



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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2015 ANNUAL RESULTS

CHAIRMAN'S STATEMENT

Prudent investment to deliver sustained growth

I am pleased to report that stability in both revenues and profitability was maintained for the Power Assets Group in 2015.

We remained selective in our approach to new opportunities. With financial discipline playing a central part in our strategy, we continued to focus on well-regulated and mature markets that can deliver predictable and reliable income streams. To achieve organic growth, we developed and strengthened our operations in existing markets, notably through network expansion in Australia.

A key achievement during the year was our acquisition of Iberwind, a major wind energy developer in Portugal. The investment is especially significant as Iberwind will serve as a key component of our wind energy portfolio, alongside the wind farms in Dali and Laoting in mainland China. Following this transaction our presence spans North America, Europe, Asia, Australia and New Zealand, with nine power generation companies and eight transmission / distribution companies across the electricity and gas sectors.

In June we disposed of a 16.53% stake in HK Electric Investments and HK Electric Investments Limited (collectively known as "HKEI") to an investment holding company wholly-owned by Qatar Investment Authority, for an aggregate consideration of over HK\$7.681 billion. Notwithstanding the disposal, we remain HKEI's single largest shareholder with a 33.37% stake.

The regulatory environment for the global energy sector is constantly evolving. In the UK, an incentive scheme called the RIIO regime (Revenue = Incentives + Innovation + Outputs) was introduced in 2013. In Hong Kong, the Government launched a public consultation during the year in order to set the regulatory environment after 2018. In Australia as well as New Zealand, our regulated electricity and gas distribution networks participated in the regulatory reset process.

Results & dividends

The Group's 2015 profits attributable to shareholders amounted to HK\$7,732 million including a loss of HK\$532 million from a partial disposal of HKEI in June 2015 (2014: HK\$61,005 million, including a one-time gain of HK\$52,928 million from the spin-off of the Hong Kong electricity business in January 2014). Earnings per share was HK\$3.62 (2014: HK\$28.58).

The Directors will recommend a final dividend of HK\$2.02 per share, payable on 27 May 2016 to those persons registered as shareholders on 18 May 2016. This, together with the interim dividend of HK\$0.68 per share takes the total dividend for the year to HK\$2.70 per share (2014: HK\$2.68 per share).

Entering the wind energy business in Europe

The acquisition of a 50% stake in Portuguese wind energy developer Iberwind for a consideration of EUR144 million was an important milestone for the Group during the year. Following the completion of the transaction in November 2015, the Power Assets Group and our joint venture partner Cheung Kong Infrastructure Holdings Limited each hold a 50% stake in the company.

Operating 31 wind farms with a total capacity of 684 MW, Iberwind is considered a pioneer in the production of renewable energy, whose output offset over 1 million tons of carbon dioxide emissions in 2015. As such it will form an important part of our renewable energy portfolio. The output of Iberwind's wind farms is governed by a regulated tariff for the next 13 years, aligning with the Group's preference for stable, long term income streams.

Progress across the portfolio

The operating results of all Group companies were in line with expectations for the year. The solid and stable performance enabled us to deliver on our promise of sustained shareholder returns.

In the UK, results were satisfactory amidst an economic recovery that was slower than expected. Interest rates, GDP and inflation remained low. The focus of the four Group companies in the UK was on delivering performance enhancement through innovation, improved efficiencies, and excellence in customer service. Through business transformation initiatives, our three distribution companies were successful in securing satisfactory levels of incentives offered by the UK energy authority Ofgem under the RIIO scheme.

In Australia, our regulated businesses engaged with the Australian Energy Regulator (AER) to ascertain their applicable revenues for the upcoming regulatory period. SA Power Networks has already begun operating in the new regulatory control period while CitiPower and Powercor are in the process of setting their respective tariffs. Transmission General Holdings Australia (TGHA) operated the dedicated transmission lines connecting the Mercer wind farm to the power grid and delivered reliable performance. Plans are in place for TGHA to expand its operations by providing transmission connection facilities for the Ararat wind farm, which is presently under construction.

In Hong Kong, The Hongkong Electric Company, Limited (HK Electric) continued to achieve outstanding power supply reliability, deliver excellent customer service and reduce emissions. Since 2009, customers in Hong Kong have suffered less than one minute of unplanned power interruption per year. The government conducted a public consultation during the year ahead of a strategic review of the Scheme of Control Agreement (SCA). Following in-depth stakeholder engagement, HK Electric submitted that the existing SCA should be retained to provide the optimum environment to achieve Hong Kong's energy objectives. With the ongoing softening of international fuel prices, the company announced in December 2015 that it would reduce net tariff by an average of 1.1% from 1 January 2016.

In the Netherlands, the performance of Dutch Enviro Energy Holdings B.V. which in turn owns AVR-Afvalverwerking B.V. (AVR), exceeded expectations, demonstrating that the energy-from-waste model is a well received one in Europe. In addition to the domestic market, AVR sourced waste from neighbouring markets like the UK. Its energy output was either sold to customers on long term contracts or onto the power grid, ensuring a dependable income stream. AVR improved its performance through the acquisition of new heating customers during the year and received government subsidies arising from its green waste-to-energy operations.

The Group's three coal plants in mainland China were affected by the slowing mainland economy and the increased adoption of renewable energy. In this context their focus was to augment emissions control capabilities to achieve stringent new environmental targets. Works were undertaken during the year at the Group's two wind farms in mainland China to upgrade operations, which are expected to bring about performance improvements going forward.

The Group companies in other markets also delivered reliable results, enabling us to deliver on our promise of steady growth in value. In Canada, we attained satisfactory results despite the weakening of the Canadian Dollar. In Thailand, the Ratchaburi plant delivered consistent returns. In New Zealand, Wellington Electricity expanded its customer base and adjusted its business processes surrounding a regulatory reset.

Evolving with new technology

Technology is proving to be a catalyst for change in the energy industry. The most significant trend at the moment is an increase in the supply of renewable energy. This stems both from large-scale onshore and offshore wind farms and solar power through photovoltaic cells coupled with commercial-scale batteries for storage. To keep abreast of these trends, our UK distribution networks have installed commercial-scale batteries, while in Australia, we are installing domestic solar panels coupled with batteries.

A consistent strategy going forward

In September 2015, we had an opportunity for a merger with Cheung Kong Infrastructure Holdings Limited to form a diversified investment platform with investment mandate in both power and non-power infrastructure sectors. Though over half of the independent shareholders supported the proposal, regrettably there were not enough votes for the proposal to be passed.

We entered 2016 with a strong cash position, further enhanced by the disposal of part of the stake in HKEL. To deploy our cash the Group is actively exploring a number of investment opportunities. If no sizeable investment is expected by the upcoming Annual General Meeting, a Board meeting would be convened to decide on the payment of a special dividend. Whilst payment of a special dividend would allow the Company to return earnings retained in previous years to shareholders, any such distribution would decrease the cash position of the Company and reduce its capabilities for future acquisitions.

At our existing companies we will maintain and improve efficiencies and customer service while minimising our carbon footprint. We will encourage innovation, particularly through the use of new technologies that are reshaping our sector. Strong corporate governance remains a cornerstone of our business, underpinning our operations to ensure we deliver reliable, value-for-money and sustainable services for our customers and create value for our shareholders.

Going forward, we will continue to work towards achieving growth from our investments in North America, Australia and Europe.

In closing I would like to express my thanks to the Board, the management across all our Group companies, and our hard-working and passionate employees who should be congratulated for our ongoing success.

Fok Kin Ning, Canning

Chairman

Hong Kong, 16 March 2016

FINANCIAL REVIEW

Financial Performance

Profit attributable to shareholders for 2015 amounted to HK\$7,732 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 (2014: HK\$61,005 million, including a one-time gain of HK\$52,928 million from the spin-off of the Hong Kong electricity business in January 2014). Excluding the one-time loss in 2015 and one-time gain in 2014, the Group’s profits were HK\$8,264 million (2014: HK\$8,077 million), representing an increase of 2% that was mainly due to favourable deferred tax adjustments arising from a reduction of corporate tax rate in the United Kingdom and full year contributions from Australian Gas Networks Limited despite a reduction of interest in the Hong Kong electricity business from 100% to 49.9% since 29 January 2014 and a further reduction to 33.37% from 9 June 2015 and weakening of various currencies.

Our investments in the United Kingdom delivered satisfactory results, contributing earnings of HK\$4,899 million (2014: HK\$4,861 million), mainly due to favourable deferred tax adjustments as a result of a reduction in corporate tax rate but partly offset by a lower exchange rate of pound sterling when compared with last year. The United Kingdom remained the largest market of the Group.

Our Australian investments recorded slightly lower earnings of HK\$887 million (2014: HK\$908 million). The reduction of earnings was primarily due to a lower exchange rate of Australian dollar when compared with last year and unfavourable impact from the Australian Energy Regulator’s preliminary determination for one of the operating companies despite full year contributions from Australian Gas Networks Limited which was acquired in August 2014.

Our investments in mainland China delivered stable results during the year mainly due to favourable tax adjustments for prior years, lower coal costs, savings in operating expenses and higher wind yields of the wind farms partly offset by the drop in electricity sales and tariff of the Jinwan Power plant.

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

Our investment in Hong Kong electricity business recorded lower earnings of HK\$1,364 million (2014: HK\$1,780 million) mainly due to reduction of our share from 100% to 49.9% since 29 January 2014 and a further reduction to 33.37% from 9 June 2015.

Secure earnings and a strong financial position allowed us to continue with a stable dividend policy. 2015 full year dividends of HK\$2.70 per share (2014: HK\$2.68 per share) represented a 0.7% 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 dropped by 10% to HK\$66,548 million (2014: HK\$74,066 million). In 2015, the Group disposed a 16.53% stake in HKEI but acquired a 50% stake in Iberwind. Total unsecured bank loans outstanding at the year end were HK\$9,405 million (2014: HK\$10,204 million). In addition, the Group had bank deposits and cash of HK\$68,149 million (2014: HK\$61,291 million) and no undrawn committed bank facility at the year end (2014: nil).

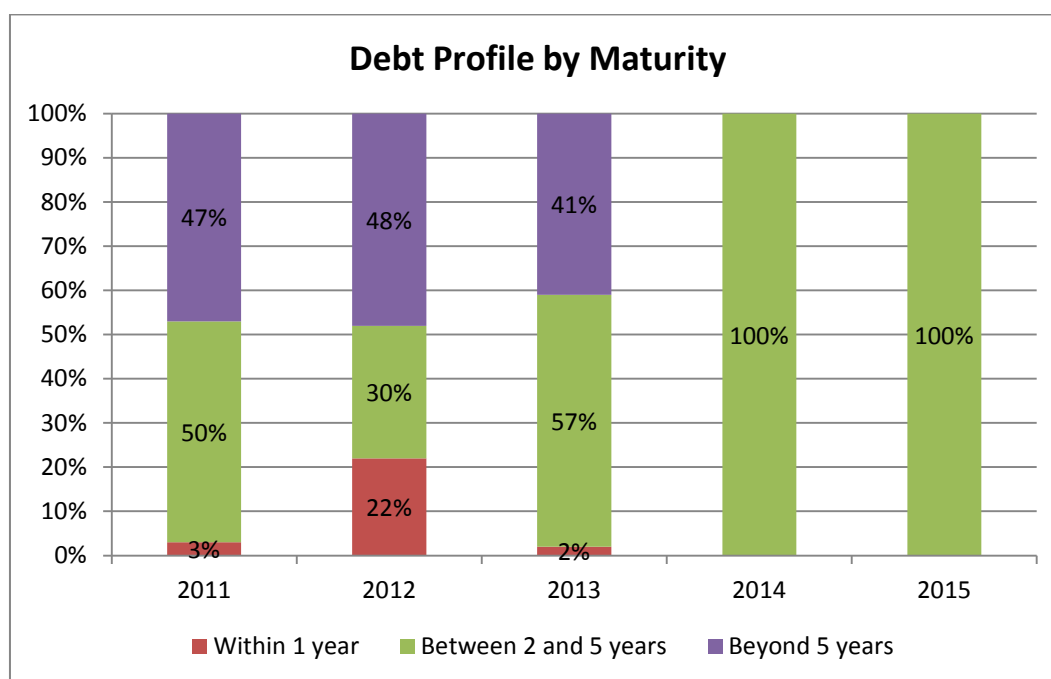
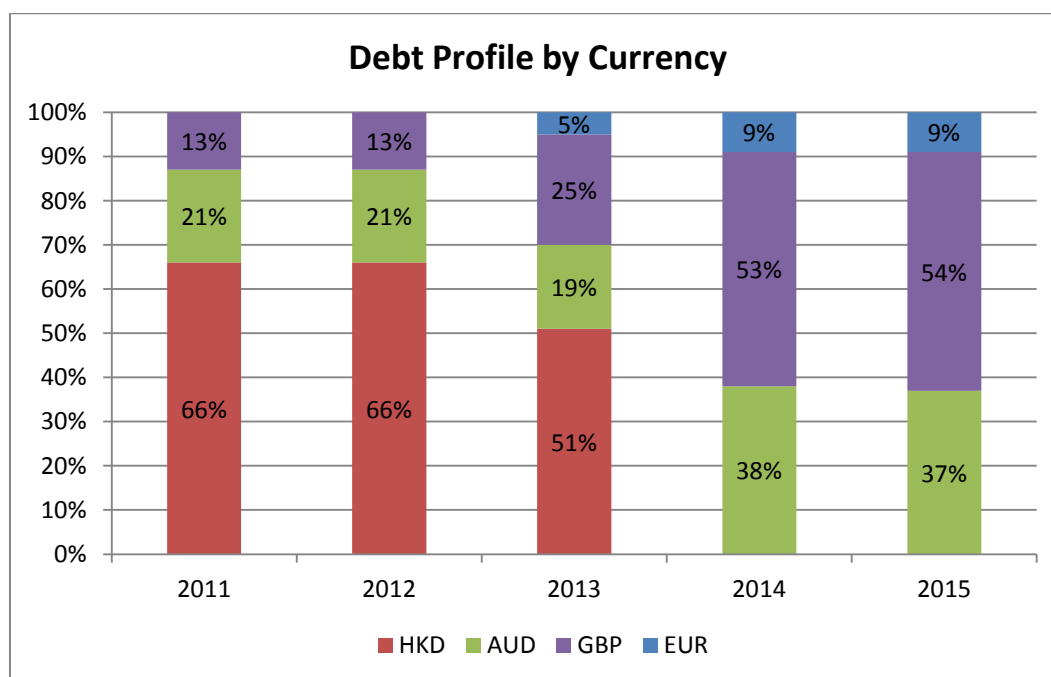
Treasury Policy, Financing Activities and Debt Structure

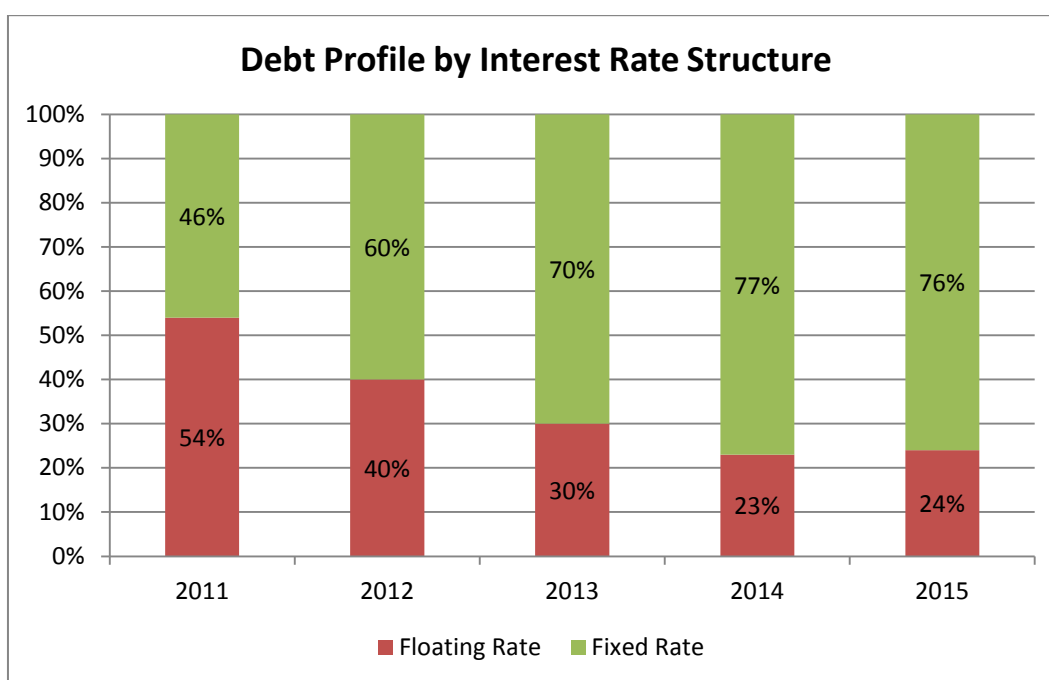
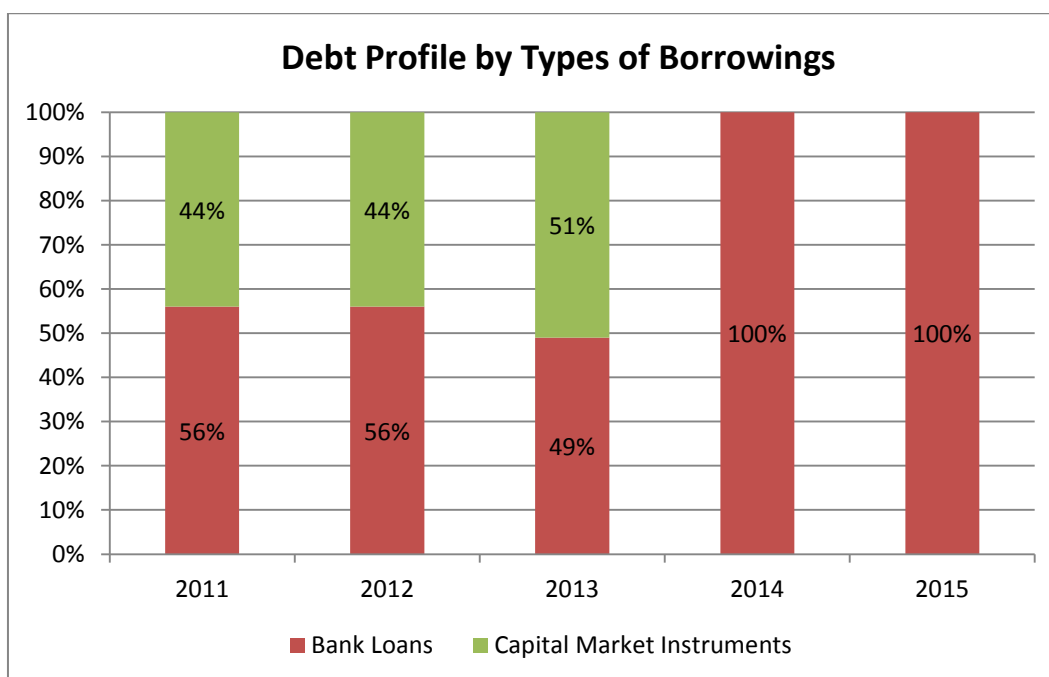
The Group manages its financial risks in accordance with guidelines laid down in its treasury policy, which is approved by the Board. The treasury policy is designed to manage the Group's currency, interest rate and counterparty risks. Surplus funds, which arise mainly from dividends and other repatriation 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 year. Following the divestment of a 16.53% stake in the share stapled units in HKEI on 9 June 2015, Standard and Poor's reaffirmed the "A-" long-term credit rating of the Company with a stable outlook.

As at 31 December 2015, the net cash position of the Group was HK\$58,744 million (2014: HK\$51,087 million).

The profile of the Group's external borrowings as at 31 December 2015, 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. The fair value of such borrowings at 31 December 2015 was HK\$9,426 million (2014: HK\$10,241 million). The fair value of forward foreign exchange contracts at 31 December 2015 was an asset of HK\$203 million (2014: asset HK\$109 million). Foreign currency fluctuations will affect the translated value of the net assets of investments outside Hong Kong and the resultant translation difference is included in the Group's reserve account. Income received from the Group's investments outside Hong Kong which is not denominated in Hong Kong dollars is, unless otherwise placed as foreign currency deposits, converted into Hong Kong dollars on receipt.

The contractual notional amounts of derivative financial instruments outstanding at 31 December 2015 amounted to HK\$21,967 million (2014: HK\$22,869 million).

Charges on Assets

At 31 December 2015, the Group's interest in an associate of HK\$422 million (2014: HK\$504 million) had been pledged as part of the security to secure financing facilities granted to the associate.

Contingent Liabilities

As at 31 December 2015, the Group had given guarantees and indemnities totalling HK\$792 million (2014: HK\$836 million).

Employees

The Group continues its policy of pay-for-performance and the pay levels are monitored to ensure competitiveness is maintained. The Group's total remuneration costs for the year ended 31 December 2015, excluding directors' emoluments, amounted to HK\$24 million (2014: HK\$103 million). The reduction in the remuneration costs was due to the spin-off of Hong Kong electricity business in January 2014. As at 31 December 2015, the Group employed 11 (2014: 12) permanent employees. No share option scheme is in operation.

POWER ASSETS HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2015
(Expressed in Hong Kong dollars)

	Note	2015 \$ million	2014 \$ million
Revenue	4	1,308	2,131
Direct costs		(8)	(307)
		1,300	1,824
Gain on disposal of subsidiaries		-	52,928
Other net (loss)/income	5	(207)	760
Other operating costs		145	(941)
Operating profit		1,238	54,571
Finance costs		(264)	(434)
Share of profits less losses of joint ventures		4,958	4,709
Share of profits less losses of associates		1,789	2,252
Profit before taxation	6	7,721	61,098
Income tax:	7		
Current		11	(11)
Deferred		-	(2)
		11	(13)
Profit after taxation		7,732	61,085
Scheme of Control transfers to:			
Tariff Stabilisation Fund		-	(80)
Profit for the year attributable to equity shareholders of the Company		7,732	61,005
Earnings per share			
Basic and diluted	8	\$3.62	\$28.58

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 2015

(Expressed in Hong Kong dollars)

	2015 \$ million	2014 \$ million
Profit for the year attributable to equity shareholders of the Company	7,732	61,005
Other comprehensive income for the year		
Items that will not be reclassified to profit or loss		
Remeasurement of net defined benefit asset/liability	(17)	(41)
Share of other comprehensive income of joint ventures and associates	410	179
Income tax relating to items that will not be reclassified to profit or loss	(97)	(12)
	296	126
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translating operations outside Hong Kong, including joint ventures and associates	(3,004)	(2,722)
Net investment hedges	1,039	1,119
Cash flow hedges:		
Effective portion of changes in fair value of hedging instruments recognised during the year	116	30
Reclassification adjustments for disposal of subsidiaries	-	(20)
	116	10
Share of other comprehensive income of joint ventures and associates	149	(434)
Income tax relating to items that may be reclassified subsequently to profit or loss	(78)	31
	(1,778)	(1,996)
	(1,482)	(1,870)
Total comprehensive income for the year attributable to equity shareholders of the Company	6,250	59,135

POWER ASSETS HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2015
(Expressed in Hong Kong dollars)

	Note	2015 \$ million	2014 \$ million
Non-current assets			
Property, plant and equipment and leasehold land			
– Property, plant and equipment		12	14
– Interests in leasehold land held for own use under finance leases		18	18
		<u>30</u>	<u>32</u>
Interest in joint ventures	9	42,629	41,318
Interest in associates	10	23,919	32,748
Other non-current financial assets		67	67
Derivative financial instruments		167	-
Deferred tax assets		-	4
Employee retirement benefit assets		3	4
		<u>66,815</u>	<u>74,173</u>
Current assets			
Trade and other receivables	11	394	810
Bank deposits and cash		68,149	61,291
		<u>68,543</u>	<u>62,101</u>
Current liabilities			
Trade and other payables	12	(2,078)	(2,698)
Current tax payable		(41)	(2)
		<u>(2,119)</u>	<u>(2,700)</u>
Net current assets		<u>66,424</u>	<u>59,401</u>
Total assets less current liabilities		<u>133,239</u>	<u>133,574</u>
Non-current liabilities			
Bank loans and other interest-bearing borrowings		(9,405)	(10,204)
Derivative financial instruments		(70)	(160)
Deferred tax liabilities		(27)	-
Employee retirement benefit liabilities		(140)	(122)
		<u>(9,642)</u>	<u>(10,486)</u>
Net assets		<u>123,597</u>	<u>123,088</u>
Capital and reserves			
Share capital		6,610	6,610
Reserves		116,987	116,478
Total equity attributable to equity shareholders of the Company		<u>123,597</u>	<u>123,088</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 2015 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. Basis of preparation

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Company Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The HKICPA has issued 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:

- Amendments to HKAS 19, *Defined benefit plans: Employee contributions*
- Annual improvements to HKFRSs 2010-2012 cycle
- Annual improvements to HKFRSs 2011-2013 cycle

The adoption of these amendments to HKFRSs 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 amendment that is not effective for the current accounting period.

The financial information relating to the years ended 31 December 2015 and 2014 included in this preliminary announcement of annual results does not constitute the Company's statutory annual financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance is as follows:

The Company's financial statements for the year ended 31 December 2014 has been delivered to the Registrar of Companies and the Company's financial statements for the year ended 31 December 2015 will be delivered to the Registrar of Companies in due course.

The Company's auditor has reported on the financial statements of the Company for the year ended 31 December 2014. The auditor's reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance. The financial statements for the year ended 31 December 2015 have yet to be reported on by the Company's auditor.

3. Segment reporting

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

2015								
		Investments						
\$ million	Investment in HKEI*	United Kingdom	Australia	Mainland China	Others	Sub-total	All other activities	Total
For the year ended 31 December								
Revenue								
Revenue	-	627	457	59	155	1,298	10	1,308
Other net income/(loss)	-	-	-	-	6	6	(293)	(287)
Reportable segment revenue	-	627	457	59	161	1,304	(283)	1,021
Result								
Segment earnings	-	627	457	36	161	1,281	(121)	1,160
Loss on partial disposal of an associate	-	-	-	-	-	-	(532)	(532)
Depreciation and amortisation	-	-	-	-	-	-	(2)	(2)
Bank deposit interest income	-	-	-	-	-	-	612	612
Operating profit	-	627	457	36	161	1,281	(43)	1,238
Finance costs	-	(109)	(137)	-	(18)	(264)	-	(264)
Share of profits less losses of joint ventures and associates	1,364	4,324	607	297	152	5,380	3	6,747
Profit before taxation	1,364	4,842	927	333	295	6,397	(40)	7,721
Income tax	-	57	(40)	(6)	-	11	-	11
Reportable segment profit	1,364	4,899	887	327	295	6,408	(40)	7,732
At 31 December								
Assets								
Property, plant and equipment and leasehold land	-	-	-	-	-	-	30	30
Other assets	-	212	99	67	-	378	253	631
Interest in joint ventures and associates	16,583	30,830	10,386	3,910	4,832	49,958	7	66,548
Bank deposits and cash	-	-	-	-	-	-	68,149	68,149
Reportable segment assets	16,583	31,042	10,485	3,977	4,832	50,336	68,439	135,358
Liabilities								
Segment liabilities	-	(114)	(7)	(2)	(53)	(176)	(2,112)	(2,288)
Current and deferred taxation	-	-	(68)	-	-	(68)	-	(68)
Interest-bearing borrowings	-	(5,107)	(3,455)	-	(843)	(9,405)	-	(9,405)
Reportable segment liabilities	-	(5,221)	(3,530)	(2)	(896)	(9,649)	(2,112)	(11,761)
For the year ended 31 December								
Other information								
Capital expenditure	-	-	-	-	-	-	1	1

3. Segment reporting (continued)

2014								
\$ million	Investment in HKEI*/ HK Electric	United Kingdom	Australia	Mainland China	Others	Sub-total	All other activities	Total
For the year ended 31 December								
Revenue								
Revenue	682	674	546	50	169	1,439	10	2,131
Other net income/(loss)	2	-	-	-	6	6	(146)	(138)
Reportable segment revenue	684	674	546	50	175	1,445	(136)	1,993
Result								
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)
Reportable segment profit	1,780	4,861	908	306	333	6,408	52,817	61,005
At 31 December								
Assets								
Property, plant and equipment and leasehold land	-	-	-	-	-	-	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
Reportable segment assets	24,886	29,158	11,585	4,743	3,980	49,466	61,922	136,274
Liabilities								
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)
Reportable segment liabilities	-	(5,601)	(3,949)	(4)	(986)	(10,540)	(2,646)	(13,186)
For the year ended 31 December								
Other information								
Capital expenditure	85	-	-	-	-	-	1	86

Note:

* The Company completed the spin-off and separate listing of the Group's Hong Kong electricity business which is operated by HK Electric on 29 January 2014. Thereafter, the Group ceased to have control over HKEI. The Group has a 49.9% equity interest in HKEI and HKEI became an associated company of the Group. On 9 June 2015, the Group disposed of a 16.53% stake in HKEI and retained approximately 33.37% stake at 31 December 2015.

4. Revenue

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

	2015 \$ million	2014 \$ million
Sales of electricity	-	676
Electricity-related income	-	6
Interest income	1,239	1,389
Dividends	59	50
Others	10	10
	<u>1,308</u>	<u>2,131</u>
Share of revenue of joint ventures	<u>17,327</u>	<u>18,586</u>

5. Other net (loss)/income

	2015 \$ million	2014 \$ million
Interest income from financial assets not at fair value through profit or loss	612	898
Loss on partial disposal of an associate	(532)	-
Foreign exchange loss on loans and receivables	(303)	(156)
Sundry income	16	18
	<u>(207)</u>	<u>760</u>

6. Profit before taxation

	2015 \$ million	2014 \$ million
Profit before taxation is arrived at after charging:		
Depreciation	2	146
Amortisation of leasehold land	-	5
Costs of inventories	-	238
Staff costs	29	68
Property, plant and equipment written off	1	2
Auditors' remuneration		
– audit and audit related work		
– KPMG	3	3
– other auditors	1	1
– non-audit work		
– KPMG	4	-
– other auditors	1	6

7. Income tax

Taxation in the consolidated statement of profit or loss represents:

	2015 \$ million	2014 \$ million
Current tax – Hong Kong Profits Tax		
Provision for the year	-	51
Current tax – operations outside Hong Kong		
Provision for the year	46	7
Tax credit for the year	(57)	(47)
	(11)	(40)
	(11)	11
Deferred tax		
Origination and reversal of temporary differences	-	2
	(11)	13

The provision for Hong Kong Profits Tax for 2015 is calculated at 16.5% (2014: 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.

As at 31 December 2014, a subsidiary of the Company had tax disputes with the Australian Taxation Office (“ATO”) regarding the deductibility of certain fees paid by that subsidiary for income tax purposes.

In June 2015, the Company and other relevant parties entered into an agreement with the ATO to resolve the above tax disputes. Under the settlement, the ATO will cease to pursue the legal proceedings against the Company in respect of unpaid tax, penalties and interests, and no penalties will be levied against the Company or its subsidiaries. A sum of approximately A\$28 million will be refunded from the ATO and approximately A\$69 million was charged to the consolidated statement of profit or loss during the year ended 31 December 2015.

8. Earnings per share

The calculation of earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of \$7,732 million (2014: \$61,005 million) and 2,134,261,654 ordinary shares (2014: 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 2015 and 2014.

9. Interest in joint ventures

	2015 \$ million	2014 \$ million
Share of net assets of unlisted joint ventures	33,281	32,410
Loans to unlisted joint ventures	9,175	8,720
Amounts due from unlisted joint ventures	173	188
	42,629	41,318
Share of total assets of unlisted joint ventures	104,655	101,684

10. Interest in associates

	2015 \$ million	2014 \$ million
Share of net assets		
– Listed associate	16,583	24,884
– Unlisted associates	3,395	3,421
	19,978	28,305
Loans to unlisted associates	3,868	4,372
Amounts due from associates	73	71
	23,919	32,748

11. Trade and other receivables

	2015 \$ million	2014 \$ million
Trade debtors (see note below)	1	-
Interest and other receivables	241	583
	242	583
Derivative financial instruments	144	225
Deposits and prepayments	8	2
	394	810

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:

	2015 \$ million	2014 \$ million
1 to 3 months	1	-

12. Trade and other payables

	2015 \$ million	2014 \$ million
Creditors measured at amortised cost (see note below)	2,034	2,621
Derivative financial instruments	44	77
	2,078	2,698

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

Creditors' ageing is analysed as follows:

	2015 \$ million	2014 \$ million
Due within 1 month or on demand	26	29
Due after 1 month but within 3 months	6	41
Due after 3 months but within 12 months	2,002	2,551
	2,034	2,621

13. Dividends

	2015 \$ million	2014 \$ million
Interim dividend declared and paid of \$0.68 per ordinary share (2014: \$0.67 per ordinary share)	1,451	1,430
Final dividend proposed after the end of reporting period of \$2.02 per ordinary share (2014: \$2.01 per ordinary share)	4,311	4,290
	5,762	5,720

The final dividend proposed after the end of reporting period is based on 2,134,261,654 ordinary shares (2014: 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.

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, 12 May 2016 (or any adjournment thereof), the register of members of the Company will be closed from Monday, 9 May 2016 to Thursday, 12 May 2016, 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, 6 May 2016.

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, 18 May 2016, 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, 18 May 2016.

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 2015, except for the deviation from code provision A.5 in relation to establishment of a nomination committee as reported in the Company's 2015 interim report.

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.

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, 12 May 2016 at 12:15 p.m. The notice of the annual general meeting will be published and despatched to shareholders in the manner as required by the Listing Rules in due course.

Board Composition

As at the date of this announcement, the Directors of the Company are:

Executive Directors	: Mr. FOK Kin Ning, Canning (Chairman), Mr. TSAI Chao Chung, Charles (Chief Executive Officer), Mr. CHAN Loi Shun, Mr. Andrew John HUNTER, Mr. Neil Douglas MCGEE and Mr. WAN Chi Tin
Non-executive 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