



Power Assets Holdings Ltd.
電能實業有限公司

(Stock Code: 6)

INTERIM REPORT 2015



FINANCIAL HIGHLIGHTS

	Six months ended 30 June		
	2015	2014	Change
	<i>HK\$ million</i>	<i>HK\$ million</i>	
Profit attributable to shareholders	3,237	56,544	-94.3%
Disposal of HK Electric Investments/ HK Electric	(532)	52,928	
Investment in HK Electric Investments/ HK Electric	568	666	-14.7%
Investments outside Hong Kong	3,170	3,137	+1.1%
Others	31	(187)	N/A
Profit excluding disposal of HK Electric Investments/HK Electric	3,769	3,616	+4.2%
Earnings per share	\$1.52	\$26.49	-94.3%
Dividend per share	\$0.68	\$0.67	+1.5%

This Interim Report has been posted in both the English and Chinese languages on the Company's website at www.powerassets.com. If, for any reason, shareholders who have chosen (or are deemed to have consented) to receive corporate communications through the Company's website have difficulty in gaining access to the Interim Report, they may request that a printed copy of this Interim Report be sent to them free of charge by mail.

Shareholders may at any time change their choice of language of all future corporate communications, or choose to receive all future corporate communications either in printed form or through the Company's website, by writing to the Company at Rooms 1913-1914, 19th Floor, Hutchison House, 10 Harcourt Road, Hong Kong or to the share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong or by emailing to the Company's email address at mail@powerassets.com.



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CORPORATE INFORMATION

Board of Directors

Executive Directors

FOK Kin Ning, Canning (*Chairman*)

TSAI Chao Chung, Charles (*Chief Executive Officer*)

CHAN Loi Shun

Andrew John HUNTER

Neil Douglas MCGEE

WAN Chi Tin

Non-executive Directors

LI Tzar Kuoi, Victor

Frank John SIXT

Independent Non-executive Directors

IP Yuk-keung, Albert

Ralph Raymond SHEA

WONG Chung Hin

WU Ting Yuk, Anthony

Audit Committee

WONG Chung Hin (*Chairman*)

IP Yuk-keung, Albert

Ralph Raymond SHEA

Remuneration Committee

WONG Chung Hin (*Chairman*)

FOK Kin Ning, Canning

Ralph Raymond SHEA

Company Secretary

Alex NG

Principal Bankers

Bank of China (Hong Kong) Limited

The Bank of Tokyo-Mitsubishi UFJ, Ltd.

The Hongkong and Shanghai Banking

Corporation Limited

Mizuho Bank, Ltd.

Auditor

KPMG

Website

www.powerassets.com

Registered Office

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19th Floor, Hutchison House,

10 Harcourt Road, Hong Kong

Telephone: 2122 9122

Facsimile: 2180 9708

Email: mail@powerassets.com

Share Registrar

Computershare Hong Kong Investor
Services Limited

Shops 1712–1716,

17th Floor, Hopewell Centre,

183 Queen's Road East, Wanchai, Hong Kong

Website: www.computershare.com

Email: hkinfo@computershare.com.hk

ADR (Level 1 Programme)

Depository

Citibank, N.A.

Shareholder Services

P.O. Box 43077, Providence,

Rhode Island 02940-3077, U.S.A.

Website: www.citi.com/dr

Email: citibank@shareholders-online.com

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KEY DATES AND SHARE INFORMATION

Key Dates

Interim Results Announcement	23 July 2015
Ex-dividend Date	21 August 2015
Record Date for Interim Dividend	24 August 2015
Payment of Interim Dividend (HK\$0.68 per share)	2 September 2015
Financial Year End	31 December 2015

Share Information

Board Lot	500 shares
Market Capitalisation as at 30 June 2015	HK\$150,892 million
Ordinary Share to ADR Ratio	1:1

Stock Codes

The Stock Exchange of Hong Kong Limited	6
Bloomberg	6 HK
Thomson Reuters	0006.HK
ADR Ticker Symbol	HGKGY
CUSIP Number	739197200

CHAIRMAN'S STATEMENT

Powering on with sustainable investment worldwide

In this interim report, I am pleased to present the results of Power Assets in the first half of the 2015 financial year.

Our active yet disciplined approach to expanding our portfolio has yielded stable results for Power Assets during this period. While adhering to our strategy of pursuing growth in well-regulated and well-structured electricity and gas markets, we have maintained a healthy balance of investments around the world, enabling us to minimise risk and maintain stable earnings despite fluctuations in market conditions.

In June 2015, the Group disposed of a 16.53% stake in HK Electric Investments and HK Electric Investments Limited (collectively as "HKEI") to a strategic investor whilst retaining a significant investment holding. It has always been our intention to own between 30% and 49.9% of HKEI and the net proceeds from the transaction will further strengthen the liquidity position of the Group.

Committed to creating a diversified, low-risk portfolio of investments, the Group has taken advantage of appropriate long term opportunities across the globe. Our footprint now extends into the UK, Australia, New Zealand, mainland China, the Netherlands, Canada, Thailand and Hong Kong. This sustainable growth is underpinned by a strong cash position that will continue to support the Group's efforts to diversify and develop.

Half Year Results

The Group's unaudited profit for the six months ended 30 June 2015 amounted to HK\$3,237 million, including a loss of HK\$532 million from the disposal of HKEI in June 2015 (2014: HK\$56,544 million, including a one-time gain of HK\$52,928 million from the spin-off of The Hongkong Electric Company, Limited ("HK Electric") in January 2014).

Interim Dividend

The board of directors has declared an interim dividend of HK\$0.68 (2014: HK\$0.67) per share, payable on 2 September 2015 to shareholders whose names appear in the Company's Register of Members on 24 August 2015.

Operations

As global economies continue on a steady growth trend, the Group's holdings around the world achieved stable results during the first half of 2015.

The four UK operating companies, UK Power Networks, Northern Gas Networks, Wales & West Utilities and Seabank delivered satisfactory performance, meeting all their operational parameters. The UK continues to be the Group's single largest market despite an unfavourable pound sterling exchange rate during the period. The Group's companies are expected to achieve further growth and profits under the RIIO (Revenue = Incentives + Innovation + Outputs) incentive framework as they are well placed to use their strengths in innovation, efficiency and cost-effectiveness to thrive under the framework.

UK Power Networks progressed with its five-phase business transformation programme to enhance efficiency and customer service during the period, completing two phases of the implementation. Northern Gas Networks and Wales & West Utilities remained the top performing gas distribution networks in customer satisfaction and efficiency. Wales & West Utilities now has ten biomethane production sites connected to the gas grid as part of its innovative environmental programme. Seabank has surpassed its operational objectives during the period.

In Australia, another key market, the Group benefited from an expanded presence in the natural gas market. Australian Gas Networks, acquired in the second half of 2014, performed in line with expectations, increasing its customer base and revenues while reducing operating expenses. Transmission Operations Australia's results were stable as the business continues to service its operating and maintenance contract with Victoria's Mount Mercer Wind Farm.

SA Power Networks improved system reliability and submitted a revised proposal to the regulator to determine prices and revenue allowances for the new 2015-2020 regulatory control period. CitiPower and Powercor Australia both continued to improve on their own performance in customer numbers, distribution revenues and lower operating costs. Following the signing of a Heads of Agreement with Australian Taxation Office ("ATO") in June 2015, the dispute between the Group's Australian operating companies and ATO regarding the deductibility of certain fees for income tax purposes has been resolved, providing clarity on tax deductibility to the operating companies.

CHAIRMAN'S STATEMENT *(Continued)*

In mainland China, the Group's power plants in Zhuhai, Jinwan and Siping continued to implement programmes to improve environmental performance and efficiency. Electricity sales dropped during the period as a result of competition from nuclear and hydro-electric power as well as new coal-fired plants, with impact offset by lower coal price and savings in operating costs. The Jinwan plant has succeeded in reducing sulphur dioxide, nitrogen oxides and particulates emissions by over 50 per cent as compared with the same period last year. Thanks to higher wind yields, performance at the Laoting wind farm has improved over the previous year.

The energy-from-waste business in the Netherlands, home to the Group's first operation in continental Europe, delivered strong results. During the period, AVR-Afvalverwerking B.V. ("AVR") outperformed its interim deliverables in waste processing. AVR curtailed its electricity production to further enhance cycle efficiency and increase heat and steam production.

In Canada, the Meridian power plant installed new turbine parts in April 2015, the costs of which will be offset by improvements in efficiency and power output during the remainder of the year. Overall, Canadian Power continued to generate steady returns.

In New Zealand, Wellington Electricity met all its regulatory obligations and engaged with community groups to conduct public awareness campaigns on the importance of vegetation management to prevent fire. Ratchaburi Power in Thailand outperformed its production plan owing to higher availability. In addition, the power plant achieved fuel cost savings arising from efficiencies in plant performance and operation.

HK Electric, the Group's flagship business in Hong Kong continued to excel in power supply reliability and customer service at affordable tariffs. During the period under review, HK Electric made a submission to the Government in response to a public consultation on the future development of the electricity market. The Group supports HK Electric's view that maintaining the existing regulatory framework is the best way forward as it has met the four energy policy objectives with respect to safety, reliability, affordability and environmental protection set by the Government.

Under the Scheme of Control Agreement (“SCA”), HK Electric customers have been enjoying excellent power supply reliability which is much higher than many cities in the world, and yet their tariff is much more affordable. The Group notes HK Electric only raised tariff by 5.9% between 2008-2014 against an inflation rate of 23% over the same period and pledged to maintain tariff at the 2013 level till 2018. It has also made significant improvements on the environment, reducing emissions by 40-90% between 2008-2014, outperforming the Government’s emissions cap. Given that the SCA has provided a perfect balance whereby consumers enjoy value for money services and investors receive a rate of return conducive to making long-term investments in electricity infrastructure, the Group agrees with HK Electric’s position that no unnecessary changes should be made to the current regulatory regime.

Outlook

The Group remains in a strong cash position and will use those funds to actively seek suitable opportunities from around the world. We will continue to focus on high quality investments in stable, well-regulated power and gas markets such as Australia, North America, the UK and continental Europe - in line with our strategy to deliver sustainable long term results for our investors.

With a worldwide presence that includes 15 power generating plants, eight electricity and three gas distribution networks, the Group will capture further synergies and share technology and expertise with a series of in-house seminars held around the globe.

In Australia, our operating companies will continue to engage with the regulator to determine the parameters for operations and revenues for the next regulatory period. In Hong Kong, the outcome of the public consultation which ended in June 2015 will be crucial for the way the Hong Kong business moves forward. HK Electric will continue its dialogue and collaboration with the Government and other stakeholders in mapping the future development of the electricity market.

I thank the board of directors and all our 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, 23 July 2015

FINANCIAL REVIEW

Financial Performance

The Group's unaudited profit for the six months ended 30 June 2015 amounted to HK\$3,237 million, including a loss of HK\$532 million from the disposal of a 16.53% stake in HK Electric Investments and HK Electric Investments Limited in June 2015 (2014: HK\$56,544 million, including a one-time gain of HK\$52,928 million from the spin-off of The Hongkong Electric Company, Limited in January 2014).

Investments in the United Kingdom performed satisfactorily during the first half of the year, contributing earnings of HK\$2,334 million (2014: HK\$2,355 million). The UK remained the largest market of the Group despite a weakening of the pound sterling.

Our investments in Australia yielded reliable profit contributions of HK\$433 million (2014: HK\$394 million). It was higher than last year mainly due to contribution from Australian Gas Networks, which was acquired in the second half of 2014 but the overall contribution was impacted by a lower exchange rate of Australian dollar when compared with the same period of last year.

In mainland China, performance of our coal-fired plants recorded less favourable results due to Jinwan Power Plant completed a planned major overhaul in the first half of 2015 and electricity sales dropped, but offset by lower coal costs and savings in operating expenses, while the wind farm in Laoting improved their performance due to higher wind yields throughout the period.

Our investment in the Netherlands delivered strong results during the period. Investments in Canada, Thailand and New Zealand continued to make stable earnings contributions.

Our investment in Hong Kong electricity businesses recorded lower earnings of HK\$568 million (2014: HK\$666 million) mainly due to reduction of our share from 100% to 49.9% since 29 January 2014 and further reduced to 33.37% from 9 June 2015.

Secure earnings and a strong financial position allowed us to continue with a stable dividend policy. 2015 interim dividend of HK\$0.68 per share (2014: HK\$0.67 per share) representing a 1.5% growth.

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 2015 were HK\$9,938 million (31 December 2014: HK\$10,204 million). In addition, the Group had bank deposits and cash of HK\$67,796 million (31 December 2014: HK\$61,291 million) and no undrawn committed bank facility at 30 June 2015 (31 December 2014: Nil).

Treasury Policy, Financing Activities and Debt Structure

The Group manages its financial risks in accordance with guidelines laid down in its treasury policy, which is approved by the Board. The treasury policy is designed to manage the Group's currency, interest rate and counterparty risks. Surplus funds, which arise mainly from dividends and other repatriation from investments, are generally placed on short term deposits denominated primarily in Australian dollars, Hong Kong dollars, pounds sterling and United States dollars. The Group aims to ensure that adequate financial resources are available for refinancing and business growth whilst maintaining a prudent capital structure.

The Group's financial profile remained strong during the period. Following the partial disposal of a 16.53% stake in HK Electric Investments and HK Electric Investments Limited on 9 June 2015, Standard & Poor's reaffirmed the "A-" long term credit ratings of the Company with a stable outlook. As at 30 June 2015, the net cash position of the Group amounted to HK\$57,858 million (31 December 2014: HK\$51,087 million).

The profile of the Group's external borrowings as at 30 June 2015, after taking into account interest rate swaps, was as follows:

- (1) 9% were in Euro, 37% were in Australian dollars and 54% were in pounds sterling;
- (2) 100% were bank loans;
- (3) 100% were repayable between 2 and 5 years;
- (4) 76% were in fixed rate and 24% were in floating rate.

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

FINANCIAL REVIEW *(Continued)*

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

The Group's principal foreign currency exposures arise from its investments outside Hong Kong. Foreign currency transaction exposure also arises from settlement to vendors which is not material and is managed mainly through purchases in the spot market or utilisation of foreign currency receipts of the Group. Currency exposure arising from investments outside Hong Kong is, where considered appropriate, mitigated by financing those investments in local currency borrowings and by entering into forward foreign exchange contracts. Foreign currency fluctuations will affect the translated value of the net assets of investments outside Hong Kong and the resultant translation difference is included in the Group's reserve account. Income received from the Group's investments outside Hong Kong which is not denominated in Hong Kong dollars is, unless otherwise determined, converted into Hong Kong dollars on receipt.

The contractual notional amounts of derivative financial instruments outstanding at 30 June 2015 amounted to HK\$22,372 million (31 December 2014: HK\$22,869 million).

Charges on Group Assets

At 30 June 2015, the Group's interest in an associate of HK\$542 million (31 December 2014: HK\$504 million) had been pledged as part of the security to secure financing facilities granted to the associate.

Contingent Liabilities

As at 30 June 2015, the Group had given guarantees and indemnities totalling HK\$885 million (31 December 2014: HK\$836 million).

The Company had given guarantees and indemnities in respect of bank and other borrowing facilities made available to and financial commitments of subsidiaries totalling HK\$10,084 million (31 December 2014: HK\$10,374 million). The entire amount, while being a contingent liability of the Company, is reflected in the Consolidated Statement of Financial Position of the Group.

Employees

The Group continues its policy of pay-for-performance and the pay levels are monitored to ensure competitiveness is maintained. The Group's total remuneration costs for the six months ended 30 June 2015, excluding directors' emoluments, amounted to HK\$11 million (2014: HK\$91 million). As at 30 June 2015, the Group employed 11 (31 December 2014: 12) permanent employees. No share option scheme is in operation.

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2015

(Expressed in Hong Kong dollars)

	Note	2015 \$ million	2014 \$ million
Turnover	5	626	1,432
Direct costs		<u>(4)</u>	<u>(304)</u>
		622	1,128
Gain on disposal of subsidiaries		—	52,928
Other net (loss)/income		(176)	573
Other operating costs		<u>(322)</u>	<u>(816)</u>
Operating profit		124	53,813
Finance costs		(140)	(229)
Share of profits less losses of joint ventures		2,458	2,301
Share of profits less losses of associates		<u>780</u>	<u>789</u>
Profit before taxation	6	3,222	56,674
Income tax:	7		
Current		<u>15</u>	<u>(48)</u>
Deferred		<u>—</u>	<u>(2)</u>
		<u>15</u>	<u>(50)</u>
Profit after taxation		3,237	56,624
Scheme of Control transfers to:			
Tariff Stabilisation Fund		<u>—</u>	<u>(80)</u>
Profit for the period attributable to equity shareholders of the Company		<u>3,237</u>	<u>56,544</u>
Earnings per share			
Basic and diluted	8	<u>\$1.52</u>	<u>\$26.49</u>

The notes on pages 17 to 27 form part of these unaudited interim financial statements. Details of dividends payable to equity shareholders of the Company attributable to the profit for the period are set out in note 19.

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2015

(Expressed in Hong Kong dollars)

	2015 \$ million	2014 \$ million
Profit for the period attributable to equity shareholders of the Company	3,237	56,544
Other comprehensive income for the period		
Items that will not be reclassified to profit or loss		
Remeasurement of net defined benefit asset/liability	(14)	(40)
Share of other comprehensive income of joint ventures and associates	(297)	(181)
Income tax relating to items that will not be reclassified to profit or loss	42	54
	(269)	(167)
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translating operations outside Hong Kong, including joint ventures and associates	(607)	1,461
Net investment hedges	217	(514)
Cash flow hedges:		
Effective portion of changes in fair value of hedging instruments recognised during the period	268	35
Reclassification adjustments for disposal of subsidiaries	—	(20)
	268	15
Share of other comprehensive income of joint ventures and associates	(122)	63
Income tax relating to items that may be reclassified subsequently to profit or loss	(50)	(33)
	(294)	992
	(563)	825
Total comprehensive income for the period attributable to equity shareholders of the Company	2,674	57,369

The notes on pages 17 to 27 form part of these unaudited interim financial statements.

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2015

(Expressed in Hong Kong dollars)

	Note	(Unaudited) 30 June 2015 \$ million	(Audited) 31 December 2014 \$ million
Non-current assets			
Fixed assets			
— Property, plant and equipment		14	14
— Interests in leasehold land held for own use under finance leases		18	18
		<u>32</u>	<u>32</u>
Interest in joint ventures	9 10	32 41,736	32 41,318
Interest in associates	11	24,248	32,748
Other non-current financial assets		67	67
Derivative financial instruments	16	229	—
Deferred tax assets		—	4
Employee retirement benefit assets		4	4
		<u>66,316</u>	<u>74,173</u>
Current assets			
Trade and other receivables	12	443	810
Bank deposits and cash	13	67,796	61,291
		<u>68,239</u>	<u>62,101</u>
Current liabilities			
Trade and other payables	14	(2,849)	(2,698)
Current tax payable		(15)	(2)
		<u>(2,864)</u>	<u>(2,700)</u>
Net current assets		<u>65,375</u>	<u>59,401</u>
Total assets less current liabilities		<u>131,691</u>	<u>133,574</u>
Non-current liabilities			
Bank loans and other interest-bearing borrowings	15	(9,938)	(10,204)
Derivative financial instruments	16	(74)	(160)
Deferred tax liabilities		(69)	—
Employee retirement benefit liabilities		(138)	(122)
		<u>(10,219)</u>	<u>(10,486)</u>
Net assets		<u>121,472</u>	<u>123,088</u>
Capital and reserves			
Share capital	17	6,610	6,610
Reserves		114,862	116,478
Total equity attributable to equity shareholders of the Company		<u>121,472</u>	<u>123,088</u>

The notes on pages 17 to 27 form part of these unaudited interim financial statements.

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2015

(Expressed in Hong Kong dollars)

\$ million	Attributable to equity shareholders of the Company						
	Share capital	Share premium	Exchange reserve	Hedging reserve	Revenue reserve	Proposed/ declared dividend	Total
Balance at 1 January 2014	2,134	4,476	982	(759)	58,550	4,055	69,438
Changes in equity for the six months ended 30 June 2014:							
Profit for the period	—	—	—	—	56,544	—	56,544
Other comprehensive income	—	—	947	45	(167)	—	825
Total comprehensive income	—	—	947	45	56,377	—	57,369
Transfers on 3 March 2014 (see note 17)	4,476	(4,476)	—	—	—	—	—
Final dividend in respect of the previous year approved and paid	—	—	—	—	—	(4,055)	(4,055)
Interim dividend (see note 19)	—	—	—	—	(1,430)	1,430	—
Balance at 30 June 2014	<u>6,610</u>	<u>—</u>	<u>1,929</u>	<u>(714)</u>	<u>113,497</u>	<u>1,430</u>	<u>122,752</u>
Balance at 1 January 2015	6,610	—	(621)	(1,152)	113,961	4,290	123,088
Changes in equity for the six months ended 30 June 2015:							
Profit for the period	—	—	—	—	3,237	—	3,237
Other comprehensive income	—	—	(390)	96	(269)	—	(563)
Total comprehensive income	—	—	(390)	96	2,968	—	2,674
Final dividend in respect of the previous year approved and paid	—	—	—	—	—	(4,290)	(4,290)
Interim dividend (see note 19)	—	—	—	—	(1,451)	1,451	—
Balance at 30 June 2015	<u>6,610</u>	<u>—</u>	<u>(1,011)</u>	<u>(1,056)</u>	<u>115,478</u>	<u>1,451</u>	<u>121,472</u>

The notes on pages 17 to 27 form part of these unaudited interim financial statements.

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2015

(Expressed in Hong Kong dollars)

	2015 \$ million	2014 \$ million
Net cash generated from operating activities	1,070	1,540
Net cash generated from investing activities	19,509	34,004
Net cash (used in)/generated from financing activities	<u>(4,290)</u>	<u>23,400</u>
Net increase in cash and cash equivalents	16,289	58,944
Cash and cash equivalents at 1 January	46,854	5,294
Effect of foreign exchange rate changes	<u>27</u>	<u>—</u>
Cash and cash equivalents at 30 June	<u><u>63,170</u></u>	<u><u>64,238</u></u>

The notes on pages 17 to 27 form part of these unaudited interim financial statements.

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

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 2014 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2015 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”).

3. Changes in accounting policies

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

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

The adoption of these amendments to HKFRSs has no material impact on the Group’s result and financial position for the current or prior periods. The Group has not applied any new standard or amendment that is not effective for the current accounting period.

4. Segment reporting

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

S million	2015							All other activities	Total
	Investment in HKI*	Investments				Sub-total			
		United Kingdom	Australia	Mainland China	Others				
For the six months ended 30 June									
Revenue									
Turnover	—	310	237	—	74	621	5	626	
Other net income	—	—	—	—	3	3	5	8	
Reportable segment revenue	—	310	237	—	77	624	10	634	
Result									
Segment earnings	—	310	237	(11)	77	613	(305)	308	
Loss on partial disposal of an associate	—	—	—	—	—	—	(532)	(532)	
Bank deposit interest income	—	—	—	—	—	—	348	348	
Operating profit	—	310	237	(11)	77	613	(489)	124	
Finance costs	—	(54)	(77)	—	(9)	(140)	—	(140)	
Share of profits less losses of joint ventures and associates	568	2,050	273	261	85	2,669	1	3,238	
Profit before taxation	568	2,306	433	250	153	3,142	(488)	3,222	
Income tax	—	28	—	—	—	28	(13)	15	
Reportable segment profit	568	2,334	433	250	153	3,170	(501)	3,237	
At 30 June									
Reportable segment assets	16,413	30,475	11,335	4,407	3,706	49,923	68,219	134,555	
Reportable segment liabilities	—	(5,604)	(3,860)	(2)	(896)	(10,362)	(2,721)	(13,083)	

\$ million	2014							
	Investment in HKEI*/ HK Electric	Investments					All other activities	Total
		United Kingdom	Australia	Mainland China	Others	Sub-total		
For the six months ended 30 June								
Revenue								
Turnover	682	339	275	45	86	745	5	1,432
Other net income	2	—	—	—	3	3	115	120
Reportable segment revenue	<u>684</u>	<u>339</u>	<u>275</u>	<u>45</u>	<u>89</u>	<u>748</u>	<u>120</u>	<u>1,552</u>
Result								
Segment earnings	484	339	275	33	89	736	(638)	582
Gain on disposal of subsidiaries	—	—	—	—	—	—	52,928	52,928
Depreciation and amortisation	(149)	—	—	—	—	—	(1)	(150)
Bank deposit interest income	1	—	—	—	—	—	452	453
Operating profit	336	339	275	33	89	736	52,741	53,813
Finance costs	(20)	(59)	(139)	—	(11)	(209)	—	(229)
Share of profits less losses of joint ventures and associates								
	<u>483</u>	<u>2,067</u>	<u>258</u>	<u>224</u>	<u>57</u>	<u>2,606</u>	<u>1</u>	<u>3,090</u>
Profit before taxation	799	2,347	394	257	135	3,133	52,742	56,674
Income tax	(53)	8	—	(4)	—	4	(1)	(50)
Profit after taxation	746	2,355	394	253	135	3,137	52,741	56,624
Scheme of Control transfers	(80)	—	—	—	—	—	—	(80)
Reportable segment profit	<u>666</u>	<u>2,355</u>	<u>394</u>	<u>253</u>	<u>135</u>	<u>3,137</u>	<u>52,741</u>	<u>56,544</u>
At 30 June								
Reportable segment assets	<u>24,467</u>	<u>31,057</u>	<u>8,191</u>	<u>4,778</u>	<u>4,328</u>	<u>48,354</u>	<u>64,961</u>	<u>137,782</u>
Reportable segment liabilities	<u>—</u>	<u>(6,626)</u>	<u>(4,706)</u>	<u>(3)</u>	<u>(1,088)</u>	<u>(12,423)</u>	<u>(2,607)</u>	<u>(15,030)</u>

Note:

* As at 1 January 2015, the Group has a 49.9% (2014: 49.9% effective from 29 January 2014) equity interest in HK Electric Investments and HK Electric Investments Limited (collectively as "HKEI"), which is listed on The Stock Exchange of Hong Kong Limited. On 9 June 2015, the Group disposed of a 16.53% stake in HKEI and retained approximately 33.37% stake at 30 June 2015.

5. Turnover

Group turnover 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	
	2015 \$ million	2014 \$ million
Sales of electricity	—	676
Electricity-related income	—	6
Interest income	621	700
Dividends	—	45
Others	5	5
	<u>626</u>	<u>1,432</u>
Share of revenue of unlisted joint ventures	<u>8,997</u>	<u>9,400</u>

6. Profit before taxation

	Six months ended 30 June	
	2015 \$ million	2014 \$ million
Profit before taxation is arrived at after charging/(crediting):		
Finance costs		
Interest on borrowings	140	230
Less: Interest transferred to fuel costs	—	(1)
	140	229
Depreciation		
Depreciation charges for the period	—	155
Less: Depreciation capitalised to fixed assets	—	(9)
	—	146
Amortisation of leasehold land	—	4
	<u>—</u>	<u>4</u>

7. Income tax

	Six months ended 30 June	
	2015	2014
	\$ million	\$ million
Current tax	(15)	48
Deferred tax	—	2
	<u>(15)</u>	<u>50</u>

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.

As at 31 December 2014, a subsidiary of the Company has paid to the Australian Taxation Office ("ATO"), a total of A\$72 million being 50% (which percentage is based on ATO customary practice) of the tax in dispute, including interest and penalties, claimed by the ATO pending resolution of a dispute regarding the deductibility of certain fees paid by that subsidiary for income tax purposes.

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

8. Earnings per share

The calculation of earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of \$3,237 million for the six months ended 30 June 2015 (2014: \$56,544 million) and 2,134,261,654 ordinary shares (2014: 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 2015 and 2014.

9. Fixed assets

\$ million	Site formation and buildings	Plant, machinery and equipment	Sub-total	Interests in leasehold land held for own use under finance leases	Total fixed assets
Net book value at 1 January 2015	11	3	14	18	32
Depreciation and amortisation	—	—	—	—	—
Net book value at 30 June 2015	11	3	14	18	32
Cost	26	6	32	30	62
Accumulated depreciation and amortisation	(15)	(3)	(18)	(12)	(30)
Net book value at 30 June 2015	11	3	14	18	32

10. Interest in joint ventures

	30 June 2015 \$ million	31 December 2014 \$ million
Share of net assets of unlisted joint ventures	32,911	32,410
Loans to unlisted joint ventures	8,571	8,720
Amounts due from unlisted joint ventures	254	188
	41,736	41,318
Share of total assets of unlisted joint ventures	102,122	101,684

11. Interest in associates

	30 June 2015 \$ million	31 December 2014 \$ million
Share of net assets		
— Listed associate	16,413	24,884
— Unlisted associates	3,617	3,421
	20,030	28,305
Loans to unlisted associates	4,137	4,372
Amounts due from associates	81	71
	24,248	32,748

12. Trade and other receivables

	30 June 2015 \$ million	31 December 2014 \$ million
Interest and other receivables	266	583
Derivative financial instruments	174	225
Deposits and prepayments	3	2
	443	810

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

13. Bank deposits and cash

	30 June 2015 \$ million	31 December 2014 \$ million
Deposits with banks and other financial institutions with 3 months or less to maturity when placed	63,113	46,820
Cash at bank and on hand	57	34
Cash and cash equivalents in the consolidated cash flow statement	63,170	46,854
Deposits with banks and other financial institutions with more than 3 months to maturity when placed	4,626	14,437
	67,796	61,291

14. Trade and other payables

	30 June 2015 \$ million	31 December 2014 \$ million
Due within 1 month or on demand	110	29
Due after 1 month but within 3 months	5	41
Due after 3 months but within 12 months	<u>2,656</u>	<u>2,551</u>
Creditors measured at amortised cost	2,771	2,621
Derivative financial instruments	<u>78</u>	<u>77</u>
	<u><u>2,849</u></u>	<u><u>2,698</u></u>

15. Non-current bank loans and other interest-bearing borrowings

	30 June 2015 \$ million	31 December 2014 \$ million
Bank loans	<u><u>9,938</u></u>	<u><u>10,204</u></u>

16. Derivative financial instruments

	30 June 2015		31 December 2014	
	Assets \$ million	Liabilities \$ million	Assets \$ million	Liabilities \$ million
Derivative financial instruments used for hedging:				
Cash flow hedges				
Interest rate swaps	229	(40)	—	(78)
Net investment hedges				
Forward foreign exchange contracts	64	(112)	223	(114)
Derivative financial instruments not qualifying as accounting hedges:				
Forward foreign exchange contracts	<u>110</u>	<u>—</u>	<u>2</u>	<u>(45)</u>
	<u><u>403</u></u>	<u><u>(152)</u></u>	<u><u>225</u></u>	<u><u>(237)</u></u>
Analysed as:				
Current	174	(78)	225	(77)
Non-current	<u>229</u>	<u>(74)</u>	<u>—</u>	<u>(160)</u>
	<u><u>403</u></u>	<u><u>(152)</u></u>	<u><u>225</u></u>	<u><u>(237)</u></u>

17. Share capital

	Number of shares	30 June 2015 \$ million	31 December 2014 \$ million
<i>Issued and fully paid:</i>			
Voting ordinary shares:			
At the beginning of the period/year	2,134,261,654	6,610	2,134
Transfers from share premium	—	—	4,476
	<u> </u>	<u> </u>	<u> </u>
At the end of the period/year	<u><u>2,134,261,654</u></u>	<u><u>6,610</u></u>	<u><u>6,610</u></u>

There were no movements in the share capital of the Company during the period.

18. Fair value measurement

(a) Recurring fair value measurements

	Level 2 30 June 2015 \$ million	31 December 2014 \$ million
Financial assets		
Derivative financial instruments:		
— Interest rate swaps	229	—
— Forward foreign exchange contracts	174	225
	<u>403</u>	<u>225</u>
Financial liabilities		
Derivative financial instruments:		
— Interest rate swaps	(40)	(78)
— Forward foreign exchange contracts	(112)	(159)
	<u>(152)</u>	<u>(237)</u>

(b) Valuation techniques and inputs in fair value measurements

The fair value of forward foreign exchange contracts is measured using forward exchange market rates at the end of the reporting period. The fair value of interest rate swaps is measured by discounting the future cash flows of the contracts at the current market interest rate.

18. Fair value measurement *(Continued)*

(c) Fair values of financial assets and liabilities carried at other than fair value

Unlisted available-for-sale equity securities, amounts due from joint ventures and associates, trade and other receivables, trade and other payables and external borrowings are carried at cost or amortised cost which are not materially different from their fair values as at 30 June 2015 and 31 December 2014.

19. Interim dividend

The interim dividend declared by the Board of Directors is as follows:

	Six months ended 30 June	
	2015	2014
	\$ million	\$ million
Interim dividend of \$0.68 per ordinary share (2014: \$0.67 per ordinary share)	1,451	1,430

20. Capital commitments

The Group's outstanding capital commitments not provided for in the financial statements were as follows:

	30 June 2015 \$ million	31 December 2014 \$ million
Contracted for:		
Investment in a joint venture	28	—
Authorised but not contracted for:		
Capital expenditure for fixed assets	1	1
Investment in a joint venture	146	189
	147	190

21. Contingent liabilities

	30 June 2015 \$ million	31 December 2014 \$ million
Guarantees given in respect of:		
— Joint ventures	885	836

22. Material related party transactions

The Group had the following material transactions with related parties during the period:

(a) Shareholder

Outram Limited (“Outram”), a subsidiary of the Company, reimbursed a wholly owned subsidiary of Cheung Kong Infrastructure Holdings Limited, a substantial shareholder holding approximately 38.87% of the issued shares of the Company, \$15 million (2014: \$17 million) being the actual costs incurred for providing the operation and management services to Outram and its subsidiaries for the period. The transaction constitutes a continuing connected transaction under the Listing Rules for the Company.

(b) Joint ventures

- (i) Interest income received/receivable from joint ventures in respect of the loans to joint ventures amounted to \$384 million for the six months ended 30 June 2015 (2014: \$425 million). The outstanding balances with joint ventures are disclosed in note 10.
- (ii) Tax credit claimed under the consortium relief received/receivable from a joint venture in the United Kingdom amounted to \$28 million for the six months ended 30 June 2015 (2014: \$8 million).

(c) Associates

- (i) Interest income received/receivable from associates in respect of the loans to associates amounted to \$237 million for the six months ended 30 June 2015 (2014: \$275 million). The outstanding balances with associates are disclosed in note 11.
- (ii) Other operating costs included support service charge recovered by an associate amounted to \$18 million (2014: \$18 million) for the total costs incurred in the provision or procurement of the general office administration and other support services and office facilities. The outstanding balance at 30 June 2015 with the associate was \$3 million (31 December 2014: \$2 million).

CORPORATE GOVERNANCE

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 six months ended 30 June 2015, 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.

Board of Directors

The Board, led by the Chairman, is responsible for the approval and monitoring of Group-wide strategies and policies, approval of annual budgets and business plans, evaluation of the performance of the Group, and oversight of management. Management is responsible for the day-to-day operations of the Group under the leadership of the Chief Executive Officer.

As at 30 June 2015, the Board consists of a total of twelve Directors, comprising six Executive Directors, two Non-executive Directors and four Independent Non-executive Directors. All Directors are required to retire from office by rotation and are subject to re-election by shareholders at the annual general meeting once every three years pursuant to the articles of association of the Company.

The positions of the Chairman and the Chief Executive Officer are held by separate individuals. The Chairman is responsible for providing leadership to, and overseeing the functioning and effective running of, the Board to ensure that the Board acts in the best interests of the Group. In addition to board meetings, the Chairman schedules two meetings annually with Non-executive Directors without the presence of Executive Directors. The Chief Executive Officer, working with the executive management team, is responsible for managing the businesses of the Group, attending to the formulation and successful implementation of Group policies and assuming full accountability to the Board for all Group operations.

The Board meets at least four times a year. Additional board meetings will be held when warranted. Directors also participate in the consideration and approval of matters by way of written resolutions, which are circulated to Directors together with supporting explanatory write-up and coupled with briefings from the Chief Executive Officer or the Company Secretary as required.

The Company Secretary is responsible to the Board for ensuring that the board procedures are followed and for ensuring that the Board is briefed on all legislative, regulatory and corporate governance developments and that the Board has regard to them when making decisions. The Company Secretary is also directly responsible for the Group's compliance with all obligations of the Listing Rules, Codes on Takeovers and Mergers and Share Buy-backs, Companies Ordinance, Securities and Futures Ordinance and other related laws, rules and regulations.

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 2015.

CORPORATE GOVERNANCE *(Continued)*

Senior managers, and other nominated managers and staff who, because of their respective positions in the Company, are likely to possess unpublished inside information regarding the Company and its securities are also required to comply with the Model Code.

Changes of Information of Directors

The changes in the information of Directors since the publication of the 2014 annual report and up to 4 August 2015 (the latest practicable date prior to the printing of this interim report) are set out below pursuant to Rule 13.51B(1) of the Listing Rules:

Name of Director

Fok Kin Ning, Canning	Re-designated from a Non-executive Director to an Executive Director and Group Co-Managing Director of CK Hutchison Holdings Limited ^(a)
	Re-designated from a Non-executive Director to a Director of Cheung Kong (Holdings) Limited ^(a)
	Re-designated from an Executive Director and the Group Managing Director to a Director of Hutchison Whampoa Limited ^(b)
Li Tzar Kuoi, Victor	Re-designated from an Executive Director, Managing Director and Deputy Chairman to an Executive Director, Group Co-Managing Director and Deputy Chairman of CK Hutchison Holdings Limited ^(a)
	Appointed as Chairman of Executive Committee of Cheung Kong Property Holdings Limited ^(c)
	Re-designated from an Executive Director, Managing Director and Deputy Chairman to a Director of Cheung Kong (Holdings) Limited ^(a)
	Ceased to be Chairman of Executive Committee of Cheung Kong (Holdings) Limited and CK Hutchison Holdings Limited ^(a)
	Re-designated from an Executive Director and Deputy Chairman to a Director of Hutchison Whampoa Limited ^(b)

Name of Director

Frank John Sixt	Re-designated from a Non-executive Director to an Executive Director, Group Finance Director and Deputy Managing Director of CK Hutchison Holdings Limited ^(a)
	Re-designated from a Non-executive Director to a Director of Cheung Kong (Holdings) Limited ^(a)
	Re-designated from an Executive Director and the Group Finance Director to a Director of Hutchison Whampoa Limited ^(b)
	Appointed as an Alternate Director of HK Electric Investments Manager Limited, HK Electric Investments Limited and The Hongkong Electric Company, Limited
Ip Yuk-keung, Albert	Appointed as Research Fellow of the Institute for Financial Economics at Singapore Management University
	Appointed as an Independent Non-executive Director of Hopewell Holdings Limited
Wong Chung Hin	Appointed as an Independent Non-executive Director of CK Hutchison Holdings Limited ^(a)
	Resigned as an Independent Non-executive Director of Hutchison Whampoa Limited ^(b)
Wu Ting Yuk, Anthony	Appointed as an Executive Director and the Co-Chairman of Sincere Watch (Hong Kong) Limited
	Appointed as a member of the People's Republic of China State Council's Medical Reform Leadership Advisory Commission
	Ceased to be an Independent Non-executive Director of Agricultural Bank of China Limited

CORPORATE GOVERNANCE *(Continued)*

Notes:

- (a) *Cheung Kong (Holdings) Limited's listing status on The Stock Exchange of Hong Kong Limited ("Stock Exchange") was replaced by CK Hutchison Holdings Limited whose shares are listed on the Stock Exchange since 18 March 2015.*
- (b) *Hutchison Whampoa Limited was privatised by way of a scheme of arrangement on 3 June 2015.*
- (c) *The shares of Cheung Kong Property Holdings Limited are listed on the Stock Exchange since 3 June 2015.*

Save for the information disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Internal Control

The Board has overall responsibility for the Group's system of internal control and reviews its effectiveness through the Audit Committee to ensure that policies and procedures in place for the identification and management of risks are adequate.

The Group's internal audit function, which is shared with that of HK Electric Investments Limited, reports to an Executive Director and the Audit Committee, and provides independent assurance as to the existence and effectiveness of the risk management activities and controls in the operations of the Group's business units. Staff members are from a wide range of disciplines including accounting, engineering and information technology. Using risk assessment methodology and taking into account the scope and nature of the Group's activities and changes in operating environment, Internal Audit prepares its yearly audit plan which is reviewed and approved by the Audit Committee. Internal Audit's reports on the Group's operations are also reviewed and considered by the Audit Committee. The scope of work on the Group's business units performed by Internal Audit includes financial and operations review, recurring and unscheduled audits, fraud investigation, productivity efficiency review and laws and regulations compliance review. Internal Audit follows up audit recommendations on implementation by the business units and the progress is reported to the Audit Committee.

Remuneration Committee

The Remuneration Committee comprises three members, two of whom are Independent Non-executive Directors. It is chaired by Mr. Wong Chung Hin and the other members are Mr. Fok Kin Ning, Canning and Mr. Ralph Raymond Shea.

The Remuneration Committee reports directly to the Board of Directors and its principal responsibilities include the review and consideration of the Company's policy for remuneration of Directors and senior management, and the determination of their individual remuneration packages. The terms of reference of the Remuneration Committee are published on the Company's website and the website of Hong Kong Exchanges and Clearing Limited ("HKEx").

Audit Committee

The Audit Committee comprises three Independent Non-executive Directors. It is chaired by Mr. Wong Chung Hin and the other members are Mr. Ip Yuk-keung, Albert and Mr. Ralph Raymond Shea.

The Audit Committee reports directly to the Board of Directors and its principal responsibilities include the review of the Group's financial reporting and internal control systems, the interim and annual financial statements, and corporate and compliance issues. The Committee also meets regularly with the Company's external auditor to discuss the audit process and accounting issues. The terms of reference of the Audit Committee are published on the Company's website and the HKEx's website.

Communication with Shareholders

The Company has established a range of communication channels between itself and its shareholders and investors. These include the annual general meeting, the annual and interim reports, notices, letters, announcements and circulars, results highlights published in newspapers, news releases, the Company's website at www.powerassets.com and meetings with investors and analysts. All shareholders have the opportunity to put questions to the Board at general meetings, and at other times by e-mailing or writing to the Company.

Shareholders may at any time notify the Company by mail or email of any change in their choice of language (English or Chinese or both) or means of receiving (printed copies or through the Company's website) corporate communications from the Company.

The Company handles share registration and related matters for shareholders through Computershare Hong Kong Investor Services Limited, the Company's share registrar.

The Board has adopted a communication policy which provided a framework to promote effective communication with shareholders.

CORPORATE GOVERNANCE (Continued)

Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 30 June 2015, the interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and the chief executive of the Company were deemed or taken to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Long Positions in Shares of the Company

Name of Director	Capacity	Nature of Interests	Number of Shares Held	Total	Approximate % of Shareholding
Li Tzar Kuoi, Victor	Interest of child or spouse	Family	151,000	151,000	0.01%
Tsai Chao Chung, Charles	Beneficial owner	Personal	4,022	4,022	≈0%

Long Positions in Shares of Associated Corporations

HK Electric Investments and HK Electric Investments Limited

Name of Director	Capacity	Nature of Interests	Number of Share Stapled Units Held	Total	Approximate % of Issued Share Stapled Units
Li Tzar Kuoi, Victor	Interest of controlled corporations	Corporate	7,870,000 (Note)	7,870,000	0.08%
Fok Kin Ning, Canning	Interest of controlled corporation	Corporate	2,000,000	2,000,000	0.02%
Tsai Chao Chung, Charles	Beneficial owner	Personal	880	880	≈0%

Note:

Such share stapled units of HK Electric Investments and HK Electric Investments Limited ("HKEI") comprise:

- (a) 2,700,000 share stapled units of HKEI held by Lankford Profits Limited, a wholly-owned subsidiary of Li Ka Shing (Overseas) Foundation ("LKSOF"). By virtue of the terms of the constituent documents of LKSOF, Mr. Li Tzar Kuoi, Victor may be regarded as having the ability to exercise or control the exercise of one-third or more of the voting power at general meetings of LKSOF; and
- (b) 5,170,000 share stapled units of HKEI held by Li Ka Shing Foundation Limited ("LKSF"). By virtue of the terms of the constituent documents of LKSF, Mr. Li Tzar Kuoi, Victor may be regarded as having the ability to exercise or control the exercise of one-third or more of the voting power at general meetings of LKSF.

Save as disclosed above, as at 30 June 2015, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Interests and Short Positions of Shareholders

As at 30 June 2015, shareholders (other than Directors or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange were as follows:

CORPORATE GOVERNANCE *(Continued)*

Substantial Shareholders

Long Positions in Shares of the Company

Name	Capacity	Number of Shares Held	Approximate % of Shareholding
Interman Development Inc.	Beneficial owner	186,736,842 <i>(Note 1)</i>	8.75%
Venniton Development Inc.	Beneficial owner	197,597,511 <i>(Note 1)</i>	9.26%
Univest Equity S.A.	Beneficial owner	279,011,102 <i>(Note 1)</i>	13.07%
Monitor Equities S.A.	Beneficial owner & interest of controlled corporation	287,211,674 <i>(Note 1)</i>	13.46%
Hyford Limited	Interest of controlled corporations	829,599,612 <i>(Note 2)</i>	38.87%
Cheung Kong Infrastructure Holdings Limited	Interest of controlled corporations	829,599,612 <i>(Note 2)</i>	38.87%
Hutchison Infrastructure Holdings Limited	Interest of controlled corporations	829,599,612 <i>(Note 3)</i>	38.87%
Hutchison International Limited	Interest of controlled corporations	829,599,612 <i>(Note 3)</i>	38.87%
Hutchison Whampoa Limited	Interest of controlled corporations	829,599,612 <i>(Note 3)</i>	38.87%
Cheung Kong (Holdings) Limited	Interest of controlled corporations	829,599,612 <i>(Note 4)</i>	38.87%
CK Global Investments Limited	Interest of controlled corporations	829,599,612 <i>(Note 4)</i>	38.87%
CK Hutchison Holdings Limited	Interest of controlled corporations	829,599,612 <i>(Note 4)</i>	38.87%

Other Persons

Long Positions in Shares of the Company

Name	Capacity	Number of Shares Held	Approximate % of Shareholding
Capital Research and Management Company	Investment Manager	126,851,700 <i>(Note 5)</i>	5.94%
The Capital Group Companies, Inc.	Investment Manager	128,803,700 <i>(Note 5)</i>	6.04%

Notes:

- (1) *These are direct or indirect wholly-owned subsidiaries of Hyford Limited ("Hyford") and their interests are duplicated in the same 829,599,612 shares of the Company held by Hyford described in Note (2) below.*
- (2) *Cheung Kong Infrastructure Holdings Limited ("CKI") is deemed to be interested in the 829,599,612 shares of the Company as referred to in Note (1) above as it holds more than one-third of the issued share capital of Hyford indirectly. Its interests are duplicated in the interest of Hutchison Whampoa Limited ("HWL") in the Company described in Note (3) below.*
- (3) *HWL is deemed to be interested in the 829,599,612 shares of the Company as referred to in Note (2) above as it holds more than one-third of the issued shares of Hutchison International Limited, which holds more than one-third of the issued share capital of Hutchison Infrastructure Holdings Limited ("HIH"). HIH holds more than one-third of the issued share capital of CKI.*
- (4) *CK Hutchison Holdings Limited ("CKH Holdings") is deemed to be interested in the 829,599,612 shares of the Company as referred to in Note (3) above as it holds more than one-third of the issued shares of Cheung Kong (Holdings) Limited and CK Global Investments Limited respectively, each of which in turn holds more than one-third of the issued shares of HWL.*
- (5) *Capital Research and Management Company ("CRMC") is a wholly-owned subsidiary of The Capital Group Companies, Inc. ("CGCI"). As such, the interests of CRMC of 126,851,700 shares are notified by CGCI and are duplicated in the 128,803,700 shares of the Company notified by CGCI.*

Save as disclosed above, as at 30 June 2015, there was no other person (other than Directors or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO.

OTHER INFORMATION

Interim Dividend

The Board of Directors has declared an interim dividend for 2015 of HK\$0.68 per share. The dividend will be payable on 2 September 2015 to shareholders whose names appear in the Company's Register of Members at the close of business on Monday, 24 August 2015, 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, 24 August 2015.

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 2015.

Disclosure under Rule 13.22 of Chapter 13 of the Listing Rules

In relation to the provision of financial assistance by the Group to certain affiliated companies, a combined statement of financial position of the affiliated companies as at 30 June 2015 required to be disclosed under Rule 13.22 of Chapter 13 of the Listing Rules is set out below:

Combined statement of financial position of the affiliated companies as at 30 June 2015	HK\$ million
Non-current assets	306,262
Current assets	14,775
Current liabilities	(26,555)
Non-current liabilities	(221,008)
Net assets	<u>73,474</u>
Share capital	23,598
Reserves	<u>49,876</u>
Capital and reserves	<u>73,474</u>

As at 30 June 2015, the consolidated attributable interest of the Group in these affiliated companies amounted to HK\$40,643 million.