Power Assets Holdings Ltd.
電能實業有限公司
於香港註冊成立的有限公司
Incorporated in Hong Kong with limited liability
股票代號 Stock Code: 6

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2018 ANNUAL RESULTS

CHAIRMAN'S STATEMENT

Underlying Business Profit Increased by 11%

Full year results and dividends

The Group's 2018 profits attributable to shareholders amounted to HK$7,636 million (2017: HK$8,319 million), a decrease of 8.2% as compared to 2017 due primarily to a one-off gain on disposal of properties recorded in 2017. The profit contribution of our underlying business, if adjusted for the one-off gain, lower deposit interest income and exchange difference on deposits, would increase by 11% over 2017. Earnings per share was HK$3.58 (2017: HK$3.90).

The Directors will recommend a final dividend of HK$2.03 per share, payable on 30 May 2019 to those persons registered as shareholders on 21 May 2019. This, together with the interim dividend of HK$0.77 per share, takes the total dividend for the year to HK$2.8 per share (2017: HK$16.3 per share including special interim dividends of HK$13.5 per share).

Operating performance

Our businesses around the world are diversified across multiple parameters: we operate in the generation, transmission and distribution sectors in ten major markets, across multiple types of fuel including coal, natural gas, renewables and waste. This robust model enabled us to drive positive results over the year.

While the UK saw continued movement in consumer confidence throughout the year, the performance of all of our regulated businesses was in line with expectation, despite ongoing Brexit negotiations. Our UK businesses once again delivered excellence in customer service, improving on their own outstanding performance records. UK Power Networks and Northern Gas Networks maintained their position in safety, reliability and customer service, while Seabank continued to exceed operational targets. Wales & West Utilities continued its initiatives to connect biomethane to the networks as well as offering smart hybrid heating solution for domestic customers in selected regions which combines gas with electricity to deliver material savings on heating costs and carbon footprint.

In Hong Kong, HK Electric moved into the final year of the existing regulatory regime, the Scheme of Control Agreement (SCA). In preparation for the new SCA period, the company launched a series of initiatives to cut the city’s carbon footprint, improve the energy efficiency of Hong Kong's buildings and help underprivileged households save money on their electricity bills.

In Australia, the focus was on improving the agility and flexibility of our distribution networks so that we can adapt the grid for bi-directional energy flow. This will improve the management of electricity generated by consumers with rooftop solar panels, for instance. The CK William acquisition has proved extremely positive for the Group and the full-year contribution has been strong. Australian Gas Networks and Victoria Power Networks secured and completed a number of major capital projects designed to enhance reliability and flexibility. Both SA Power Networks and Victoria Power Networks continued preparations for a regulatory reset.

Our businesses in mainland China, Thailand, Canada, the Netherlands, Portugal and New Zealand are all performing in line with expectations.

In August 2018, the Group entered into an economic benefits agreement with CK Hutchison Holdings Limited. Under the agreement, the Group is entitled to the distributions from a group of mature assets including Australian Gas Networks, Wales & West Gas Networks and Dutch Enviro Energy as well as other complementary infrastructure companies. At a consideration of approximately US$611.46 million (approximately HK$4,800 million), the agreement represents a long-term investment which is poised to generate stable investment income for the Group in the coming years.

Fighting climate change

In December 2018, 196 governments around the world agreed on another milestone towards a sustainable global climate policy, which defines the path to be followed by each of them on climate protection. As a player in an essential utilities sector in so many markets around the world, we are fully committed to supporting local governments to achieve this goal.

By investing in innovation and collaborating with other industry leaders, many of our businesses made encouraging progress with numerous innovations and research projects that will help combat climate change by cutting carbon emissions.

In Hong Kong, HK Electric secured government approval to invest HK$26.6 billion in the next five years to build the infrastructure that will enable the company to increase the proportion of gas-fired generation. Three new gas-fired units will be commissioned before 2023 to replace retiring coal-fired units, bringing gas-fired generation to about 70% of total generation.

Outlook

Moving into 2019 preparations for regulatory resets in the UK gas sector and the Australian electricity sector will continue, including stakeholder engagement and other initiatives.

As the new SCA regulating HK Electric's business came into effect on 1 January 2019, there is a material drop of approximately 20% in the rate of permitted return. HK Electric is also undertaking a significant capital investment programme of HK$26.6 billion under the 2019-2023 Development Plan. As such, barring unforeseen circumstances it is envisaged that there will be an approximately 20% reduction in future distributions from HK Electric Investments in the next few years.

The 1,400MW Zhuhai coal-fired power plant and 200MW Siping cogeneration plant will be transferred to the mainland Chinese joint venture partners in 2019, pursuant to co-operative joint venture agreements signed in 1995 and 1997 respectively. Together with the increase of gas-fired generating facilities under construction in Hong Kong and the planned coal-to-gas conversion of Sheerness Power Plant in Canada, Power Assets' coal-fired facilities will be substantially and steadily reduced.

Power Assets' goal is to deliver sustainable long-term value increase for our shareholders. We will continue to look for appropriate opportunities to expand our presence in stable, well-regulated markets through investment in low-risk assets with assured revenue streams.

I would like to express gratitude of the board to our shareholders for their support over the years, and in the years to come. I would also like to acknowledge our dedicated and skilled colleagues across all of our operating businesses all over the world.

Fok Kin Ning, Canning
Chairman
Hong Kong, 20 March 2019

FINANCIAL REVIEW

Financial Performance

Profit attributable to shareholders for 2018 amounted to HK$7,636 million (2017: HK$8,319 million), a decrease of 8.2% over 2017. The decrease of profit was primarily due to a one-off gain on disposal of properties recorded in 2017.

Our investments in the United Kingdom contributed earnings of HK$4,045 million (2017 restated: HK$3,786 million), an increase of 6.8% over 2017.

Our investments in Australia contributed profits of HK$1,451 million (2017 restated: HK$1,383 million). It was higher than last year mainly due to first full-year contribution from CK William, which was acquired in May 2017.

Our investments in mainland China recorded a profit of HK$469 million (2017: HK$271 million).

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

Our investment in HK Electric Investments recorded earnings of HK$1,018 million (2017: HK$1,115 million).

Secure earnings and a strong financial position allowed us to continue with a stable dividend policy. 2018 full year dividends of HK$2.8 per share (2017: HK$16.3 per share included a total of special interim dividends of HK$13.5 per share).

Financial Position, 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 at year end were HK$79,422 million (2017: HK$81,004 million). Total unsecured bank loan outstanding at the year end were HK$3,437 million (2017: HK$7,223 million). In addition, the Group had bank deposits and cash of HK$5,229 million (2017: HK$25,407 million). Due to its strong cash position, the Group did not maintain any undrawn committed bank facility at the year end (2017: HK$Nil).

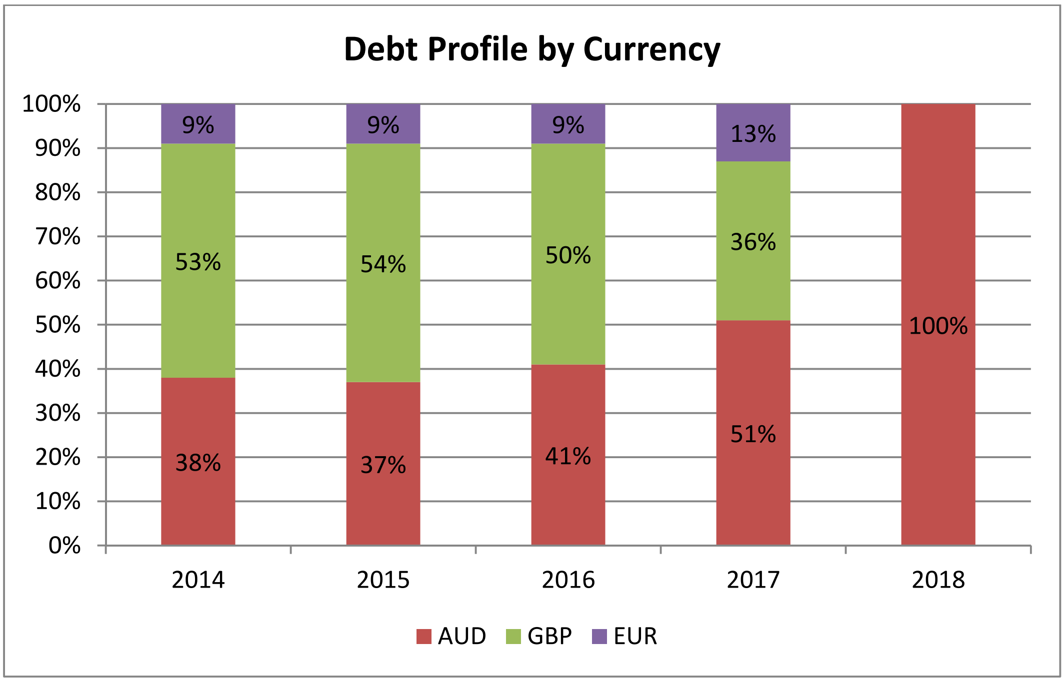
Treasury Policy, Financing Activities and Debt Structure

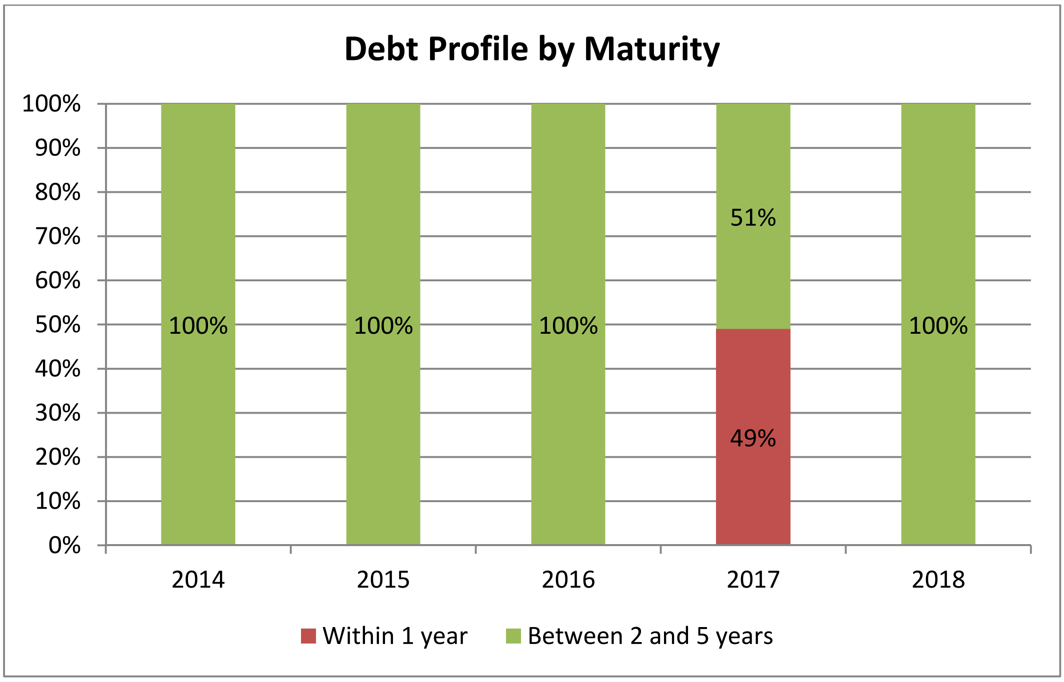
The Group manages its financial risks in accordance with guidelines laid down in its treasury policy, which is approved by the Board. The treasury policy is designed to manage the Group's currency, interest rate and counterparty risks. Surplus funds, which arise mainly from dividends and other repatriation from investments, are generally placed in short term deposits denominated primarily in Australian 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.

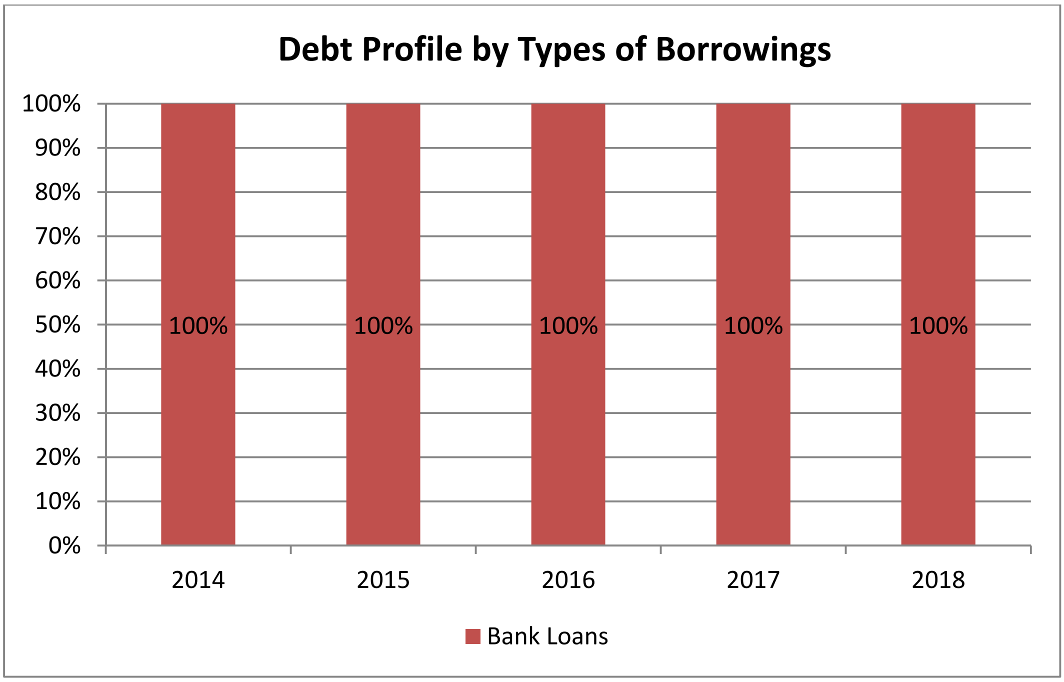
The Group's financial profile remained strong during the year. On 21 September 2018, Standard & Poor's raised the long term issuer credit rating of the Company to "A" from "A-" while the outlook was changed to "Stable" from "Positive".

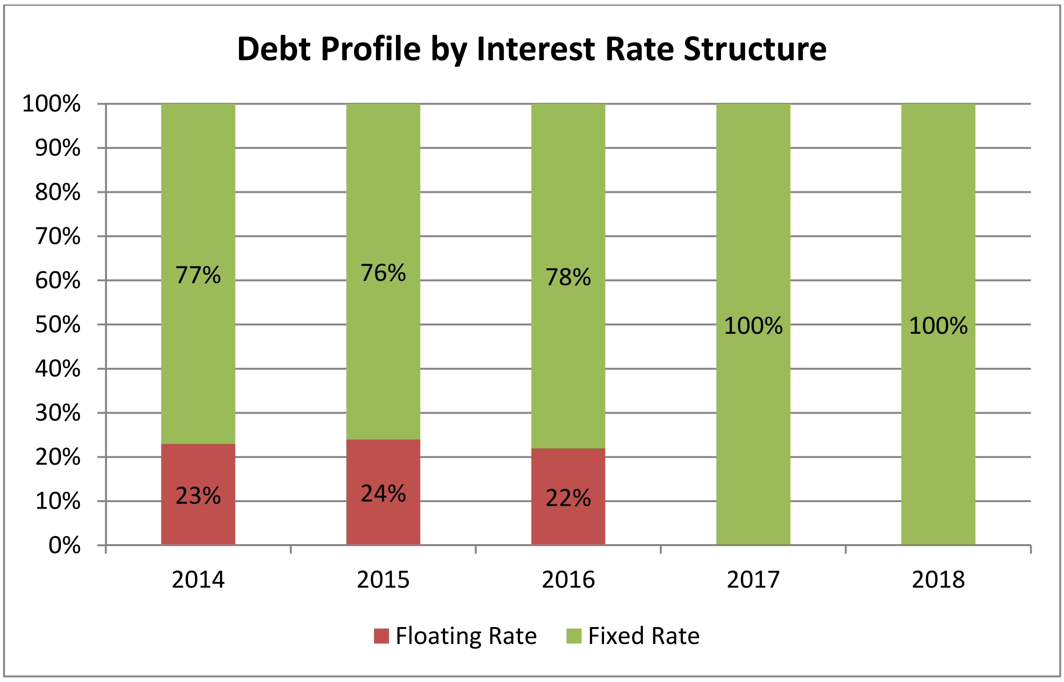
As at 31 December 2018, the net cash position of the Group was HK$1,792 million (2017: HK$18,184 million).

The profile of the Group's external borrowings as at 31 December 2018, after taking into account interest rate swaps, is set out in the tables below:




Debt Profile by Maturity
100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
100%
100%
100%
51%
49%
100%
2014
2015
2016
2017
2018
Within 1 year
Between 2 and 5 years


Debt Profile by Types of Borrowings
100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
100%
100%
100%
100%
100%
2014
2015
2016
2017
2018
Bank Loans



The Group's policy is to maintain at least a significant portion of its debt at fixed interest rates. Interest rate risk is managed by either securing fixed rate borrowings or by using interest rate derivatives.

Currency and interest rate risks are actively managed in accordance with the Group's treasury policy. Derivative financial instruments are used primarily for managing interest rate and foreign currency risks and not for speculative purposes. Treasury transactions are only executed with counterparties with acceptable credit ratings to control counterparty risk exposure.

The Group's principal foreign currency exposures arise from its investments outside Hong Kong. Foreign currency transaction exposure also arises from settlement to vendors which is not material and is managed mainly through purchases in the spot market or utilisation of foreign currency receipts of the Group. Currency exposure arising from investments outside Hong Kong is, 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 31 December 2018 was HK$3,437 million (2017: HK$7,248 million). The fair value of forward foreign exchange contracts and cross currency swaps at 31 December 2018 was an asset of HK$1,313 million (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 placed as foreign currency deposits, converted into United States dollars on receipt.

The contractual notional amounts of derivative financial instruments outstanding at 31 December 2018 amounted to HK$35,575 million (2017: HK$35,953 million).

Charges on Assets

At 31 December 2018, the Group's interest in an associate of HK$232 million (2017: HK$274 million) had been pledged as part of the security to secure financing facilities granted to the associate.

Contingent Liabilities

As at 31 December 2018, the Group had given guarantees and indemnities totalling HK$529 million (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 year ended 31 December 2018, excluding directors' emoluments, amounted to HK$21 million (2017: HK$22 million). As at 31 December 2018, the Group employed 11 (2017: 12) employees. No share option scheme is in operation.

POWER ASSETS HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2018
(Expressed in Hong Kong dollars)

	Note	**2018** **$ million**	2017 (*) $ million
Revenue	5	**1,555**	1,420
Direct costs		**(1)**	(1)
		1,554	1,419
Other net income	6	**285**	1,663
Other operating costs	7	**(311)**	(525)
Operating profit		**1,528**	2,557
Finance costs		**(194)**	(295)
Share of profits less losses of joint ventures		**4,668**	4,421
Share of profits less losses of associates		**1,688**	1,733
Profit before taxation	8	**7,690**	8,416
Income tax:	9		
Current		**(62)**	(93)
Deferred		**8**	(4)
		(54)	(97)
Profit for the year attributable to equity shareholders of the Company		**7,636**	8,319
Earnings per share			
Basic and diluted	10	**$3.58**	$3.90

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

Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in note 15.

POWER ASSETS HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018
(Expressed in Hong Kong dollars)

	2018	2017 (*)
	$ million	$ million
Profit for the year attributable to equity shareholders of the Company	**7,636**	8,319
Other comprehensive income for the year		
Items that will not be reclassified to profit or loss		
Remeasurement of net defined benefit asset/liability	**(20)**	29
Share of other comprehensive income of joint ventures and associates	**696**	32
Income tax relating to items that will not be reclassified to profit or loss	**(119)**	(9)
	557	52
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translating operations outside Hong Kong, including joint ventures and associates	**(3,592)**	4,111
Net investment hedges	**1,971**	(2,427)
Cost of hedging	**155**	-
Cash flow hedges:		
Net movement of hedging reserve related to hedging instruments recognised during the current year	**(55)**	(34)
Share of other comprehensive income of joint ventures and associates	**(246)**	(303)
Income tax relating to items that may be reclassified subsequently to profit or loss	**97**	83
	(1,670)	1,430
	(1,113)	1,482
Total comprehensive income for the year attributable to equity shareholders of the Company	**6,523**	9,801

* 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
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2018
(Expressed in Hong Kong dollars)

	Note	**2018**	2017 (*)
		$ million	$ million
Non-current assets			
Property, plant and equipment and leasehold land		**14**	14
Interest in joint ventures	11	**55,697**	56,415
Interest in associates	12	**23,725**	24,589
Other non-current financial assets		**5,100**	67
Derivative financial instruments		**1,375**	316
Deferred tax assets		**46**	21
Employee retirement benefit assets		**5**	5
		85,962	81,427
Current assets			
Trade and other receivables	13	**246**	167
Bank deposits and cash		**5,229**	25,407
		5,475	25,574
Current liabilities			
Trade and other payables	14	**(4,063)**	(3,197)
Current portion of bank loans and other interest-bearing borrowings		**-**	(3,544)
Current tax payable		**(9)**	(91)
		(4,072)	(6,832)
Net current assets		**1,403**	18,742
Total assets less current liabilities		**87,365**	100,169
Non-current liabilities			
Bank loans and other interest-bearing borrowings		**(3,437)**	(3,679)
Derivative financial instruments		**(228)**	(789)
Employee retirement benefit liabilities		**(143)**	(121)
		(3,808)	(4,589)
Net assets		**83,557**	95,580
Capital and reserves			
Share capital		**6,610**	6,610
Reserves		**76,947**	88,970
Total equity attributable to equity shareholders of the Company		**83,557**	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
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 2018 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

The Group's 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 Companies 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 certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

The financial information relating to the years ended 31 December 2018 and 2017 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 2017 has been delivered to the Registrar of Companies and the Company's financial statements for the year ended 31 December 2018 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 2017. 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 2018 have yet to be reported on by the Company's auditor.

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 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 at 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 revenue.

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. These equity securities are classified as financial assets at FVPL under HKFRS 9.

The measurement categories for all financial liabilities remain the same.

(ii) Credit losses

HKFRS 9 replaces the "incurred loss" model in HKAS 39 with the expected credit loss ("ECL") model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognises ECLs earlier than under the incurred loss accounting model in HKAS 39.

The Group applies the new ECL model to financial assets measured at amortised cost.

Financial assets measured at fair value, including derivative financial assets, are not subject to the ECL assessment.

The adoption of the ECL model under HKFRS 9 does not have material impact on the carrying amounts of the Group's financial assets as at 1 January 2018.

(iii) Hedge accounting

The Group has elected to adopt the new general hedge accounting model in HKFRS 9. Depending on the complexity of the hedge, this new accounting model allows a more qualitative approach to assessing hedge effectiveness compared to HKAS 39 to be applied, and the assessment is always forward-looking. The adoption of HKFRS 9 has not had a significant impact on the Group's financial statements in this regard.

Cost of hedging

Under HKFRS 9, forward element of forward foreign exchange contracts and foreign currency basis spread of financial instruments may be separated and excluded from the designation of the hedging instruments. If the Group excludes the forward element of a forward foreign exchange contract or the foreign currency basis spread of a financial instrument (the "excluded elements") from the designation of a hedging instrument, then the excluded elements may be separately accounted for as a cost of hedging. The fair value changes of the excluded elements are recognised in a separate component of equity to the extent that it relates to the hedged items. For time-period related hedged items, the excluded elements at the date of designation are amortised on a systematic and rational basis to profit or loss over the period during which the hedge adjustment for the designated hedging instrument could affect profit or loss. For transaction-related hedged items, the cumulative changes of the excluded elements are included in the initial carrying amounts of any non-financial assets or non-financial liabilities when the hedged transactions occur or are recognised in profit or loss if the hedged transactions affect profit or loss. The Group has elected to adopt the cost of hedging approach retrospectively and the adoption has no material impact on the Group's opening balance of equity as at 1 January 2018.

(iv) 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 year are as follows:

	2018							
		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	**-**	**616**	**659**	**40**	**238**	**1,553**	**2**	**1,555**
Other net income	**-**	**-**	**-**	**-**	**7**	**7**	**54**	**61**
Reportable segment revenue	**-**	**616**	**659**	**40**	**245**	**1,560**	**56**	**1,616**
Result								
Segment earnings	**-**	**616**	**659**	**13**	**244**	**1,532**	**(227)**	**1,305**
Depreciation and amortisation	**-**	**-**	**-**	**-**	**-**	**-**	**(1)**	**(1)**
Bank deposit interest income	**-**	**-**	**-**	**-**	**-**	**-**	**224**	**224**
Operating profit	**-**	**616**	**659**	**13**	**244**	**1,532**	**(4)**	**1,528**
Finance costs	**-**	**51**	**(248)**	**-**	**3**	**(194)**	**-**	**(194)**
Share of profits less losses of joint ventures and associates	**1,018**	**3,393**	**1,055**	**460**	**397**	**5,305**	**33**	**6,356**
Profit before taxation	**1,018**	**4,060**	**1,466**	**473**	**644**	**6,643**	**29**	**7,690**
Income tax	**-**	**(15)**	**(15)**	**(4)**	**(20)**	**(54)**	**-**	**(54)**
Reportable segment profit	**1,018**	**4,045**	**1,451**	**469**	**624**	**6,589**	**29**	**7,636**
At 31 December								
Assets								
Property, plant and equipment and leasehold land	**-**	**-**	**-**	**-**	**-**	**-**	**14**	**14**
Other assets	**-**	**1,241**	**279**	**303**	**137**	**1,960**	**4,812**	**6,772**
Interest in joint ventures and associates	**16,493**	**31,345**	**19,081**	**2,035**	**10,462**	**62,923**	**6**	**79,422**
Bank deposits and cash	**-**	**-**	**-**	**-**	**-**	**-**	**5,229**	**5,229**
Reportable segment assets	**16,493**	**32,586**	**19,360**	**2,338**	**10,599**	**64,883**	**10,061**	**91,437**
Liabilities								
Segment liabilities	**-**	**(781)**	**(374)**	**(4)**	**(84)**	**(1,243)**	**(3,191)**	**(4,434)**
Current and deferred taxation	**-**	**-**	**22**	**-**	**(31)**	**(9)**	**-**	**(9)**
Interest-bearing borrowings	**-**	**-**	**(3,437)**	**-**	**-**	**(3,437)**	**-**	**(3,437)**
Reportable segment liabilities	**-**	**(781)**	**(3,789)**	**(4)**	**(115)**	**(4,689)**	**(3,191)**	**(7,880)**

4. Segment reporting (continued)

$ million	Investment in HKEI	United Kingdom (Restated)	Australia (Restated)	Mainland China	Others (Restated)	Sub-total	All other activities	Total
	2017							
		Investments						
For the year ended 31 December								
Revenue								
Revenue	-	531	614	39	235	1,419	1	1,420
Other net income	-	-	-	-	5	5	1,143	1,148
Reportable segment revenue	-	531	614	39	240	1,424	1,144	2,568
Result								
Segment earnings	-	531	614	13	239	1,397	647	2,044
Depreciation and amortisation	-	-	-	-	-	-	(2)	(2)
Bank deposit interest income	-	-	-	2	-	2	513	515
Operating profit	-	531	614	15	239	1,399	1,158	2,557
Finance costs	-	(86)	(191)	-	(18)	(295)	-	(295)
Share of profits less losses of joint ventures and associates	1,115	3,330	1,003	260	442	5,035	4	6,154
Profit before taxation	1,115	3,775	1,426	275	663	6,139	1,162	8,416
Income tax	-	11	(43)	(4)	(61)	(97)	-	(97)
Reportable segment profit	1,115	3,786	1,383	271	602	6,042	1,162	8,319
At 31 December								
Assets								
Property, plant and equipment and leasehold land	-	-	-	-	-	-	14	14
Other assets	-	324	129	69	16	538	38	576
Interest in joint ventures and associates	16,820	30,613	20,479	2,298	10,787	64,177	7	81,004
Bank deposits and cash	-	-	-	-	-	-	25,407	25,407
Reportable segment assets	16,820	30,937	20,608	2,367	10,803	64,715	25,466	107,001
Liabilities								
Segment liabilities	-	(92)	(774)	(4)	(248)	(1,118)	(2,989)	(4,107)
Current and deferred taxation	-	-	(27)	-	(64)	(91)	-	(91)
Interest-bearing borrowings	-	(2,619)	(3,679)	-	(925)	(7,223)	-	(7,223)
Reportable segment liabilities	-	(2,711)	(4,480)	(4)	(1,237)	(8,432)	(2,989)	(11,421)

5. Revenue

The principal activity of the Group is investment in energy 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.

	2018 **$ million**	2017 $ million
Interest income	**1,513**	1,380
Dividend income	**40**	39
Others	**2**	1
	1,555	1,420
Share of revenue of joint ventures	**19,454**	17,784

6. Other net income

	2018 **$ million**	2017 $ million
Interest income on financial assets measured at amortised cost	**224**	515
Gain on disposal of property, plant and equipment and leasehold land	**-**	922
Net exchange (loss) / gain	**(9)**	209
Sundry income	**70**	17
	285	1,663

7. Other operating costs

	2018 **$ million**	2017 $ million
Staff costs	**27**	27
Amortisation of leasehold land	**-**	1
Depreciation	**1**	1
Cost of services and investment related expenses	**283**	496
	311	525

8. Profit before taxation

	2018 $ million	2017 $ million
Profit before taxation is arrived at after charging:		
Auditors' remuneration		
– audit and audit related work		
– KPMG	**3**	3
– other auditors	**-**	1
– non-audit work		
– KPMG	**1**	-
– other auditors	**2**	5

9. Income tax

Taxation in the consolidated statement of profit or loss represents:

	2018 $ million	2017 $ million
Current tax – operations outside Hong Kong		
Provision for the year	**62**	104
Tax credit for the year	**-**	(11)
	62	93
Deferred tax		
Origination and reversal of temporary differences	**(8)**	4
	54	97

No provision for Hong Kong Profits Tax has been made in the financial statements as the Group did not have any assessable profits during the current and preceding years in Hong Kong.

Taxation for operations outside Hong Kong is charged at the appropriate current rates of taxation ruling in the relevant countries.

10. Earnings per share

The calculation of earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of $7,636 million (2017: $8,319 million) and 2,134,261,654 ordinary shares (2017: 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 2018 and 2017.

11. Interest in joint ventures

	2018 **$ million**	2017 $ million
Share of net assets of unlisted joint ventures	**42,893**	42,664
Loans to unlisted joint ventures	**12,713**	13,613
Amounts due from unlisted joint ventures	**91**	138
	55,697	56,415
Share of total assets of unlisted joint ventures	**127,200**	130,921

12. Interest in associates

	2018 **$ million**	2017 $ million
Share of net assets		
– Listed associate	**16,493**	16,820
– Unlisted associates	**3,733**	3,671
	20,226	20,491
Loans to unlisted associates	**3,404**	3,994
Amounts due from associates	**95**	104
	23,725	24,589

13. Trade and other receivables

	2018 **$ million**	2017 $ million
Trade debtors	**1**	-
Interest and other receivables	**72**	60
	73	60
Derivative financial instruments	**86**	106
Deposits and prepayments	**87**	1
	246	167

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. As at 31 December 2018, all the trade debtors are aged within 1 to 3 months, based on invoice date and net of loss allowance.

14. Trade and other payables

	2018 $ million	2017 $ million
Creditors measured at amortised cost	**4,063**	3,183
Derivative financial instruments	**-**	14
	4,063	3,197

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

Creditors' ageing is analysed as follows:

	2018 $ million	2017 $ million
Due within 1 month or on demand	**768**	72
Due after 1 month but within 3 months	**19**	-
Due after 3 months but within 12 months	**3,276**	3,111
	4,063	3,183

15. Dividends

	2018 $ million	2017 $ million
Interim dividend declared and paid of $0.77 per ordinary share (2017: $0.77 per ordinary share)	**1,643**	1,643
Special interim dividend declared and paid of $Nil (2017: $7.50 per ordinary share)	**-**	16,007
Special interim dividend declared after the end of the reporting period of $Nil (2017: $6.00 per ordinary share)	**-**	12,806
Final dividend proposed after the end of the reporting period of $2.03 per ordinary share (2017: $2.03 per ordinary share)	**4,333**	4,333
	5,976	34,789

The final dividend and special interim dividend declared or proposed after the end of the reporting period are based on 2,134,261,654 ordinary shares (2017: 2,134,261,654 ordinary shares), being the total number of issued shares at the year end. The final dividend and special interim dividend declared or proposed after the end of the reporting period have not been recognised as liabilities at the end of the reporting period.

16. 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

Closure of Register of Members and Record Date for Proposed Final Dividend

For the purpose of ascertaining shareholders who are entitled to attend and vote at the annual general meeting to be held on Wednesday, 15 May 2019 (or any adjournment thereof), the register of members of the Company will be closed from Thursday, 9 May 2019 to Wednesday, 15 May 2019, 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 Computershare Hong Kong Investor Services Limited, no later than 4:30 p.m. on Wednesday, 8 May 2019.

The final dividend is payable to shareholders whose names appear on the register of members of the Company at the close of business on Tuesday, 21 May 2019, 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 Tuesday, 21 May 2019.

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 2018, except for the deviation from code provision A.5 in relation to establishment of a nomination committee as reported in the Company's 2018 interim report. On 1 January 2019, the Company established its nomination committee which comprises all Directors of the Company with the Chairman of the Board as the chairman of the nomination committee. In discharging its responsibilities, the nomination committee is assisted by an ad hoc sub-committee which is chaired by the Chairman of the Board and its membership is compliant with the requirements under the Listing Rules for a nomination committee.

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

Model Code for Securities Transactions by Directors

The Board of Directors of the Company has adopted the Model Code for Securities Transactions by Directors ("Model Code") set out in Appendix 10 of the Listing Rules as the Group's code of conduct regulating directors' securities transactions. All Directors have confirmed following specific enquiry that they have complied with the required standards set out in the Model Code throughout the year ended 31 December 2018.

Audit Committee

The Listing Rules require every listed issuer to establish an audit committee comprising at least three members who must be non-executive directors only, and the majority thereof must be independent non-executive directors, at least one of whom must have appropriate professional qualifications, or accounting or related financial management expertise. The Company established the Audit Committee on 1 January 1999 and has formulated its written terms of reference, which have from time to time been modified, in accordance with the prevailing provisions of the Corporate Governance Code. The terms of reference of the Audit Committee was amended on 1 January 2019 to incorporate the amendment to the code provision C.3.2 in the Corporate Governance Code effective on the same date to extend the cooling off period for former partner of the listed issuer's existing audit firm before he acts as a member of its audit committee.

The Audit Committee is chaired by Mr. Wong Chung Hin and the other members are Mr. Ip Yuk-keung, Albert and Mr. Ralph Raymond Shea. All the three Committee members are Independent Non-executive Directors. The Audit Committee reports directly to the Board of Directors and its principal responsibilities include the review of the Group's financial reporting, risk management and internal control systems, the interim and annual financial statements, and corporate and compliance issues.

Remuneration Committee

In compliance with the Corporate Governance Code, the Company established its remuneration committee on 1 January 2005 with a majority of the members thereof being Independent Non-executive Directors. The Remuneration Committee is chaired by Mr. Wong Chung Hin (an Independent Non-executive Director), and the other members are Mr. Fok Kin Ning, Canning (the Chairman) and Mr. Ralph Raymond Shea (an Independent Non-executive Director).

Annual General Meeting

The annual general meeting of the Company will be held at the Grand Ballroom, 1st Floor, Harbour Grand Kowloon, 20 Tak Fung Street, Hung Hom, Kowloon, Hong Kong on Wednesday, 15 May 2019 at 2:30 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 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