



Power Assets Holdings Ltd.
電能實業有限公司

於香港註冊成立的有限公司
Incorporated in Hong Kong with limited liability
股票代號 Stock Code: 6

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2020 ANNUAL RESULTS

CHAIRMAN'S STATEMENT

Full Year Results

During 2020, the low-risk, diversified business model of the Power Assets Group, with regulated businesses or outputs governed by long-term purchase contracts delivered strong income streams. The funds received from operations in 2020 was HK\$5,533 million, increased from 2019's HK\$5,368 million.

Our business model insulated us to a great degree from the macroeconomic impact of the global COVID-19 pandemic. For the year ended 31 December 2020, operating profits were in line with expectations.

The Group's profits attributable to shareholders amounted to HK\$6,132 million (2019: HK\$7,131 million). The decrease was primarily due to the one-off non-cash charges on the remeasurement of deferred tax liabilities in the UK (HK\$780 million); other factors include (1) a lower contribution from our Mainland China portfolio following the expiry of co-operative joint venture agreements of two coal-fired power stations; and (2) limited adverse impacts of the COVID-19 pandemic. It was partially offset by a one-off gain on disposal of our Portugal investment, Iberwind, during the year.

The Group's financial position remained strong, with a net cash of approximately HK\$1.8 billion at 31 December 2020, increased from 2019's HK\$1.6 billion. During the year, Standard & Poor's has reaffirmed the Group's credit rating of "A/Stable".

Increase in Dividends

The Board of Directors has recommended a final dividend of HK\$2.04 (2019: HK\$2.03) per share, payable on 1 June 2021 to shareholders whose names appear in the Company's Register of Members on 18 May 2021. This, together with the interim dividend of HK\$0.77 per share, takes the total dividend for the year to HK\$2.81 (2019: HK\$2.80) per share.

Operations

The Power Assets Group is a global investor in power generation, transmission and distribution, gas transmission and distribution, as well as oil storage and transmission in nine markets spread across four continents – namely the UK, Australia, Hong Kong, Mainland China, the Netherlands, New Zealand, Thailand, Canada and the United States. As suppliers of essential services across the world, our focus in 2020 was to provide reliable energy to all our customers, support our colleagues and our communities and push forward with decarbonisation efforts.

Throughout the year, we maintained business continuity with an emphasis on organisational resilience from our operating companies. The majority of office-based staff were equipped to work from home, all customer contact centres remained operational, and field support staff were provided with personal protective equipment. Digital capabilities were enhanced with faster access and improved security.

Lockdowns in many parts of the world affected our revenues from the commercial segments, which were offset by increased revenues from the residential sectors. Our proactive investments in resilience paid off with all companies maintaining high reliability and customer service standards. We also participated in local efforts to help residential and small business customers, for instance by supporting catering establishments in Hong Kong, providing tariff relief packages in Australia and a cash flow relief programme for energy suppliers in the UK.

United Kingdom portfolio

The UK portfolio made a profit contribution of HK\$2,460 million (2019: HK\$3,489 million) to the Group. The results were affected by the COVID-19 pandemic and a one-off non-cash adjustment resulting from the UK corporate tax remaining at 19% instead of reducing to 17%, as previously enacted under UK Law. This necessitated a one-off adjustment to the deferred tax balances of our operating companies there.

Uncertainties surrounding the UK's departure from the EU in January 2021 did not affect business performance, as output is mostly regulated. Contingency measures were put into place from an operational perspective to ensure business continuity after the withdrawal. Extensive preparations were made for regulatory resets that would affect the Group's two gas distribution networks, Northern Gas Networks and Wales & West Utilities, commencing April 2021. The final determinations for both companies were released in December 2020 and they have decided to appeal to the CMA.

Our UK operating companies in electricity and gas distribution maintained their leading positions for reliability and customer service, securing incentive payments from the regulator Ofgem. UK Power Networks began a programme of network enhancement to prepare for a major increase in the number of electric vehicles on UK roads in the coming years. Northern Gas Networks enhanced its IT systems to streamline operations, and together with Wales & West Utilities continued to progress projects to demonstrate the viability of hydrogen-based gas networks. Seabank Power maintained a predictable income stream for the Group, with an offtake contract based on availability.

Hong Kong portfolio

HK Electric Investments continued to provide stable income to the Group and delivered a profit contribution of HK\$912 million (2019: HK\$777 million).

In 2020, our flagship company HK Electric stepped up its proportion of gas-fired electricity generation to 50% with the commissioning of L10, a new gas-fired generating unit. Despite the restrictions caused by COVID-19, the company pushed forward with its five-year development plan which will see gas-fired generation grow further to 70% of total output by the end of 2023. Construction of two other new gas-fired units, L11 and L12, progressed satisfactorily. The offshore liquefied natural gas terminal using Floating Storage and Regasification Unit technology will be launched in 2022.

Despite these extensive capital development works and social distancing measures, the company maintained its standards of reliability and customer service. It has set a new supply reliability record, achieving an impeccable rating of over 99.9999% for 2020 with customers experiencing power interruption of less than 0.5 minute for the whole year. HK Electric also supported the community with a series of relief measures to residential and commercial customers most seriously affected by the economic slowdown during the year.

The smart meters deployment programme progressed on track with 40,000 smart meters installed during the year. The programme, being rolled out in stages, is scheduled for completion by 2025 after which all customers will be able to access their electricity consumption data online. Another ongoing initiative is the connection of renewable energy installations to the grid under the Feed-in Tariff Scheme. During the year, 72 installations were connected to the grid.

Australian portfolio

The Australian portfolio delivered a profit contribution of HK\$1,329 million (2019: HK\$1,445 million) to the Group. Our operating companies reported good underlying performance, though it was partly offset by the adverse effects of the COVID-19 pandemic. Securing advantageous outcomes in regulatory resets while transforming distribution networks to support increased green energy were the twin priorities during the year.

SA Power Networks, one of the electricity distribution networks in the Group's Australian portfolio, commenced a new regulatory reset period in 2020 which offers predictable earnings for the next five years. Two other electricity distribution networks, Victoria Power Networks and United Energy, are engaged with the regulator and stakeholders to determine acceptable outcomes in regulatory resets due to be enforced from 1 July 2021.

Our gas transmission and distribution businesses in Australia are also preparing for resets. Australian Gas Networks made commendable progress on the Hydrogen Park SA project for blending green hydrogen into its natural gas distribution network to decarbonise gas supply. Multinet Gas continued to work on relocating its network control centre from Pinewood in Victoria to the Dampier Bunbury Pipeline control room in Perth. Energy Developments Pty Ltd has delivered Australia's largest hybrid renewable energy microgrid - Gold Fields Agnew Renewable Hybrid Project. Australian Energy Operations continued to yield steady revenues by maintaining the connection of four wind farms to the grid.

Mainland China portfolio

In Mainland China, the Group now owns and operates two wind farms and one coal-fired co-generation power plant: the Jinwan electricity and heat co-generation power plant. The reduced portfolio followed our transfer of the operating rights of two other coal-fired plants to the respective joint-venture partners in 2019 in accordance with the terms of the respective co-operative joint venture agreement. Consequently, the profit contribution from our Mainland China portfolio declined to HK\$98 million in 2020 (2019: HK\$415 million). The Jinwan electricity and heat co-generation power plant achieved all its operating parameters, while the two wind farms in Dali and Laoting delivered stable and smooth operations during the year and jointly offset 199,000 tonnes of carbon emission.

Other portfolios

In Canada, Husky Midstream continued the second phase of expansion of the Saskatchewan Gathering System; the Spruce Lake Central phase of this programme was completed in the third quarter. The construction of the three long-term contracted crude oil storage tanks in Hardisty was completed and entered into service in the second half of 2020, adding 1.5 million barrels of incremental storage capacity. Canadian Power continued to migrate to 100% gas-fired generation, while the conversion of the second unit from coal to gas is on schedule. In February 2021, with the Group's support, Canadian Power entered into an agreement to acquire 100% interest of two wind farms in British Columbia in Canada, namely Pennask Wind Farm and Shinish Creek Wind Farm. This acquisition is in line with the Group's strategy to invest in power infrastructure globally and to expand on its renewable energy portfolio.

AVR-Afvalverwerking B.V. in the Netherlands maintained its success in generating energy-from-waste, meeting all operating parameters. It progressed with pioneering efforts in carbon capture for greenhouse cultivation and yielded a stable profit contribution to the Group. In Portugal, the Group disposed of its interest in Iberwind during the year. The proceeds from the sale further strengthen our financial capabilities for new investment opportunities.

In New Zealand, Wellington Electricity Lines achieved customer service targets with strong network reliability. In Thailand, Ratchaburi Power Plant met all its operating targets.

Continuing investment to combat climate change

As participants in the global energy sector, we are fully committed to fighting climate change and our operating companies continued to innovate and invest in infrastructure and technology to help reduce our collective impact on the environment.

We enhanced the network to support the charging infrastructure needed for mass uptake of electric vehicles (EV) in the UK and provided EV charging solutions to building owners in Hong Kong. Our power generation plants in Hong Kong and Canada moved to increase gas-fired operations in place of coal-fired generation, while we are divesting our coal plants in China. In order to become more agile and able to accept more power generated by renewable installations operated by our customers and store electricity when needed, we continued to invest in the digitisation of our electricity distribution networks.

Our gas distribution companies in the UK and Australia are testing and demonstrating the viability of incorporating green hydrogen into the natural gas supply. Working closely with the respective governments, they spearheaded the entire sector's efforts in the area of hydrogen integration.

Outlook

Despite our resilient business model, there is no doubt that the economic impact of the COVID-19 pandemic will continue to linger, affecting our performance in the months ahead.

Amid the current uncertainty, we will stay focused on our long-term investment principles – seeking out low-risk investments with assured revenue streams in stable, mature energy markets at appropriate costs. Prevailing low costs of capital have diminished credit premiums, with the result that asset prices are inflated. Nonetheless, with a strong liquidity position, we are always ready to seek appropriate investment opportunities of any scale that meet our criteria.

Sustainability remains a key focus across the Group with a new Sustainability Committee established to oversee our strategy and advise the Board on the development and implementation of our sustainability initiatives. We aspire to stay ahead of the curve, acting as beacons for the industry in hydrogenisation of the gas supply and decarbonisation of electricity through a range of tactics. All the markets we operate in have drawn up climate roadmaps and emissions targets. Most notably, the UK government has pledged to reduce greenhouse gas emissions to net-zero by 2050, while gas-fired power will increase to 70% of total output by the end of 2023 for HK Electric in Hong Kong. The Group will continue to support the achievement of these goals, contributing to global efforts to combat climate change.

Macroeconomic uncertainty, low weighted average costs of capital and aggressive climate change targets will render the upcoming round of regulatory resets challenging. We will closely engage with stakeholders to achieve acceptable outcomes, building upon our underlying strengths and overall market leadership in efficiency and green energy investment.

My heartfelt thanks, as always, go to our board, management and shareholders, as well as all our employees around the world for your unwavering loyalty, hard work and commitment in the challenging circumstances of the year.

Fok Kin Ning, Canning

Chairman

Hong Kong, 17 March 2021

FINANCIAL REVIEW

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 the year end were HK\$85,552 million (2019: HK\$86,142 million). Total unsecured bank loans outstanding at the year end were HK\$3,640 million (2019: HK\$3,319 million). In addition, the Group had bank deposits and cash of HK\$5,427 million (2019: HK\$4,876 million). The Group did not maintain any undrawn committed bank facility at the year end (2019: HK\$Nil).

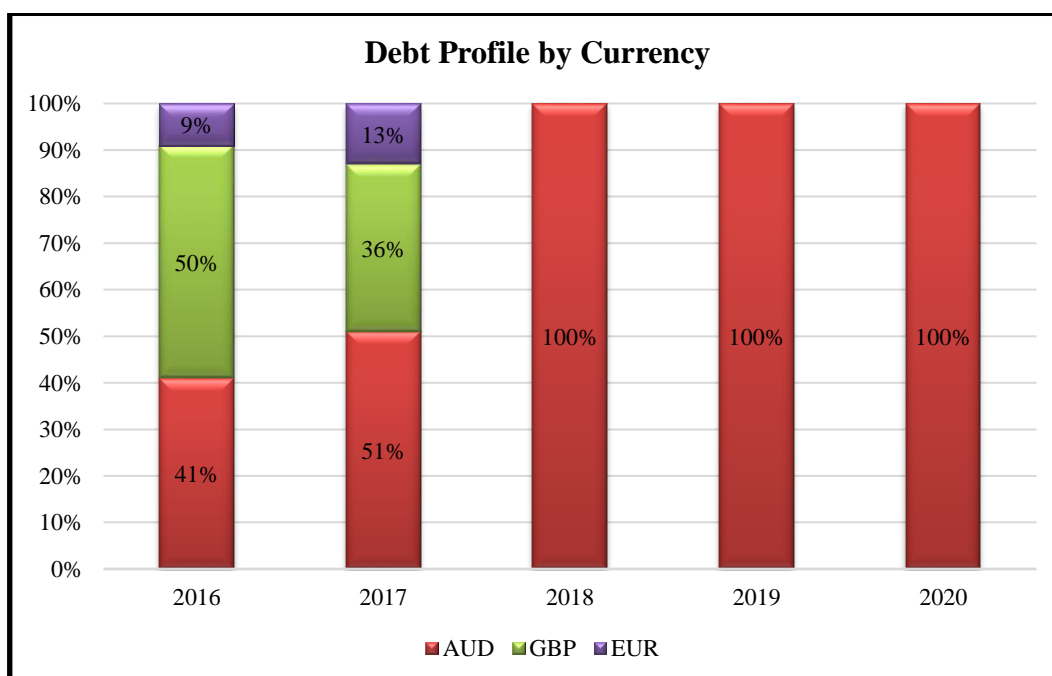
Treasury Policy, Financing Activities and Debt Structure

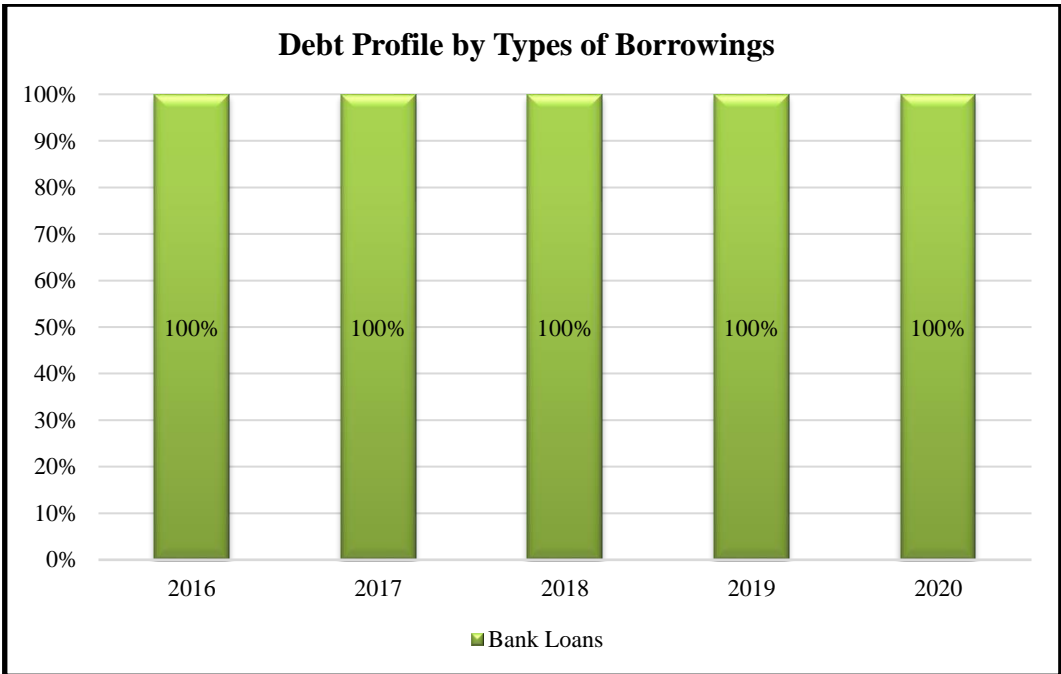
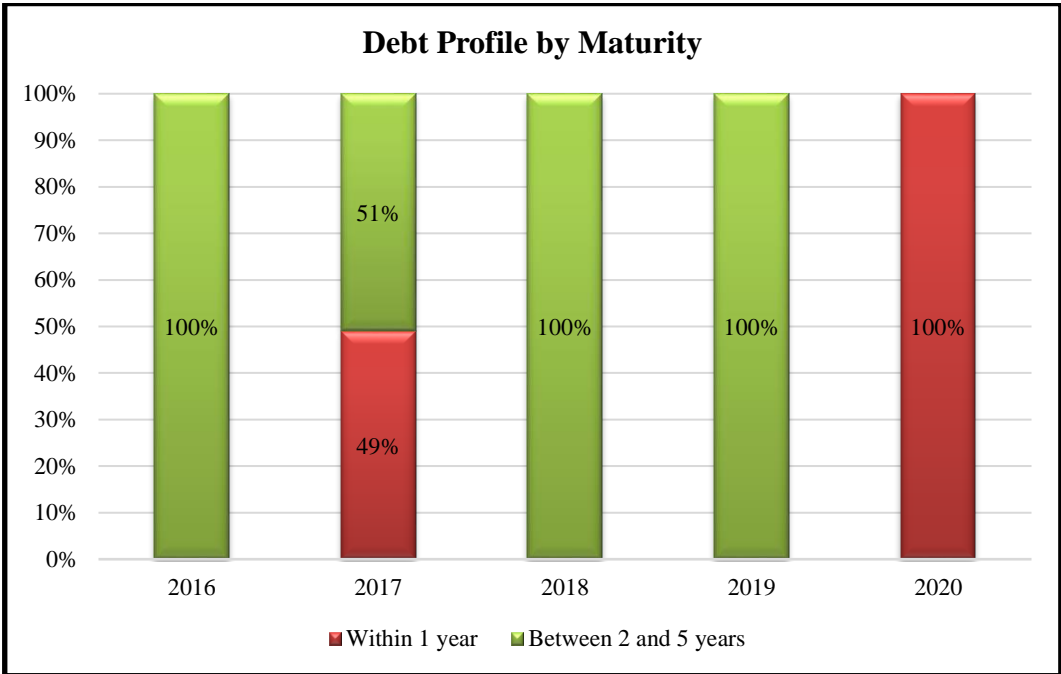
The Group manages its financial risks in accordance with guidelines laid down in its treasury policy, which is approved by the Board. The treasury policy is designed to manage the Group's currency, interest rate and counterparty risks. Surplus funds, which arise mainly from dividends and other repatriation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

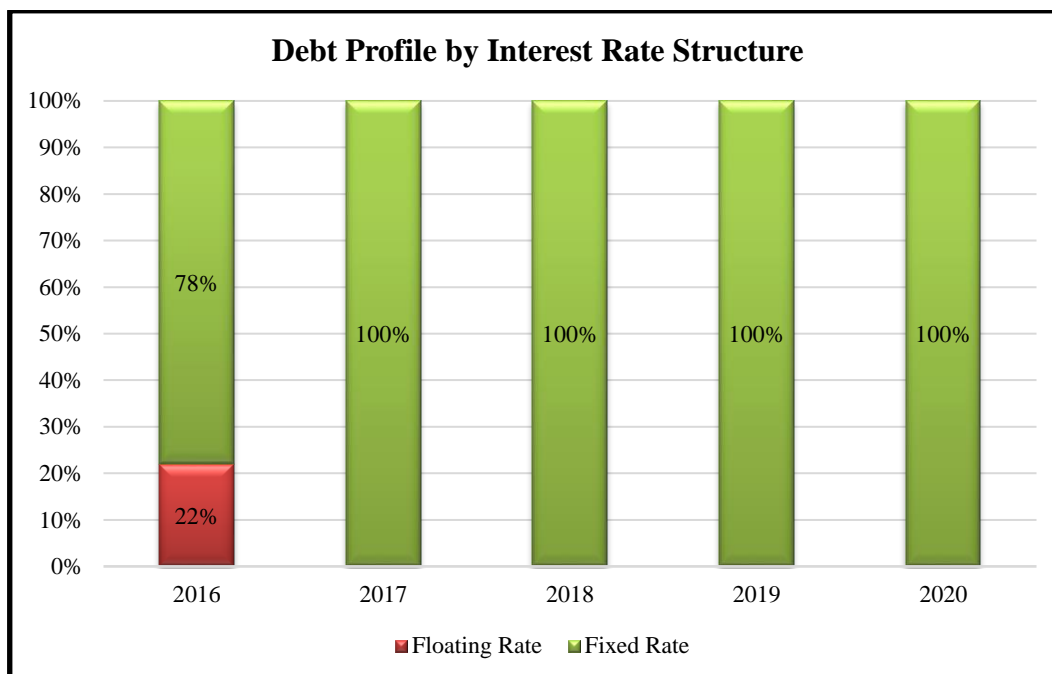
The Group's financial profile remained strong during the year. On 28 December 2020, Standard & Poor's reaffirmed the "A" long-term issuer credit rating and the "Stable" outlook of the Company, unchanged since September 2018.

As at 31 December 2020, the net cash position of the Group was HK\$1,787 million (2019: HK\$1,557 million).

The profile of the Group's external borrowings as at 31 December 2020, after taking into account interest rate swaps, is set out in the tables below:







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 2020 was HK\$3,640 million (2019: HK\$3,319 million). The fair value of forward foreign exchange contracts and cross currency swaps at 31 December 2020 was a liability of HK\$78 million (2019: asset of HK\$1,061 million). Foreign currency fluctuations will affect the translated value of the net assets of investments outside Hong Kong and the resultant translation difference is included in the Group's reserve account. Income received from the Group's investments outside Hong Kong which is not denominated in Hong Kong dollars is, unless otherwise placed as foreign currency deposits, converted into United States dollars on receipt.

The contractual notional amounts of derivative financial instruments outstanding at 31 December 2020 amounted to HK\$35,010 million (2019: HK\$35,502 million).

Charges on Assets

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

Contingent Liabilities

As at 31 December 2020, the Group had given guarantees and indemnities totalling HK\$438 million (2019: HK\$493 million).

Employees

The Group continues its policy of pay-for-performance and the pay levels are monitored to ensure competitiveness is maintained. The Group's total remuneration costs for the year ended 31 December 2020, excluding directors' emoluments, amounted to HK\$25 million (2019: HK\$24 million). As at 31 December 2020, the Group employed 13 (2019: 13) employees. No share option scheme is in operation.

POWER ASSETS HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2020
(Expressed in Hong Kong dollars)

	Note	2020 \$ million	2019 \$ million
		<u> </u>	<u> </u>
Revenue	5	1,270	1,348
Other net income	6	59	582
Other operating costs	7	(154)	(170)
		<u> </u>	<u> </u>
Operating profit		1,175	1,760
Finance costs		(86)	(96)
Share of profits less losses of joint ventures		3,782	4,186
Share of profits less losses of associates		1,329	1,324
		<u> </u>	<u> </u>
Profit before taxation	8	6,200	7,174
Income tax:	9		
Current		(12)	(22)
Deferred		(56)	(21)
		<u> </u>	<u> </u>
		(68)	(43)
		<u> </u>	<u> </u>
Profit for the year attributable to equity shareholders of the Company		6,132	7,131
		<u> </u>	<u> </u>
Earnings per share			
Basic and diluted	10	\$2.87	\$3.34
		<u> </u>	<u> </u>

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 2020

(Expressed in Hong Kong dollars)

	2020	2019
	\$ million	\$ million
Profit for the year attributable to equity shareholders of the Company	6,132	7,131
Other comprehensive income for the year		
Items that will not be reclassified to profit or loss		
Remeasurement of net defined benefit asset/liability	(3)	10
Share of other comprehensive income of joint ventures and associates	(1,856)	730
Income tax relating to items that will not be reclassified to profit or loss	358	(114)
	(1,501)	626
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translating operations outside Hong Kong, including joint ventures and associates	3,120	364
Net investment hedges	(1,229)	(285)
Cost of hedging	73	302
Cash flow hedges:		
Net movement of hedging reserve related to hedging instruments recognised during the current year	(115)	(173)
Share of other comprehensive income of joint ventures and associates	(1,631)	(195)
Income tax relating to items that may be reclassified subsequently to profit or loss	401	165
	619	178
	(882)	804
Total comprehensive income for the year attributable to equity shareholders of the Company	5,250	7,935

POWER ASSETS HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2020
(Expressed in Hong Kong dollars)

	Note	2020 \$ million	2019 \$ million
Non-current assets			
Property, plant and equipment and leasehold land		17	19
Interest in joint ventures	11	59,147	59,728
Interest in associates	12	26,405	26,414
Other non-current financial assets		1,100	1,100
Derivative financial instruments		704	1,212
Deferred tax assets		111	77
Employee retirement benefit assets		6	6
		<u>87,490</u>	<u>88,556</u>
Current assets			
Trade and other receivables	13	635	139
Bank deposits and cash		5,427	4,876
		<u>6,062</u>	<u>5,015</u>
Current liabilities			
Trade and other payables	14	(3,603)	(4,276)
Current portion of bank loans and other interest-bearing borrowings		(3,642)	(3)
Current tax payable		(161)	(45)
		<u>(7,406)</u>	<u>(4,324)</u>
Net current (liabilities)/assets		<u>(1,344)</u>	<u>691</u>
Total assets less current liabilities		<u>86,146</u>	<u>89,247</u>
Non-current liabilities			
Bank loans and other interest-bearing borrowings		-	(3,321)
Derivative financial instruments		(1,181)	(298)
Deferred tax liabilities		(57)	-
Employee retirement benefit liabilities		(142)	(136)
		<u>(1,380)</u>	<u>(3,755)</u>
Net assets		<u>84,766</u>	<u>85,492</u>
Capital and reserves			
Share capital		6,610	6,610
Reserves		78,156	78,882
Total equity attributable to equity shareholders of the Company		<u>84,766</u>	<u>85,492</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 2020 have been compared by the Company's auditor, 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 auditor 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 several amendments to 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 accounting period reflected in these financial statements.

The financial information relating to the years ended 31 December 2020 and 2019 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 2019 have been delivered to the Registrar of Companies and the Company's financial statements for the year ended 31 December 2020 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 2019. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance. The financial statements for the year ended 31 December 2020 have yet to be reported on by the Company's auditor.

3. Changes in accounting policies

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

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

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented.

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

4. Segment reporting

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

\$ million	2020							All other activities	Total
	Investment in HKEI	Investments				Sub-total			
		United Kingdom	Australia	Mainland China	Others				
For the year ended 31 December									
Revenue									
Revenue	-	548	511	53	158	1,270	-	1,270	
Other net income	-	-	-	-	6	6	(3)	3	
Reportable segment revenue	-	548	511	53	164	1,276	(3)	1,273	
Result									
Segment earnings	-	548	511	42	163	1,264	(141)	1,123	
Depreciation and amortisation	-	-	-	-	-	-	(4)	(4)	
Bank deposit interest income	-	-	-	-	-	-	56	56	
Operating profit	-	548	511	42	163	1,264	(89)	1,175	
Finance costs	-	74	(186)	-	26	(86)	-	(86)	
Share of profits less losses of joint ventures and associates	912	1,785	1,029	61	1,320	4,195	4	5,111	
Profit before taxation	912	2,407	1,354	103	1,509	5,373	(85)	6,200	
Income tax	-	53	(25)	(5)	(91)	(68)	-	(68)	
Reportable segment profit	912	2,460	1,329	98	1,418	5,305	(85)	6,132	
At 31 December									
Assets									
Property, plant and equipment and leasehold land	-	-	-	-	-	-	17	17	
Other assets	-	966	473	303	5	1,747	809	2,556	
Interest in joint ventures and associates	16,160	38,171	20,330	1,221	9,661	69,383	9	85,552	
Bank deposits and cash	-	-	-	-	-	-	5,427	5,427	
Reportable segment assets	16,160	39,137	20,803	1,524	9,666	71,130	6,262	93,552	
Liabilities									
Segment liabilities	-	(232)	(1,446)	(3)	(121)	(1,802)	(3,124)	(4,926)	
Current and deferred taxation	-	-	(7)	-	(211)	(218)	-	(218)	
Interest-bearing borrowings	-	-	(3,640)	-	-	(3,640)	(2)	(3,642)	
Reportable segment liabilities	-	(232)	(5,093)	(3)	(332)	(5,660)	(3,126)	(8,786)	

4. Segment reporting (continued)

\$ million	2019								
	Investment in HKEI	Investments					Sub-total	All other activities	Total
		United Kingdom	Australia	Mainland China	Others				
For the year ended									
31 December									
Revenue									
Revenue	-	556	571	43	178	1,348	-	1,348	
Other net income	-	-	-	-	6	6	465	471	
Reportable segment revenue	-	556	571	43	184	1,354	465	1,819	
Result									
Segment earnings	-	556	571	24	183	1,334	317	1,651	
Depreciation and amortisation	-	-	-	-	-	-	(2)	(2)	
Bank deposit interest income	-	-	-	-	-	-	111	111	
Operating profit	-	556	571	24	183	1,334	426	1,760	
Finance costs	-	74	(196)	-	26	(96)	-	(96)	
Share of profits less losses of joint ventures and associates	777	2,873	1,092	395	370	4,730	3	5,510	
Profit before taxation	777	3,503	1,467	419	579	5,968	429	7,174	
Income tax	-	(14)	(22)	(4)	(3)	(43)	-	(43)	
Reportable segment profit	777	3,489	1,445	415	576	5,925	429	7,131	
At 31 December									
Assets									
Property, plant and equipment and leasehold land	-	-	-	-	-	-	19	19	
Other assets	-	1,045	216	305	90	1,656	878	2,534	
Interest in joint ventures and associates	16,403	38,015	18,644	1,907	11,168	69,734	5	86,142	
Bank deposits and cash	-	-	-	-	-	-	4,876	4,876	
Reportable segment assets	16,403	39,060	18,860	2,212	11,258	71,390	5,778	93,571	
Liabilities									
Segment liabilities	-	(667)	(795)	(4)	(61)	(1,527)	(3,183)	(4,710)	
Current and deferred taxation	-	-	(8)	-	(37)	(45)	-	(45)	
Interest-bearing borrowings	-	-	(3,319)	-	-	(3,319)	(5)	(3,324)	
Reportable segment liabilities	-	(667)	(4,122)	(4)	(98)	(4,891)	(3,188)	(8,079)	

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.

	2020 \$ million	2019 \$ million
Interest income	1,217	1,305
Dividend income	53	43
	1,270	1,348
Share of revenue of joint ventures	16,528	17,793

6. Other net income

	2020 \$ million	2019 \$ million
Interest income on financial assets measured at amortised cost	56	111
Net exchange loss	(190)	(25)
Sundry income	193	496
	59	582

7. Other operating costs

	2020 \$ million	2019 \$ million
Staff costs	30	29
Depreciation	4	2
Cost of services and investment related expenses	120	139
	154	170

8. Profit before taxation

	2020 \$ million	2019 \$ million
Profit before taxation is arrived at after charging:		
Auditors' remuneration		
– audit and audit related work		
– KPMG	3	3
– other auditors	1	1
– non-audit work		
– KPMG	1	2
– other auditors	4	6

9. Income tax in the consolidated statement of profit or loss

	2020 \$ million	2019 \$ million
Current tax – operations outside Hong Kong		
Provision for the year	12	22
Deferred tax		
Origination and reversal of temporary differences	56	21
	68	43

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 \$6,132 million (2019: \$7,131 million) and 2,134,261,654 ordinary shares (2019: 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 2020 and 2019.

11. Interest in joint ventures

	2020 \$ million	2019 \$ million
Share of net assets of unlisted joint ventures	46,531	46,910
Loans to unlisted joint ventures	12,329	12,722
Amounts due from unlisted joint ventures	287	96
	<u>59,147</u>	<u>59,728</u>
Share of total assets of unlisted joint ventures	<u>141,570</u>	<u>137,701</u>

12. Interest in associates

	2020 \$ million	2019 \$ million
Share of net assets		
– Listed associate	16,160	16,403
– Unlisted associates	6,508	6,590
	<u>22,668</u>	<u>22,993</u>
Loans to unlisted associates	3,642	3,320
Amounts due from associates	95	101
	<u>26,405</u>	<u>26,414</u>

13. Trade and other receivables

	2020 \$ million	2019 \$ million
Trade debtors	-	-
Interest and other receivables	406	137
	<u>406</u>	<u>137</u>
Derivative financial instruments	226	-
Deposits and prepayments	3	2
	<u>635</u>	<u>139</u>

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

14. Trade and other payables

	2020 \$ million	2019 \$ million
Creditors measured at amortised cost	3,397	4,165
Derivative financial instruments	206	111
	3,603	4,276

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

Creditors' ageing is analysed as follows:

	2020 \$ million	2019 \$ million
Due within 1 month or on demand	64	752
Due after 1 month but within 3 months	5	72
Due after 3 months but within 12 months	3,328	3,341
	3,397	4,165

15. Dividends

	2020 \$ million	2019 \$ million
Interim dividend declared and paid of \$0.77 per ordinary share (2019: \$0.77 per ordinary share)	1,643	1,643
Final dividend proposed after the end of the reporting period of \$2.04 per ordinary share (2019: \$2.03 per ordinary share)	4,354	4,333
	5,997	5,976

The final dividend proposed after the end of the reporting period is based on 2,134,261,654 ordinary shares (2019: 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 the reporting period has not been recognised as a liability at the end of the reporting period.

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, 12 May 2021 (or any adjournment thereof), the register of members of the Company will be closed from Friday, 7 May 2021 to Wednesday, 12 May 2021, 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 Thursday, 6 May 2021.

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, 18 May 2021, 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, 18 May 2021.

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 and 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 2020, except as stated hereunder.

In accordance with code provision A.5.1, the Company establishes the Nomination Committee. Before the change of its composition on 1 December 2020, the membership of the Nomination Committee comprises all Directors of the Company and 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. With effect from 1 December 2020, to further enhance the efficiency of the nomination process of Directors, the Board of Directors of the Company approved the change of composition of the Nomination Committee by which the committee is chaired by an Independent Non-executive Director and its membership comprises a majority of Independent Non-executive Directors. The new composition of the Nomination Committee 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 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 2020.

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 has established the Audit Committee and has formulated its written terms of reference, which have from time to time been modified, in accordance with the provisions of the Corporate Governance Code.

The Audit Committee was chaired by Mr. Wong Chung Hin (an Independent Non-executive Director retired on 19 March 2020), and the other members were Mr. Ip Yuk-keung, Albert and Mr. Ralph Raymond Shea. Following the retirement of Mr. Wong as an Independent Non-executive Director of the Company, Mr. Ip acts as the Chairman of the Audit Committee, and the other members are Mr. Shea and Mr. Wu Ting Yuk, Anthony. All the abovementioned past or existing 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 has established its Remuneration Committee with a majority of the members thereof being Independent Non-executive Directors. The Remuneration Committee was chaired by Mr. Wong Chung Hin, and the other members were Mr. Fok Kin Ning, Canning (the Chairman of the Board) and Mr. Ralph Raymond Shea (an Independent Non-executive Director). Following the retirement of Mr. Wong as an Independent Non-executive Director of the Company as mentioned above, Mr. Shea acts as the Chairman of the Remuneration Committee, and the other members are Mr. Fok and Mr. Lui Wai Yu, Albert (an Independent Non-executive Director appointed on 19 March 2020).

Nomination Committee

The Company has established its Nomination Committee in accordance with the Corporate Governance Code. During the year the Board of Directors of the Company has changed the composition of the Nomination Committee to further enhance the efficiency of the nomination process of Directors. Prior to 1 December 2020, the committee is chaired by Mr. Fok Kin Ning, Canning (the Chairman of the Board) and, while its membership comprises all Directors of the Company, it is assisted by an ad hoc sub-committee (which is chaired by the Chairman of the Board and its membership, comprising a majority of Independent Non-executive Directors, is compliant with the requirements under the Listing Rules for a nomination committee) when discharging its responsibilities. With effect from 1 December 2020, the committee is chaired by Mr. Ip Yuk-keung, Albert (an Independent Non-executive Director), and the other members are Mr. Victor T K Li (a Non-executive Director) and Mr. Ralph Raymond Shea (an Independent Non-executive Director).

Sustainability Committee

During the year, to further strengthen the Group's sustainability governance structure, the Board has established its Sustainability Committee on 1 December 2020 to oversee management and advise the Board on the development and implementation of the sustainability initiatives of the Group, including reviewing the related policies and practices, and assessing and making recommendations on matters concerning the Group's sustainability development and risks. The Sustainability Committee is chaired by Mr. Tsai Chao Chung, Charles (the Chief Executive Officer), and the other members are Mr. Chan Loi Shun (an Executive Director) and Mr. Ip Yuk-keung, Albert (an Independent Non-executive Director).

Annual General Meeting

The annual general meeting of the Company (the "AGM") will be held at 1st Floor, Harbour Grand Kowloon, 20 Tak Fung Street, Hung Hom, Kowloon, Hong Kong on Wednesday, 12 May 2021 at 2:45 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.

Due to the constantly evolving COVID-19 pandemic situation in Hong Kong, the Company may be required to change the AGM arrangements at short notice. Shareholders should check the Company's website at www.powerassets.com for future announcements and updates on the AGM arrangements.

Board Composition

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

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