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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2018 INTERIM RESULTS

CHAIRMAN'S STATEMENT

Half year results

During the first half of 2018, the Power Assets Group has delivered solid results, demonstrating the breadth and quality of our portfolio.

The Group's unaudited profits for the six months ended 30 June 2018 amounted to HK$4,120 million (2017: HK$4,024 million), an increase of 2% over the same period of last year. The increase was mainly due to the first full-period contribution from DUET.

The interim profit contribution of our underlying business, if adjusted for lower deposit interest income and exchange difference on deposits, would have recorded a double digit increase over the same period last year.

The Group is active in Europe, North America, Asia, Australia and New Zealand. This global diversification of investment minimises our exposure to the economic cycles of any one market.

Interim dividend

The board of directors has declared an interim dividend of HK$0.77 per share (2017: an interim dividend of HK$0.77 per share and a one-off special interim dividend of HK$7.50 per share), payable on 5 September 2018 to shareholders whose names appear in the Company's Register of Members on 27 August 2018.

Operations

Amid improving global macroeconomic conditions and a stabilising geopolitical situation in our key markets, all our operating companies achieved satisfactory operating results.

The UK remains our largest market of operations, with four operating companies engaged in the generation of electricity, and the distribution of electricity and gas.

UK Power Networks continued to build on its strong financial and operational results of 2017. Network performance in the first half was significantly higher than regulatory targets. Northern Gas Networks remained the most efficient of the eight UK gas distribution networks, achieving all its statutory targets for the regulatory year, including iron pipe replacement and attending gas escape targets. Wales & West Utilities met expectations and progressed with a large-scale smart meter installation project, the only independent gas network to be awarded contract work to deliver smart meter installation. Seabank Power Station continued to operate under high availability, with forced outage, efficiency, and starting performance all on par with budgets.

In Hong Kong, HK Electric delivered satisfactory results, maintaining its world-leading standards in supply reliability and customer service. HK Electric has the mandate to increase gas-fired electricity output in the coming years and a major capital works programme is in progress at its Lamma Power Station to deliver this. During the period under review, progress was made on two new gas-fired generating units and a floating storage and regasification unit. The company's HK$26.6 billion Development Plan for 2019-2023, recently approved by the government, makes further advancements in creating a roadmap for the transition to cleaner energy in support of Hong Kong's transformation into a smart city.

In Australia, SA Power Networks delivered performance in line with targets. It began preparations for the 2020 regulatory reset including expenditure forecasts and stakeholder engagement. Victoria Power Networks maintained its distribution revenues in line with budget and through its brand Beon Energy Solutions ("Beon") secured a number of major infrastructural projects. Beon was successful in its bid for the Karadoc Solar Farm, a major undertaking including design, planning, procurement and recruitment activities for a 112-MW installation in northern Victoria. Australian Gas Networks maintained its high achievement levels in public safety, reliability and customer services. Australian Energy Operations made progress on connecting the Moorabool Wind Farm to the grid with completion targetted for March 2019.

DUET's subsidiary companies met expectations in their second year as part of the Group. The Dampier Bunbury Pipeline achieved system reliability in line with targets. Energy Developments Pty Ltd expanded the Group's solar generation portfolio with the acquisition of a 1.6 MW solar farm in Queensland. United Energy conducted a trial programme on solar storage and dynamic voltage management. The trial will benefit the Group as a whole, yielding useful insights into how the network can adapt to changing energy market and consumer trends. Multinet Gas secured a government contract to relocate a major gas supply hub supplying approximately 100,000 customers.

In mainland China, the Zhuhai, Jinwan and Siping power plants achieved satisfactory operating performance with the first two increasing electricity sold compared to 2017. The renewable energy generated over the past six months by the two wind farms at Dali and Laoting has offset 129,000 tonnes of carbon emission within the respective provinces.

On continental Europe, our operating companies delivered steady returns. Dutch Enviro Energy Holdings B.V., the Netherlands-based energy-from-waste company, continued to pursue innovative projects for energy-from-waste, including carbon dioxide capture and utilisation while Iberwind in Portugal completed the formalities needed for repowering the Escusa Wind Farm. Repowering will significantly increase yield and output going forward.

Canadian Power in North America delivered earnings on par with expectations. Our other Canadian operating company, Husky Midstream, advanced its work on the LLB Direct pipeline and Saskatchewan Gathering System expansion projects.

In New Zealand, Wellington Electricity achieved satisfactory results while continuing to deliver high levels of safety, reliability and service to customers.

Ratchaburi Power in Thailand achieved higher levels of plant availability against its production plan.

Outlook

In the context of dramatic change in the energy sector, we will work proactively to embrace all that technology can offer, to continue to deliver reliability and customer satisfaction while minimising emissions for the benefit of generations to come. In Australia, the focus will be on preparing for the next regulatory reset while in Hong Kong we will work to deliver the terms of the new regulatory regime. Our European operating companies will continue to support the green energy aspirations of their respective local communities through their activities.

Our financial position remains healthy after the distribution of three rounds of special dividends. We will continue to seek appropriate high-quality investment opportunities that meet our criteria of low-risk, assured returns, across stable and well-regulated energy markets.

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

Fok Kin Ning, Canning
Chairman

Hong Kong, 26 July 2018

FINANCIAL REVIEW

Financial Performance

The Group's unaudited profit for the six months ended 30 June 2018 amounted to HK$4,120 million (2017: HK$4,024 million), an increase of 2% over the same period of last year. The increase was mainly due to the first full-period contribution from DUET.

Investments in the United Kingdom achieved satisfactory results, contributed earnings of HK$2,205 million (2017 restated: HK$2,075 million). The increase in earnings was mainly due to lower interest expenses after repayment of the Group's bank loans.

Our Australian investments contributed profits of HK$830 million (2017 restated: HK$623 million) was higher than last year mainly due to contribution from DUET which was acquired in May 2017.

Investments in mainland China yield profit of HK$234 million (2017: HK$163 million) was higher than last year mainly due to higher sales of electricity.

Investments in Canada, the Netherlands, Portugal, Thailand and New Zealand continued to contribute stable earnings to the Group.

Our investment in HK Electric Investments recorded earnings of HK$328 million (2017: HK$335 million).

Secure earnings and a strong financial position allowed us to continue with a stable dividend policy. 2018 interim dividend of HK$0.77 per share (2017: interim dividend of HK$0.77 per share and a one-off special interim dividend of HK$7.50 per share).

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 2018 were HK$3,572 million (31 December 2017: HK$7,223 million). In addition, the Group had bank deposits and cash of HK$6,987 million (31 December 2017: HK$25,407 million) and no undrawn committed bank facility at 30 June 2018 (31 December 2017: HK$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 on short term deposits denominated primarily in Australian dollars, Hong Kong dollars, pounds sterling and United States dollars. The Group aims to ensure that adequate financial resources are available for refinancing and business growth whilst maintaining a prudent capital structure.

The Group's financial profile remained strong during the period. On 29 January 2018, Standard & Poor's reaffirmed the "A-" long term credit rating of the Company with a "positive" outlook. The rating has remained unchanged since January 2014 while the outlook was revised up from "stable" since July 2017. As at 30 June 2018, the net cash position of the Group amounted to HK$3,415 million (31 December 2017: HK$18,184 million).

As at 30 June 2018, the Group's external borrowings were bank loans denominated in Australian dollar, fully hedged into fixed rate and repayable after 1 year but within 5 years.

Interest rate risk is managed by either securing fixed rate borrowings or by using interest rate derivatives. Although the Group's policy is to maintain a portion of its debt at fixed interest rates, the repayment of debts during the period resulted in the Group having no exposure to further interest rate fluctuation for its existing debt.

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 2018 was HK$3,591 million (31 December 2017: HK$7,248 million). The fair value of forward foreign exchange contracts and cross currency swaps at 30 June 2018 was an asset of HK$292 million (31 December 2017: liability of HK$356 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 2018 amounted to HK$36,923 million (31 December 2017: HK$35,953 million).

Charges on Assets

At 30 June 2018, the Group's interest in an associate of HK$276 million (31 December 2017: HK$274 million) had been pledged as part of the security to secure financing facilities granted to the associate.

Contingent Liabilities

As at 30 June 2018, the Group had given guarantees and indemnities totalling HK$663 million (31 December 2017: HK$883 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 2018, excluding directors' emoluments, amounted to HK$11 million (2017: HK$10 million). As at 30 June 2018, the Group employed 12 (31 December 2017: 12) 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 2018
(Expressed in Hong Kong dollars)

	Note	**2018**	2017 (*)
		$ million	$ million
Revenue	5	**769**	631
Direct costs		**(1)**	(1)
		768	630
Other net income		**160**	534
Other operating costs		**(76)**	(74)
Operating profit		**852**	1,090
Finance costs		**(100)**	(129)
Share of profits less losses of joint ventures		**2,662**	2,442
Share of profits less losses of associates		**755**	651
Profit before taxation	6	**4,169**	4,054
Income tax	7	**(49)**	(30)
Profit for the period attributable to equity shareholders of the Company		**4,120**	4,024
Earnings per share			
Basic and diluted	8	**$1.93**	$1.89

* The Group has initially applied HKFRS 9 and HKFRS 15 at 1 January 2018. Under the transition methods chosen, comparative information is not restated.

POWER ASSETS HOLDINGS LIMITED
UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2018
(Expressed in Hong Kong dollars)

	2018	2017 (*)
	$ million	$ million
Profit for the period attributable to equity shareholders of the Company	**4,120**	4,024
Other comprehensive income for the period		
Items that will not be reclassified to profit or loss		
Share of other comprehensive income of joint ventures and associates	**331**	197
Income tax relating to items that will not be reclassified to profit or loss	**(66)**	(37)
	265	160
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translating operations outside Hong Kong, including joint ventures and associates	**(1,001)**	1,445
Net investment hedges	**936**	(621)
Cash flow hedges:		
Effective portion of changes in fair value of hedging instruments recognised during the period	**(3)**	(29)
Share of other comprehensive income of joint ventures and associates	**492**	(180)
Income tax relating to items that may be reclassified subsequently to profit or loss	**(81)**	55
	343	670
	608	830
Total comprehensive income for the period attributable to equity shareholders of the Company	**4,728**	4,854

* The Group has initially applied HKFRS 9 and HKFRS 15 at 1 January 2018. Under the transition methods chosen, comparative information is not restated.

POWER ASSETS HOLDINGS LIMITED
UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2018
(Expressed in Hong Kong dollars)

	Note	**(Unaudited) 30 June 2018 $ million**	(Audited) 31 December 2017 (*) $ million
Non-current assets			
Property, plant and equipment and leasehold land		**14**	14
Interest in joint ventures	9	**58,280**	56,415
Interest in associates	10	**24,558**	24,589
Other non-current financial assets		**303**	67
Derivative financial instruments		**559**	316
Deferred tax assets		**32**	21
Employee retirement benefit assets		**5**	5
		83,751	81,427
Current assets			
Trade and other receivables	11	**268**	167
Bank deposits and cash		**6,987**	25,407
		7,255	25,574
Current liabilities			
Trade and other payables	12	**(3,396)**	(3,197)
Current portion of bank loans and other interest-bearing borrowings		**-**	(3,544)
Current tax payable		**(32)**	(91)
		(3,428)	(6,832)
Net current assets		**3,827**	18,742
Total assets less current liabilities		**87,578**	100,169
Non-current liabilities			
Bank loans and other interest-bearing borrowings		**(3,572)**	(3,679)
Derivative financial instruments		**(479)**	(789)
Employee retirement benefit liabilities		**(122)**	(121)
		(4,173)	(4,589)
Net assets		**83,405**	95,580
Capital and reserves			
Share capital		**6,610**	6,610
Reserves		**76,795**	88,970
Total equity attributable to equity shareholders of the Company		**83,405**	95,580

* The Group has initially applied HKFRS 9 and HKFRS 15 at 1 January 2018. Under the transition methods chosen, comparative information is not restated.

POWER ASSETS HOLDINGS LIMITED
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2018
(Expressed in Hong Kong dollars)

	Attributable to equity shareholders of the Company					
$ million	**Share capital**	**Exchange reserve**	**Hedging reserve**	**Revenue reserve**	**Proposed/ declared dividend**	**Total**
Balance at 1 January 2017	6,610	(6,717)	(1,453)	104,989	14,982	118,411
Changes in equity for the six months ended 30 June 2017:						
Profit for the period	-	-	-	4,024	-	4,024
Other comprehensive income	-	824	(154)	160	-	830
Total comprehensive income	-	824	(154)	4,184	-	4,854
Special interim dividend in respect of the previous year declared and paid	-	-	-	-	(10,671)	(10,671)
Final dividend in respect of the previous year approved and paid	-	-	-	-	(4,311)	(4,311)
Interim dividend *(see note 13)*	-	-	-	(1,643)	1,643	-
Special interim dividend *(see note 13)*	-	-	-	(16,007)	16,007	-
Balance at 30 June 2017	6,610	(5,893)	(1,607)	91,523	17,650	108,283
Balance at 31 December 2017 (*)	**6,610**	**(5,033)**	**(1,707)**	**78,571**	**17,139**	**95,580**
Impact on initial application of HKFRS 9 *(see note 3(b))*	**-**	**-**	**-**	**236**	**-**	**236**
Adjusted balance at 1 January 2018	**6,610**	**(5,033)**	**(1,707)**	**78,807**	**17,139**	**95,816**
Changes in equity for the six months ended 30 June 2018:						
Profit for the period	**-**	**-**	**-**	**4,120**	**-**	**4,120**
Other comprehensive income	**-**	**(65)**	**408**	**265**	**-**	**608**
Total comprehensive income	**-**	**(65)**	**408**	**4,385**	**-**	**4,728**
Special interim dividend in respect of the previous year declared and paid	**-**	**-**	**-**	**-**	**(12,806)**	**(12,806)**
Final dividend in respect of the previous year approved and paid	**-**	**-**	**-**	**-**	**(4,333)**	**(4,333)**
Interim dividend *(see note 13)*	**-**	**-**	**-**	**(1,643)**	**1,643**	**-**
Balance at 30 June 2018	**6,610**	**(5,098)**	**(1,299)**	**81,549**	**1,643**	**83,405**

* The Group has initially applied HKFRS 9 and HKFRS 15 at 1 January 2018. Under the transition methods chosen, comparative information is not restated.

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 2017 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2018 annual financial statements. Details of these changes in accounting policies are set out in note 3.

The preparation of interim financial statements in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The interim financial statements and selected explanatory notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

The financial information relating to the financial year ended 31 December 2017 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 had delivered the financial statements for the year ended 31 December 2017 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 2017. 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

(a) Overview

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

- HKFRS 9, *Financial instruments*
- HKFRS 15, *Revenue from contracts with customers*
- HK(IFRIC) 22, *Foreign currency transactions and advance consideration*

The adoption of the above has no material impact on the Group's result and financial position for the current or prior periods except for HKFRS 9. Details of the changes in accounting policies are discussed in note 3(b).

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

(b) HKFRS 9, *Financial instruments*

HKFRS 9 replaces HKAS 39, *Financial instruments: recognition and measurement*. It sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. The Group has been impacted by HKFRS 9 in relation to classification of financial assets.

The Group has applied HKFRS 9 retrospectively to items that existed at 1 January 2018 in accordance with the transition requirements. Under the transition methods chosen, the Group recognised cumulative effect of the initial application of HKFRS 9 as an adjustment to the opening balance of equity at 1 January 2018. Comparative information is not restated.

The following table gives a summary of the opening balance adjustments recognised for each line item in the consolidated statement of financial position that has been impacted by HKFRS 9.

	At 31 December 2017 $ million	**Impact on initial application of HKFRS 9 $ million**	**At 1 January 2018 $ million**
Other non-current financial assets	67	236	303
Total non-current assets	**81,427**	**236**	**81,663**
Total assets less current liabilities	**100,169**	**236**	**100,405**
Net assets	**95,580**	**236**	**95,816**
Reserves	88,970	236	89,206
Total equity attributable to equity shareholders of the Company	**95,580**	**236**	**95,816**

The following table summarises the impact of transition to HKFRS 9 on reserves at 1 January 2018.

	$ million
Revenue reserve	
Remeasurement of equity securities measured at FVPL at 1 January 2018	236

Further details of the nature and effect of the changes to previous accounting policies and the transition approach are set out below:

(i) Classification of financial assets and financial liabilities

HKFRS 9 categorises financial assets into three principal classification categories: measured at amortised cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVPL). These supersede HKAS 39's categories of held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at FVPL. The classification of financial assets under HKFRS 9 is based on the business model under which the financial assets is managed and its contractual cash flow characteristics.

An investment in equity securities is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an election to designate the investment at FVOCI (without subsequent reclassification to profit or loss) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the investment revaluation reserve (without subsequent reclassification to profit or loss) until the investment is disposed of. At the time of disposal, the amount accumulated in the investment revaluation reserve (without subsequent reclassification to profit or loss) is transferred to revenue reserve. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI (without subsequent reclassification to profit or loss), are recognised in profit or loss as other income.

Non-equity investment is classified into one of the measurement categories namely amortised cost, FVOCI (with subsequent reclassification to profit or loss) or FVPL under HKFRS 9. There is no impact to the classification and measurement of non-equity investments held by the Group.

Under HKFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are not separated from the host. Instead, the hybrid instrument as a whole is assessed for classification.

The following table reconciles the carrying amounts of each class of the Group's assets determined in accordance with HKAS 39 to those determined in accordance with HKFRS 9.

	HKAS 39 carrying amount at 31 December 2017	Reclassification	Remeasurement	HKFRS 9 carrying amount at 1 January 2018
	$ million	$ million	$ million	$ million
Financial assets measured at FVPL				
Equity securities (Note)	-	67	236	303
Financial assets classified as available-for-sale under HKAS 39	67	(67)	-	-

Note: Under HKAS 39, equity securities not held for trading were classified as available-for-sale financial assets. The Group considered that it is appropriate to classify these equity securities as financial assets at FVPL under HKFRS 9 at 1 January 2018 based on latest assessment.

The measurement categories for all financial liabilities remain the same.

(ii) Hedge accounting

HKFRS 9 does not fundamentally change the requirements relating to measuring and recognising ineffectiveness under HKAS 39. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting. The Group's existing hedging relationships were eligible to be treated as continuing hedging relationships. Therefore, the adoption of the hedge accounting requirements of HKFRS 9 does not have significant impact on the Group's financial statements.

(iii) Transition

Changes in accounting policies resulting from the adoption of HKFRS 9 have been applied retrospectively, except as described below:

- Information relating to comparative periods has not been restated. Differences in the carrying amounts of financial assets resulting from the adoption of HKFRS 9 are recognised in reserves as at 1 January 2018. Accordingly, the information presented for 2017 continues to be reported under HKAS 39 and thus may not be comparable with the current period.

- The following assessments have been made on the basis of the facts and circumstances that existed at 1 January 2018 (the date of initial application of HKFRS 9 by the Group):

  - the determination of the business model within which a financial asset is held; and
  - certain investments in equity securities to be classified as at FVPL.

- All hedging relationships designated under HKAS 39 at 31 December 2017 met the criteria for hedge accounting under HKFRS 9 at 1 January 2018 and are therefore regarded as continuing hedging relationships. Changes to hedge accounting policies have been applied prospectively.

4. Segment reporting

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

$ million	Investment in HKEI	Investments: United Kingdom	Investments: Australia	Investments: Mainland China	Investments: Others	Investments: Sub-total	All other activities	Total
	2018							
For the six months ended 30 June								
Revenue								
Revenue	-	307	339	-	122	768	1	769
Other net income	-	-	-	-	3	3	10	13
Reportable segment revenue	-	307	339	-	125	771	11	782
Result								
Segment earnings	-	307	339	(13)	125	758	(53)	705
Depreciation and amortisation	-	-	-	-	-	-	-	-
Bank deposit interest income	-	-	-	-	-	-	147	147
Operating profit	-	307	339	(13)	125	758	94	852
Finance costs	-	16	(107)	-	(9)	(100)	-	(100)
Share of profits less losses of joint ventures and associates	328	1,890	623	247	297	3,057	32	3,417
Profit before taxation	328	2,213	855	234	413	3,715	126	4,169
Income tax	-	(8)	(25)	-	(16)	(49)	-	(49)
Reportable segment profit	328	2,205	830	234	397	3,666	126	4,120

$ million	Investment in HKEI	United Kingdom	Australia	Mainland China	Others	Sub-total	All other activities	Total
	2017							
		Investments						
		(Restated)	(Restated)		(Restated)			
For the six months ended 30 June								
Revenue								
Revenue	-	257	261	-	112	630	1	631
Other net income	-	-	-	-	3	3	213	216
Reportable segment revenue	-	257	261	-	115	633	214	847
Result								
Segment earnings	-	257	261	(12)	115	621	152	773
Depreciation and amortisation	-	-	-	-	-	-	(1)	(1)
Bank deposit interest income	-	-	-	-	-	-	318	318
Operating profit	-	257	261	(12)	115	621	469	1,090
Finance costs	-	(42)	(78)	-	(9)	(129)	-	(129)
Share of profits less losses of joint ventures and associates	335	1,853	461	175	267	2,756	2	3,093
Profit before taxation	335	2,068	644	163	373	3,248	471	4,054
Income tax	-	7	(21)	-	(16)	(30)	-	(30)
Reportable segment profit	335	2,075	623	163	357	3,218	471	4,024

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.

	Six months ended 30 June	
	2018	2017
	$ million	$ million
Interest income	**768**	630
Others	**1**	1
	769	631
Share of revenue of joint ventures	**10,137**	8,580

6. Profit before taxation

	Six months ended 30 June	
	2018	2017
	$ million	$ million
Profit before taxation is arrived at after charging:		
Finance costs - interest on borrowings and other finance costs	**100**	129
Depreciation	**-**	1

7. Income tax

	Six months ended 30 June	
	2018	2017
	$ million	$ million
Current tax	**57**	38
Deferred tax	**(8)**	(8)
	49	30

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 $4,120 million for the six months ended 30 June 2018 (2017: $4,024 million) and 2,134,261,654 ordinary shares (2017: 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 2018 and 2017.

9. Interest in joint ventures

	30 June 2018 $ million	31 December 2017 $ million
Share of net assets of unlisted joint ventures	**43,584**	42,664
Loans to unlisted joint ventures	**14,448**	13,613
Amounts due from unlisted joint ventures	**248**	138
	58,280	56,415
Share of total assets of unlisted joint ventures	**131,951**	130,921

10. Interest in associates

	30 June 2018 $ million	31 December 2017 $ million
Share of net assets		
– Listed associate	**16,655**	16,820
– Unlisted associates	**4,069**	3,671
	20,724	20,491
Loans to unlisted associates	**3,731**	3,994
Amounts due from associates	**103**	104
	24,558	24,589

11. Trade and other receivables

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

	30 June 2018 $ million	31 December 2017 $ million
1 to 3 months	**1**	-
Trade debtors	**1**	-
Interest and other receivables	**80**	60
Derivative financial instruments	**186**	106
Deposits and prepayments	**1**	1
	268	167

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

12. Trade and other payables

	30 June 2018 $ million	31 December 2017 $ million
Due within 1 month or on demand	**318**	72
Due after 3 months but within 12 months	**3,075**	3,111
Creditors measured at amortised cost	**3,393**	3,183
Derivative financial instruments	**3**	14
	3,396	3,197

13. Interim dividend

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

	Six months ended 30 June	
	2018 $ million	2017 $ million
Interim dividend of $0.77 per ordinary share (2017: $0.77 per ordinary share)	**1,643**	1,643
Special interim dividend of $Nil per ordinary share (2017: $7.50 per ordinary share)	**-**	16,007
	1,643	17,650

14. Comparative figures

Certain comparative figures in segment reporting have been reclassified to conform to current period's presentation.

The Group has initially applied HKFRS 9 and HKFRS 15 at 1 January 2018. Under the transition methods chosen, comparative information is not restated. Further details of the changes in accounting policies are disclosed in note 3.

POWER ASSETS HOLDINGS LIMITED
OTHER INFORMATION

Interim Dividend

The Board of Directors has declared an interim dividend for 2018 of HK$0.77 per share. The dividend will be payable on Wednesday, 5 September 2018 to shareholders whose names appear in the register of members of the Company at the close of business on Monday, 27 August 2018, being the record date for determination of entitlement to the interim dividend. To qualify for the interim dividend, all transfers accompanied by the relevant share certificates should be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Monday, 27 August 2018.

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 2018.

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 2018, except as noted hereunder.

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

The Group is committed to achieving and maintaining standards of openness, probity and accountability. In line with this commitment and in compliance with the Corporate Governance Code, the Audit Committee has reviewed the procedures for reporting possible improprieties in financial reporting, internal control or other matters. In addition, the Company has established the policy on handling of inside information and securities dealing for compliance by the Company's employees.

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 regarding 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 2018.

Board Composition

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

Executive directors	:	Mr. FOK Kin Ning, Canning (Chairman), Mr. TSAI Chao Chung, Charles (Chief Executive Officer), Mr. CHAN Loi Shun, Mr. Andrew John HUNTER, Mr. Neil Douglas MCGEE and Mr. WAN Chi Tin
Non-executive director	:	Mr. LI Tzar Kuoi, Victor
Independent non-executive directors	:	Mr. IP Yuk-keung, Albert, Mr. Ralph Raymond SHEA, Mr. WONG Chung Hin and Mr. WU Ting Yuk, Anthony