ventures	<b>12,459</b>	12,722
Amounts due from unlisted joint ventures	<b>227</b>	96
	<b>57,635</b>	59,728
Share of total assets of unlisted joint ventures	<b>135,622</b>	137,701

## 10. Interest in associates

	<b>30 June 2020 \$ million</b>	31 December 2019 \$ million
Share of net assets		
– Listed associate	<b>16,118</b>	16,403
– Unlisted associates	<b>6,594</b>	6,590
	<b>22,712</b>	22,993
Loans to unlisted associates	<b>3,315</b>	3,320
Amounts due from associates	<b>100</b>	101
	<b>26,127</b>	26,414

## 11. Trade and other receivables

	<b>30 June 2020 \$ million</b>	31 December 2019 \$ million
Trade debtors	-	-
Interest and other receivables	<b>128</b>	137
	<b>128</b>	137
Derivative financial instruments	<b>374</b>	-
Deposits and prepayments	<b>2</b>	2
	<b>504</b>	139

Trade with customers is carried out on credit and invoices are normally due within one month after issued. The ageing of trade debtors is based on invoice date and net of loss allowance.



## 12. Trade and other payables

	<b>30 June 2020 \$ million</b>	31 December 2019 \$ million
Due within 1 month or on demand	<b>662</b>	752
Due after 1 month but within 3 months	<b>24</b>	72
Due after 3 months but within 12 months	<b>4,186</b>	3,341
Creditors measured at amortised cost	<b>4,872</b>	4,165
Derivative financial instruments	<b>19</b>	111
	<b>4,891</b>	4,276

## 13. Interim dividend

The interim dividends declared by the Board of Directors are as follows:

	<b>Six months ended 30 June 2020 \$ million</b>	2019 \$ million
Interim dividend of \$0.77 per ordinary share (2019: \$0.77 per ordinary share)	<b>1,643</b>	1,643

## **POWER ASSETS HOLDINGS LIMITED**

### **OTHER INFORMATION**

#### **Interim Dividend**

The Board of Directors has declared an interim dividend for 2020 of HK\$0.77 per share. The dividend will be payable on Tuesday, 15 September 2020 to shareholders whose names appear in the register of members of the Company at the close of business on Friday, 4 September 2020, 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, 4 September 2020.

#### **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 2020.

#### **Corporate Governance**

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 2020, except as stated hereunder.

In accordance with code provision A.5.1, the Company established a Nomination Committee. While its membership comprises all Directors of the Company, 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) when discharging its responsibilities.

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 six months ended 30 June 2020.

## **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. LUI Wai Yu, Albert, Mr. Ralph Raymond SHEA and Mr. WU Ting Yuk, Anthony