



**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

香港夏愨道 10 號和記大廈 19 樓 1913 - 1914 室  
Rooms 1913 -1914, 19/F, Hutchison House,  
10 Harcourt Road, Hong Kong  
電話 / Tel (852) 2122 9122 傳真 / Fax (852) 2180 9708  
電郵 / Email mail@powerassets.com  
[www.powerassets.com](http://www.powerassets.com)

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

## **2014 ANNUAL RESULTS**

### **CHAIRMAN'S STATEMENT**

#### **Generating growth through a global portfolio**

I am pleased to present the 2014 annual results for the Power Assets Group.

Following a spin-off exercise completed on 29 January 2014, we reduced our ownership of the Hong Kong electricity business. This has enabled the Group to focus exclusively on achieving our long-term objective of delivering growth in shareholder value through a diversified portfolio of investments in the electricity and gas industries. To this end during the year the Group acquired a 27.5% stake in Australian Gas Networks Limited (formerly Envestra Limited), one of Australia's largest natural gas distribution companies.

The Group now has a balanced, healthy portfolio of companies in the energy sector worldwide, including power generation and distribution, gas distribution, energy from waste and renewables in eight different markets including the UK, Hong Kong, Australia, mainland China, New Zealand, Thailand, Canada and the Netherlands.

From the spin-off of the Hong Kong electricity business the Group received cash of HK\$59 billion which we will use strategically to expand our portfolio around the world, particularly in markets with a well regulated and structured energy sector so as to maintain a portfolio of investments with low and manageable risk profiles. We practise financial discipline and carefully evaluate every opportunity to ensure its long-term potential and stability.

## **Results & dividends**

The Group's 2014 profits attributable to shareholders increased by 446% to HK\$61,005 million (2013: HK\$11,165 million). This includes a one-time gain of HK\$52,928 million from the spin-off of the Hong Kong electricity business in January 2014. Excluding this one-time gain, the Group's profits were HK\$8,077 million (2013: HK\$11,165 million), dropped by 28%, mainly due to a reduction of interest in the Hong Kong electricity business from 100% to 49.9% and deferred tax credits arising from the lowering of the UK corporate tax rate from 23% to 20% in 2013.

Earnings per share grew by 446% to HK\$28.58 (2013: HK\$5.23).

The Directors will recommend a final dividend of HK\$2.01 per share, payable on 1 June 2015 to those persons registered as shareholders on 20 May 2015.

This, together with the interim dividend of HK\$0.67 per share, will add up to a total dividend of HK\$2.68 per share for the year (2013: HK\$2.55 per share). This upholds the commitment made during the process of the spin-off exercise to maintain dividend distribution at 2012 level in 2014.

## **Expanding our Australian presence**

During the year the Group acquired a 27.5% stake in Australian Gas Networks Limited, one of Australia's largest natural gas distribution companies through a joint venture with Cheung Kong Infrastructure Holdings Limited and Cheung Kong (Holdings) Limited. The company's natural gas distribution network serves 1.2 million customers in South Australia, Victoria, Queensland, New South Wales and the Northern Territory. The acquisition will strengthen our presence in the dynamic Australian natural gas market.

## **Achieving excellence in performance**

With mild weather and steady improvement in macro economic indicators in key markets around the world the Group achieved a consistent overall performance, continuing the trend of enduring growth over the past few years.

The UK, with four operating companies, remained the Group's biggest market during the year. UK Power Networks, Northern Gas Networks, Wales & West Utilities and Seabank all delivered satisfactory results due to a focus on improved customer service, cost controls and reliability. 2014 was the first full year of the "RIIO (Revenue = Incentives + Innovation + Output) regulatory regime" in the UK for gas distribution, which encourages investment in innovation to improve efficiency, reliability and environmental sustainability. RIIO will be extended to the electricity distribution sector in 2015. Our effective operating procedures, customer service and high performance and environmental standards will enable the UK operating companies to continue to deliver growth under the new regime.

Australia, another key market for the Group, maintained its steady operational track record. For the first time, the Group's results include four months' revenue from our new operating company Australian Gas Networks Limited. SA Power Networks submitted its 2015-2020 regulatory proposal to the Australian Energy Regulator in October 2014 and its next regulatory control period will commence in July 2015. The key focus for CitiPower and Powercor was enhancing customer communications. The Mt Mercer wind farm in Victoria reached full operational capacity during the year, allowing Transmission Operations Australia to increase its transmission of electricity produced by renewable sources. In the market our overall revenues increased on the back of higher tariffs but the overall contribution was impacted by a lower exchange rate of Australian dollar when compared with last year.

Our power plants in Zhuhai and Jinwan in mainland China continued to improve their emissions control facilities in order to meet the new National Environmental Protection standards that have come into effect in 2014. Jinwan Power aims at reduction of non-carbon emissions to zero once all the modifications are completed. Our wind farms in Dali and Laoting completed an engineering innovation programme to increase productivity and enhance reliability.

This was the first full year of operations as a member of the Power Assets Group for AVR-Afvalverwerking B.V. (AVR), the Dutch energy-from-waste company acquired in August 2013. During the year AVR delivered steady performance across its portfolio of energy products including electricity, heat as well as steam. Producing a diversified energy output enables AVR to increase energy efficiency and maximise the value of its waste to energy conversion activities. To achieve this it is increasing heat and steam production and has expanded its city heating network at Rotterdam and Duiven in the Netherlands. From 2015 forward, AVR will supply heat to more than 150,000 households, making it one of the largest three producers of district heating in the country.

Our Thailand generation business maintained stable operations all through the year and met its production targets, delivering 92.84% availability through the year. In New Zealand, Wellington Electricity delivered stable sales during the year and managed to expand our network through the acquisition of embedded networks operating within our electricity distribution region. Our generation businesses in Canada improved revenues through steam sales and plant efficiencies. Following the signing of a 20 years power purchase agreement, the power plant in Ottawa operated by TransAlta Cogeneration L.P. made a successful transition from a continuous base load operation to a dispatchable plant, capable of shorter term peaking operations.

The operating company in Hong Kong delivered solid results while maintaining its track record of high standards in reliability, affordability and customer service. Tariffs were kept at 2013 levels and among the most affordable in the region. During the year The Hongkong Electric Company, Limited (“HK Electric”) participated in a major public consultation exercise conducted by the Hong Kong Government to determine the future fuel mix for electricity generation. The Hong Kong Government indicated that over 80,000 responses had been received and the mainstream opinion of the responses is to increase gas generation locally. We believe that increasing the use of natural gas will be the right option for securing electricity supply reliability and keeping tariffs competitive, while reducing pollutants and carbon emissions.

### **Positive prospects for sustained growth**

Following the spin-off of the Hong Kong electricity business, the Group enters 2015 in an advantageous cash position, giving it the flexibility to explore all avenues as it seeks suitable investment opportunities throughout the world, continuing to focus on high-quality investments in stable, well-regulated power and gas markets globally that offer potential for growth in the short to medium terms.

In the UK and Australia, our operating companies will continue to collaborate with the regulators to address the parameters set for the operations and revenues for the next regulatory period. We believe that the new regimes will drive innovation in the sector and customers will benefit from reliable, safe and cost efficient energy services.

In Hong Kong, the public consultation on the future fuel mix for electricity generation was a milestone for the sector as a whole and its outcome will have a significant impact on the development of HK Electric. The Group supports and endorses HK Electric's proposal to increase the proportion of gas-fired generation and will continue to engage with the government and our stakeholders to chart the way forward in upcoming consultations related to the future of Hong Kong's electricity market.

As we look forward to another year of achievement and growth, I thank the board of directors and our dedicated and skilled employees around the world for their efforts. My thanks also go to our shareholders and other stakeholders for their support and commitment.

***Fok Kin Ning, Canning***

Chairman

Hong Kong, 24 February 2015

## **FINANCIAL REVIEW**

### **Financial Performance**

Profit attributable to shareholders for 2014 amounted to HK\$61,005 million. This includes a one-time gain of HK\$52,928 million from the spin-off of the Hong Kong electricity business in January 2014. Excluding this one-time gain, the Group's profits were HK\$8,077 million (2013: HK\$11,165 million), representing a decrease of 28% that was mainly due to a reduction of interest in the Hong Kong electricity business from 100% to 49.9% and deferred tax credits arising from a reduction of the UK corporate tax rate in 2013.

Our investments in the United Kingdom contributed earnings of HK\$4,861 million (2013: HK\$5,865 million). The reduction of earnings was primarily due to deferred tax credits recorded in 2013 as a result of reduction in corporate tax rate. Excluding the impact on the deferred tax credits, all our four investments in the United Kingdom benefitted from stable performance and delivered satisfactory results in 2014.

Our Australian investments maintained its steady operational track record, contributing earnings of HK\$908 million (2013: HK\$838 million). It was higher than last year mainly due to contributions from Australian Gas Networks Limited (formerly known as Envestra Limited) which was acquired in August 2014 and higher regulated revenue due to higher tariffs but the overall contribution was impacted by a lower exchange rate of Australian dollar when compared with last year.

In mainland China, the performance of the coal-fired plants was higher than last year mainly due to lower coal costs and operating expenses partly offset by the drop in power sales and tariff.

Investment in the Netherlands, which was acquired in August 2013, maintained stable profitability and contributed first full year results to the Group. Our operations in Canada, Thailand and New Zealand delivered steady performances.

Our investment in Hong Kong electricity business, which our share has been reduced from 100% to 49.9% since 29 January 2014, contributed earnings of HK\$1,780 million.

Secure earnings and a strong financial position allowed us to continue with a stable dividend policy. 2014 full year dividends of HK\$2.68 per share (2013: HK\$2.55 per share) represented a 5.1% growth.

### **Financial Positions, 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 rose by 66% to HK\$74,066 million (2013: HK\$44,611 million). In 2014, we acquired a 27.5% stake in Australian Gas Networks Limited, one of Australia's largest natural gas distribution companies. Total unsecured bank loans outstanding at the year end were HK\$10,204 million (2013: unsecured bank loans and debt securities in issue totalling HK\$22,348 million). In addition, the Group had bank deposits and cash of HK\$61,291 million (2013: HK\$7,894 million) and no undrawn committed bank facility at the year end (2013: HK\$2,300 million).

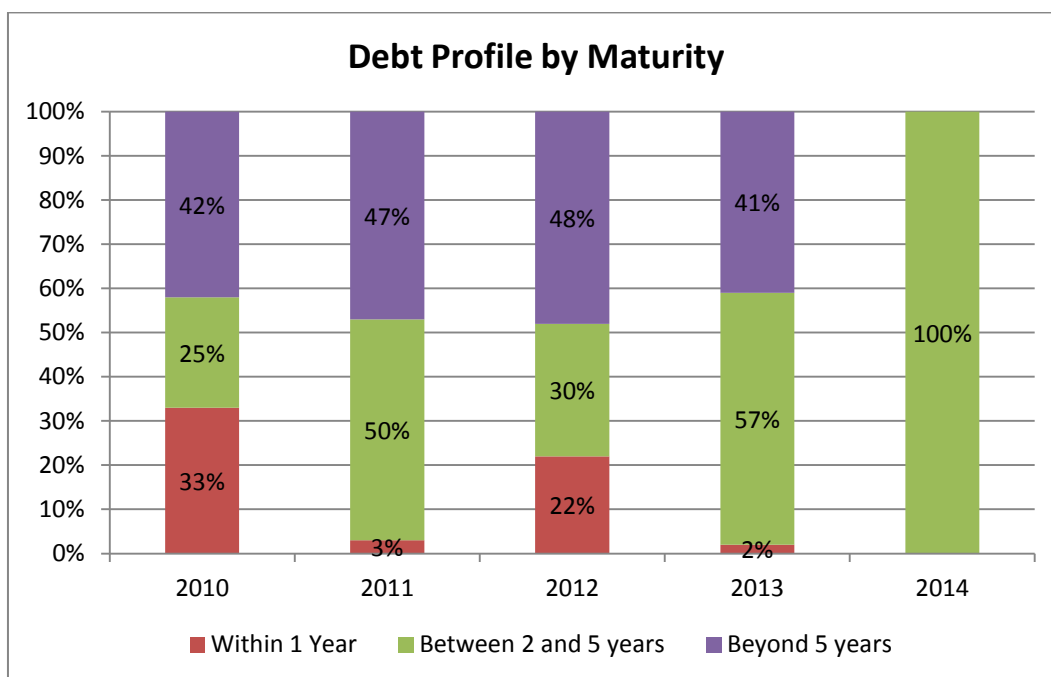
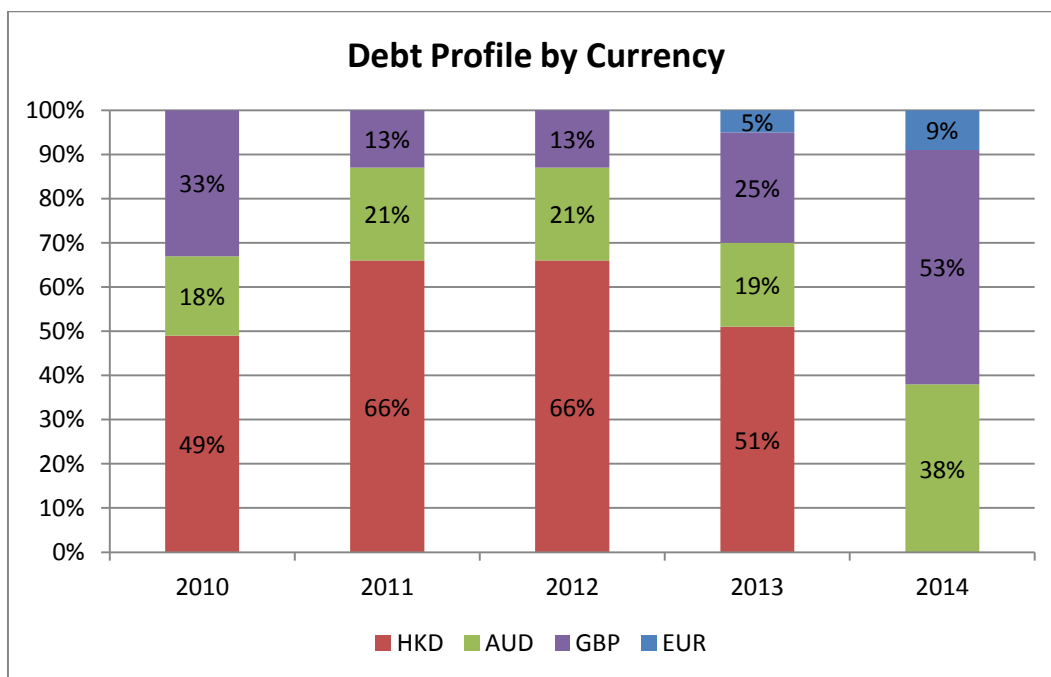
### **Treasury Policy, Financing Activities and Debt Structure**

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.

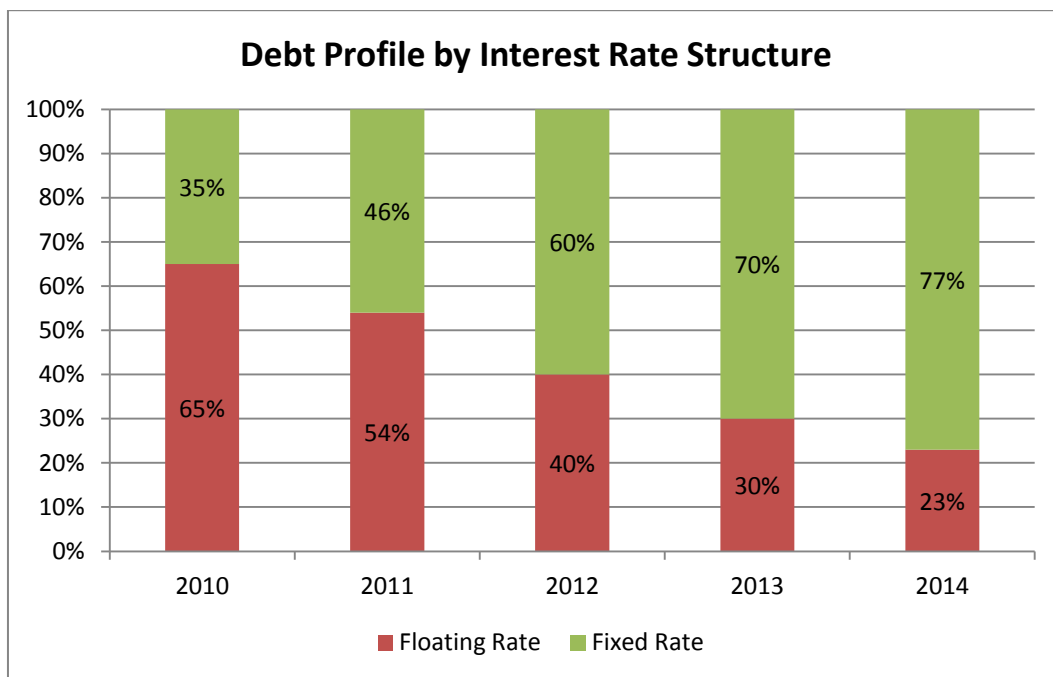
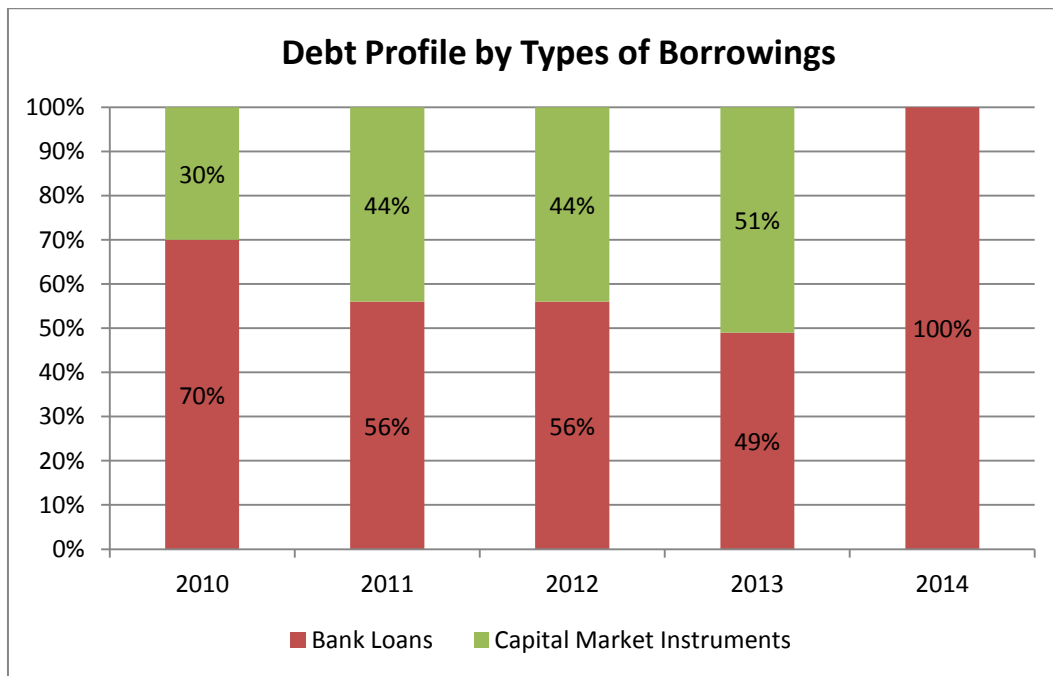
The Group's financial profile remained strong during the year. Upon the spin-off of The Hongkong Electric Company, Limited ("HK Electric"), Standard & Poor's ("S&P") assessed the Company's stand-alone credit profile to be "aa-" as the lower recurring cash flow was mitigated by the lower debt stemming from the deconsolidation. However, as S&P has adopted a new group rating methodology which caps the rating of an entity to that of its controlling entity/major shareholders, the long term credit ratings of the Company was lowered from "A+" to "A-" with a stable outlook on 29 January 2014.

As at 31 December 2014, the net cash position of the Group was HK\$51,087 million (2013: net debt at HK\$14,454 million).

The profile of the Group's external borrowings as at 31 December 2014, after taking into account interest rate swaps, is set out in the tables below:







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. 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 31 December 2014 amounted to HK\$22,869 million (2013: HK\$29,107 million).

### **Charges on Assets**

At 31 December 2014, the Group's interest in an associate of HK\$504 million (2013: HK\$529 million) had been pledged as part of the security to secure financing facilities granted to the associate.

### **Contingent Liabilities**

As at 31 December 2014, the Group had given guarantees and indemnities totalling HK\$836 million (2013: HK\$909 million).

The Company had given guarantees and indemnities in respect of bank and other borrowing facilities made available to and financial commitments of subsidiaries totalling HK\$10,374 million (2013: HK\$11,507 million). The entire amount, while being a contingent liability of the Company, are reflected in the Consolidated Statement of Financial Position of the Group.

### **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 2014, excluding directors' emoluments, amounted to HK\$103 million (2013: HK\$1,068 million). As at 31 December 2014, the Group employed 12 (2013: 1,839) permanent employees. The reduction in the remuneration costs and the number of permanent employees arose due to the spin-off of HK Electric and the resulting transfer of most employees to HK Electric on 1 January 2014. No share option scheme is in operation.

**POWER ASSETS HOLDINGS LIMITED**  
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**  
(Expressed in Hong Kong dollars)

	Note	<b>2014</b> <b>\$ million</b>	2013 \$ million Restated
		<hr/>	<hr/>
<b>Turnover</b>	4	<b>2,131</b>	11,578
Direct costs		<b>(307)</b>	(4,228)
		<hr/>	<hr/>
		<b>1,824</b>	7,350
Gain on disposal of subsidiaries	14	<b>52,928</b>	-
Other net income	5	<b>760</b>	211
Other operating costs		<b>(941)</b>	(1,504)
		<hr/>	<hr/>
<b>Operating profit</b>		<b>54,571</b>	6,057
Finance costs		<b>(434)</b>	(692)
Share of profits less losses of joint ventures		<b>4,709</b>	5,585
Share of profits less losses of associates		<b>2,252</b>	641
		<hr/>	<hr/>
<b>Profit before taxation</b>	6	<b>61,098</b>	11,591
Income tax:	7		
Current		<b>(11)</b>	(907)
Deferred		<b>(2)</b>	93
		<hr/>	<hr/>
		<b>(13)</b>	(814)
<b>Profit after taxation</b>		<b>61,085</b>	10,777
Scheme of Control transfers (to) /from:			
Tariff Stabilisation Fund		<b>(80)</b>	389
Rate Reduction Reserve		<b>-</b>	(1)
		<hr/>	<hr/>
		<b>(80)</b>	388
<b>Profit for the year attributable to equity shareholders of the Company</b>		<b>61,005</b>	11,165
		<hr/> <hr/>	<hr/> <hr/>
<b>Earnings per share</b>			
Basic and diluted	8	<b>\$28.58</b>	\$5.23
		<hr/> <hr/>	<hr/> <hr/>

Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in note 13.

**POWER ASSETS HOLDINGS LIMITED**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

(Expressed in Hong Kong dollars)

	Note	2014 \$ million	2013 \$ million
<b>Profit for the year attributable to equity shareholders of the Company</b>		<b>61,005</b>	11,165
<b>Other comprehensive income for the year</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Remeasurement of net defined benefit asset/liability		(41)	922
Share of other comprehensive income of joint ventures and associates		179	16
Income tax relating to items that will not be reclassified to profit or loss		(12)	(170)
		<u>126</u>	<u>768</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		(2,722)	(438)
Net investment hedges		1,119	(165)
Cash flow hedges:			
Effective portion of changes in fair value of hedging instruments recognised during the year		30	267
Reclassification adjustments for amounts transferred to profit or loss		-	3
Reclassification adjustments for disposal of subsidiaries	14	(20)	-
Amounts transferred to the initial carrying amount of hedged items		-	6
		<u>10</u>	<u>276</u>
Share of other comprehensive income of joint ventures and associates		(434)	218
Income tax relating to items that may be reclassified subsequently to profit or loss		31	(129)
		<u>(1,996)</u>	<u>(238)</u>
		<u>(1,870)</u>	<u>530</u>
<b>Total comprehensive income for the year attributable to equity shareholders of the Company</b>		<b><u>59,135</u></b>	<b><u>11,695</u></b>

**POWER ASSETS HOLDINGS LIMITED**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AT 31 DECEMBER 2014**  
(Expressed in Hong Kong dollars)

	Note	2014 \$ million	2013 \$ million
<b>Non-current assets</b>			
Fixed assets			
– Property, plant and equipment		14	44,063
– Assets under construction		-	3,058
– Interests in leasehold land held for own use under finance leases		18	2,001
		<u>32</u>	<u>49,122</u>
Interest in joint ventures	9	41,318	36,354
Interest in associates	10	32,748	8,257
Other non-current financial assets		67	67
Derivative financial instruments		-	283
Deferred tax assets		4	42
Employee retirement benefit assets		4	618
		<u>74,173</u>	<u>94,743</u>
<b>Current assets</b>			
Inventories		-	948
Trade and other receivables	11	810	1,647
Fuel Clause Recovery Account		-	1
Current tax recoverable		-	4
Bank deposits and cash		61,291	7,894
		<u>62,101</u>	<u>10,494</u>
<b>Current liabilities</b>			
Trade and other payables	12	(2,698)	(4,109)
Bank overdrafts – unsecured		-	(3)
Current portion of bank loans and other interest-bearing borrowings		-	(500)
Current tax payable		(2)	(340)
		<u>(2,700)</u>	<u>(4,952)</u>
<b>Net current assets</b>		<u>59,401</u>	<u>5,542</u>
<b>Total assets less current liabilities</b>		<u>133,574</u>	<u>100,285</u>
<b>Non-current liabilities</b>			
Bank loans and other interest-bearing borrowings		(10,204)	(21,845)
Derivative financial instruments		(160)	(549)
Customers' deposits		-	(1,900)
Deferred tax liabilities		-	(5,955)
Employee retirement benefit liabilities		(122)	(559)
		<u>(10,486)</u>	<u>(30,808)</u>
<b>Rate Reduction Reserve</b>		-	(3)
<b>Tariff Stabilisation Fund</b>		-	(36)
<b>Net assets</b>		<u>123,088</u>	<u>69,438</u>
<b>Capital and reserves</b>			
Share capital		6,610	2,134
Reserves		116,478	67,304
<b>Total equity attributable to equity shareholders of the Company</b>		<u>123,088</u>	<u>69,438</u>

**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 2014 have been compared by the Company's auditors, 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 auditors on this announcement.

**2. Changes in accounting policies**

The HKICPA has issued a few amendments to HKFRSs and a new interpretation 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 10, HKFRS 12 and HKAS 27	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC) – Interpretation 21	Levies

The adoption of these amendments to HKFRSs and new interpretation of HK(IFRIC) have 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.

Upon the spin-off of the Group's Hong Kong electricity business in January 2014, the principal activities of the Group changed from generation and supply of electricity to investment in power and utility-related businesses. Interest income from loans to joint ventures and associates as well as dividends from other financial assets are included in "Turnover" instead of "Other net income". Comparatives for the year ended 31 December 2013 are restated as follows:

	<b>As previously reported</b>	<b>Effect of change of principal activities</b>	<b>As restated</b>
	<b>\$ million</b>	<b>\$ million</b>	<b>\$ million</b>
<b>Consolidated statement of profit or loss for the year ended 31 December 2013</b>			
Turnover	10,222	1,356	11,578
Other net income	1,567	(1,356)	211

### 3. Segment reporting

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

\$ million	2014							All other activities	Total
	Sales of electricity	Investments					Sub-total		
		Hong Kong	United Kingdom	Australia	Mainland China	Others			
<b>For the year ended 31 December</b>									
<b>Revenue</b>									
Turnover	682	674	546	50	169	1,439	10	2,131	
Other net income/(loss)	2	-	-	-	6	6	(146)	(138)	
<b>Reportable segment revenue</b>	<b>684</b>	<b>674</b>	<b>546</b>	<b>50</b>	<b>175</b>	<b>1,445</b>	<b>(136)</b>	<b>1,993</b>	
<b>Result</b>									
Segment earnings	484	674	546	23	175	1,418	(1,006)	896	
Gain on disposal of subsidiaries	-	-	-	-	-	-	52,928	52,928	
Depreciation and amortisation	(149)	-	-	-	-	-	(2)	(151)	
Bank deposit interest income	1	-	-	-	-	-	897	898	
Operating profit	336	674	546	23	175	1,418	52,817	54,571	
Finance costs	(20)	(117)	(276)	-	(21)	(414)	-	(434)	
Share of profits less losses of joint ventures and associates	1,597	4,257	638	288	179	5,362	2	6,961	
Profit before taxation	1,913	4,814	908	311	333	6,366	52,819	61,098	
Income tax	(53)	47	-	(5)	-	42	(2)	(13)	
Profit after taxation	1,860	4,861	908	306	333	6,408	52,817	61,085	
Scheme of Control transfers	(80)	-	-	-	-	-	-	(80)	
<b>Reportable segment profit</b>	<b>1,780</b>	<b>4,861</b>	<b>908</b>	<b>306</b>	<b>333</b>	<b>6,408</b>	<b>52,817</b>	<b>61,005</b>	
<b>At 31 December</b>									
<b>Assets</b>									
Fixed assets	-	-	-	-	-	-	32	32	
Other assets	-	-	227	67	-	294	591	885	
Interest in joint ventures and associates	24,886	29,158	11,358	4,676	3,980	49,172	8	74,066	
Bank deposits and cash	-	-	-	-	-	-	61,291	61,291	
<b>Reportable segment assets</b>	<b>24,886</b>	<b>29,158</b>	<b>11,585</b>	<b>4,743</b>	<b>3,980</b>	<b>49,466</b>	<b>61,922</b>	<b>136,274</b>	
<b>Liabilities</b>									
Segment liabilities	-	(241)	(48)	(4)	(43)	(336)	(2,644)	(2,980)	
Current and deferred taxation	-	-	-	-	-	-	(2)	(2)	
Interest-bearing borrowings	-	(5,360)	(3,901)	-	(943)	(10,204)	-	(10,204)	
<b>Reportable segment liabilities</b>	<b>-</b>	<b>(5,601)</b>	<b>(3,949)</b>	<b>(4)</b>	<b>(986)</b>	<b>(10,540)</b>	<b>(2,646)</b>	<b>(13,186)</b>	
<b>For the year ended 31 December</b>									
<b>Other information</b>									
Capital expenditure	85	-	-	-	-	-	1	86	

### 3. Segment reporting (continued)

\$ million	2013							All other activities	Total Restated
	Sales of electricity		Investments			Sub-total Restated			
	Hong Kong	United Kingdom Restated	Australia Restated	Mainland China Restated	Others Restated				
<b>For the year ended 31 December</b>									
<b>Revenue</b>									
Turnover	10,209	553	585	41	177	1,356	13	11,578	
Other net income	31	-	-	-	6	6	85	122	
<b>Reportable segment revenue</b>	<b>10,240</b>	<b>553</b>	<b>585</b>	<b>41</b>	<b>183</b>	<b>1,362</b>	<b>98</b>	<b>11,700</b>	
<b>Result</b>									
Segment earnings	7,446	553	585	14	183	1,335	(832)	7,949	
Depreciation and amortisation	(1,983)	-	-	-	-	-	2	(1,981)	
Bank deposit interest income	1	-	-	-	-	-	88	89	
Operating profit	5,464	553	585	14	183	1,335	(742)	6,057	
Finance costs	(286)	(106)	(295)	-	(5)	(406)	-	(692)	
Share of profits less losses of joint ventures and associates	-	5,367	548	256	53	6,224	2	6,226	
Profit before taxation	5,178	5,814	838	270	231	7,153	(740)	11,591	
Income tax	(859)	51	-	(4)	-	47	(2)	(814)	
Profit after taxation	4,319	5,865	838	266	231	7,200	(742)	10,777	
Scheme of Control transfers	388	-	-	-	-	-	-	388	
<b>Reportable segment profit</b>	<b>4,707</b>	<b>5,865</b>	<b>838</b>	<b>266</b>	<b>231</b>	<b>7,200</b>	<b>(742)</b>	<b>11,165</b>	
<b>At 31 December</b>									
<b>Assets</b>									
Fixed assets	49,137	-	-	-	-	-	(15)	49,122	
Other assets	2,903	41	42	67	-	150	557	3,610	
Interest in joint ventures and associates	-	28,173	7,530	4,645	4,255	44,603	8	44,611	
Bank deposits and cash	1,060	-	-	-	-	-	6,834	7,894	
<b>Reportable segment assets</b>	<b>53,100</b>	<b>28,214</b>	<b>7,572</b>	<b>4,712</b>	<b>4,255</b>	<b>44,753</b>	<b>7,384</b>	<b>105,237</b>	
<b>Liabilities</b>									
Segment liabilities	(4,424)	(504)	(171)	(4)	(17)	(696)	(1,997)	(7,117)	
Current and deferred taxation	(6,295)	-	-	-	-	-	-	(6,295)	
Interest-bearing borrowings	(11,465)	(5,599)	(4,236)	-	(1,048)	(10,883)	-	(22,348)	
Rate Reduction Reserve	(3)	-	-	-	-	-	-	(3)	
Tariff Stabilisation Fund	(36)	-	-	-	-	-	-	(36)	
<b>Reportable segment liabilities</b>	<b>(22,223)</b>	<b>(6,103)</b>	<b>(4,407)</b>	<b>(4)</b>	<b>(1,065)</b>	<b>(11,579)</b>	<b>(1,997)</b>	<b>(35,799)</b>	
<b>For the year ended 31 December</b>									
<b>Other information</b>									
Capital expenditure	1,973	-	-	-	-	-	-	1,973	



#### 4. Turnover

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

	<b>2014</b> <b>\$ million</b>	2013 \$ million Restated
Sales of electricity	<b>676</b>	10,176
Concessionary discount on sales of electricity	-	(6)
Electricity-related income	<b>6</b>	39
Interest income	<b>1,389</b>	1,315
Dividends	<b>50</b>	41
Others	<b>10</b>	13
	<b>2,131</b>	11,578
Share of revenue of joint ventures	<b>18,586</b>	16,992

#### 5. Other net income

	<b>2014</b> <b>\$ million</b>	2013 \$ million Restated
Interest income from financial assets not at fair value through profit or loss	<b>898</b>	89
Foreign exchange (loss)/gain on loans and receivables	<b>(156)</b>	81
Net profit on sale of fixed assets	-	2
Sundry income	<b>18</b>	39
	<b>760</b>	211

#### 6. Profit before taxation

	<b>2014</b> <b>\$ million</b>	2013 \$ million
Profit before taxation is arrived at after charging:		
Depreciation	<b>146</b>	1,923
Amortisation of leasehold land	<b>5</b>	58
Costs of inventories	<b>238</b>	5,291
Write down of inventories	-	14
Staff costs	<b>68</b>	587
Fixed assets written off	<b>2</b>	37
Auditors' remuneration		
– audit and audit related work		
– KPMG	<b>3</b>	6
– other auditors	<b>1</b>	1
– non-audit work		
– KPMG	-	6
– other auditors	<b>6</b>	9

## 7. Income tax

### Taxation in the consolidated statement of profit or loss represents:

	<b>2014</b> <b>\$ million</b>	2013 \$ million
<b>Current tax – Hong Kong Profits Tax</b>		
Provision for the year	<u>51</u>	<u>952</u>
<b>Current tax – operations outside Hong Kong</b>		
Provision for the year	7	6
Tax credit for the year	<u>(47)</u>	<u>(51)</u>
	<u>(40)</u>	<u>(45)</u>
	11	907
<b>Deferred tax</b>		
Origination and reversal of temporary differences	<u>2</u>	<u>(93)</u>
	<u>13</u>	<u>814</u>

The provision for Hong Kong Profits Tax for 2014 is calculated at 16.5% (2013: 16.5%) of the estimated assessable profits for the year.

Taxation for operations outside Hong Kong is similarly calculated using tax rates applicable in the relevant countries.

A subsidiary of the Company has paid to the Australian Taxation Office (“ATO”), a total of \$458 million (A\$72 million) being 50% (which percentage is based on ATO customary practice) of the tax in dispute, including interest and penalties, claimed by the ATO pending resolution of a dispute regarding the deductibility of certain fees paid by that subsidiary for income tax purposes. The subsidiary is of the view that the fees are deductible and that no amount should be payable to the ATO and that the amount paid is expected to be recovered from the ATO. The subsidiary has obtained legal advice and will vigorously defend its position.

## 8. Earnings per share

The calculation of earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of \$61,005 million (2013: \$11,165 million) and 2,134,261,654 ordinary shares (2013: 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 2014 and 2013.

**9. Interest in joint ventures**

	<b>2014</b> <b>\$ million</b>	2013 \$ million
Share of net assets of unlisted joint ventures	<b>32,410</b>	26,976
Loans to unlisted joint ventures	<b>8,720</b>	9,197
Amounts due from unlisted joint ventures	<b>188</b>	181
	<b>41,318</b>	36,354
Share of total assets of unlisted joint ventures	<b>101,684</b>	93,680

**10. Interest in associates**

	<b>2014</b> <b>\$ million</b>	2013 \$ million
Share of net assets		
– Listed associate	<b>24,884</b>	-
– Unlisted associates	<b>3,421</b>	3,430
	<b>28,305</b>	3,430
Loans to unlisted associates	<b>4,372</b>	4,752
Amounts due from associates	<b>71</b>	75
	<b>32,748</b>	8,257

**11. Trade and other receivables**

	<b>2014</b> <b>\$ million</b>	2013 \$ million
Trade debtors (see note below)	-	649
Interest and other receivables	<b>583</b>	908
	<b>583</b>	1,557
Derivative financial instruments	<b>225</b>	2
Deposits and prepayments	<b>2</b>	88
	<b>810</b>	1,647

Trade with customers is carried out on credit and invoices are normally due within 1 month after issued. All of the trade and other receivables are expected to be recovered within one year.

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

	<b>2014</b> <b>\$ million</b>	2013 \$ million
Within 1 month	-	606
1 to 3 months	-	30
More than 3 months but less than 12 months	-	13
Total trade debtors	<u>-</u>	<u>649</u>

## 12. Trade and other payables

	<b>2014</b> <b>\$ million</b>	2013 \$ million
Creditors measured at amortised cost (see note below)	<b>2,621</b>	4,107
Derivative financial instruments	<u>77</u>	<u>2</u>
	<b><u>2,698</u></b>	<b><u>4,109</u></b>

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

Creditors' ageing is analysed as follows:

	<b>2014</b> <b>\$ million</b>	2013 \$ million
Due within 1 month or on demand	<b>29</b>	830
Due after 1 month but within 3 months	<b>41</b>	286
Due after 3 months but within 12 months	<u><b>2,551</b></u>	<u>2,991</u>
	<b><u>2,621</u></b>	<b><u>4,107</u></b>

## 13. Dividends

	<b>2014</b> <b>\$ million</b>	2013 \$ million
Interim dividend declared and paid of \$0.67 per ordinary share (2013: \$0.65 per ordinary share)	<b>1,430</b>	1,387
Final dividend proposed after the end of reporting period of \$2.01 per ordinary share (2013: \$1.90 per ordinary share)	<u><b>4,290</b></u>	<u>4,055</u>
	<b><u>5,720</u></b>	<b><u>5,442</u></b>

The final dividend proposed after the end of reporting period is based on 2,134,261,654 ordinary shares (2013: 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 reporting period has not been recognised as a liability at the end of reporting period.

#### 14. Disposal of subsidiaries

The Company completed the spin-off and separate listing of the Group's Hong Kong electricity business which is operated by The Hongkong Electric Company, Limited ("HK Electric"), by way of the listing of the share stapled units jointly issued by HK Electric Investments and HK Electric Investments Limited ("HKEI") on the Main Board of The Stock Exchange of Hong Kong Limited on 29 January 2014. The Group's total consideration of the disposal of 100% holding of HK Electric includes cash and 49.9% interests in the total issued share stapled units of HKEI. The Group ceased to have control over HKEI. Thereafter, HKEI became an associated company of the Group. Details of the net assets disposed and the gain on disposal are as follows:

	<b>2014</b>
	<b>\$ million</b>
Fixed assets	49,014
Net employee retirement benefit assets	132
Net derivative financial instruments	278
Inventories	848
Trade and other receivables	1,203
Cash and bank balances	1,148
External borrowings	(11,500)
Amount due to the Company	(27,445)
Trade and other payables	(2,375)
Fuel Clause Recovery Account	(101)
Current tax payable	(186)
Customers' deposits	(1,910)
Deferred tax liabilities	(5,952)
Tariff Stabilisation Fund	(119)
Net assets	<u>3,035</u>
Cash	32,026
Interests in HKEI	24,031
	<u>56,057</u>
Direct costs for disposal	(114)
Consideration received	<u>55,943</u>
Gain on disposal of subsidiaries before release of hedging reserve	52,908
Release of hedging reserve	20
Gain on disposal of subsidiaries	<u>52,928</u>
Analysis of net cash inflow of cash and cash equivalents arising on disposal:	
Cash consideration	32,026
Cash and cash equivalents disposed	(1,148)
Direct costs for disposal	(114)
	<u>30,764</u>

## **POWER ASSETS HOLDINGS LIMITED**

### **OTHER INFORMATION**

#### **Closure of Register of Members**

For the purpose of ascertaining shareholders who are entitled to attend and vote at the annual general meeting to be held on Thursday, 14 May 2015 (or any adjournment thereof), the register of members of the Company will be closed from Monday, 11 May 2015 to Thursday, 14 May 2015, 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 the Company's share registrar, Computershare Hong Kong Investor Services Limited, no later than 4:30 p.m. on Friday, 8 May 2015.

The final dividend is payable to shareholders whose names appear on the register of members of the Company at the close of business on Wednesday, 20 May 2015, 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 Wednesday, 20 May 2015.

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 2014, except for the deviation from code provision A.5 in relation to establishment of a nomination committee as reported in the Company's 2014 interim report. In addition, the Company fell below the required numbers under Rule 3.10A (for independent non-executive directors) and Rule 3.21 (for audit committee members) of the Listing Rules on 15 May 2014 and complied with such requirements on 3 June 2014, as set out in the announcements dated 15 May 2014 and 3 June 2014.

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.

## **Proposed Adoption of New Articles of Association**

In order to bring the existing articles of association of the Company (“Articles of Association”) in line with the Companies Ordinance, Chapter 622 of the Laws of Hong Kong (“Companies Ordinance”), which came into effect on 3 March 2014, as well as to modernise and update the Articles of Association, certain amendments are proposed to be made to the Articles of Association. In view of the substantial number of amendments, the Board proposes that the Company takes this opportunity to adopt a new set of Articles of Association, consolidating all previous and proposed amendments, to replace the existing Articles of Association with effect from the date of the passing of the relevant special resolution at the 2015 annual general meeting. A summary of the major changes brought about by the adoption of the new Articles of Association are set out below:

The Board proposes to make the following changes to the Articles of Association:

- (a) To migrate the mandatory clauses from the Memorandum of Association (such as the name of the Company and the limited liability of the members) to the Articles of Association given that the Articles of Association have become the single constitutional document of the Company due to the abolition of the Memorandum of Association under the Companies Ordinance;
- (b) To remove all the references in the Articles of Association to authorised capital, par or nominal value of shares, unissued shares, capital redemption reserve fund and share premium account which have become obsolete due to the mandatory no par value regime under the Companies Ordinance;
- (c) To provide a statement of the reasons for refusal of registration of a transfer of shares as appropriate;
- (d) To revise the threshold for demanding a poll;
- (e) To amend the minimum notice period for convening a general meeting;
- (f) To amend the provisions in respect of appointment of proxy, demand for poll and effect of poll result;
- (g) To allow the Company to hold general meetings in more than one location;
- (h) To amend the provisions for declaration of interests by a director;
- (i) To amend the provisions for approval of director’s service contract;
- (j) To amend the provisions for execution of documents under seal; and
- (k) To provide for disclosure of permitted indemnity provisions provided by the Company to its directors;

and all other amendments as may be required by the Companies Ordinance or incidental or conducive thereto.

Certain amendments to the Articles of Association are proposed for administrative efficiency and housekeeping purposes.

The adoption of the new Articles of Association is subject to the approval of the shareholders of the Company by way of special resolution at the 2015 annual general meeting. A circular containing, among other things, the notice of annual general meeting and a summary of the principal provisions of the proposed adoption will be despatched to the shareholders as soon as practicable.

## **Annual General Meeting**

The annual general meeting of the Company will be held at the Ballroom, 1st Floor, Harbour Grand Kowloon, 20 Tak Fung Street, Hung Hom, Kowloon, Hong Kong on Thursday, 14 May 2015 at 12:15 p.m. As mentioned above, 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 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