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Power Assets Holdings Ltd.
電能實業有限公司

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

CONNECTED TRANSACTION

SUBSCRIPTION OF SHARES IN AN ASSOCIATE

On 22 December 2023, Sigerson (an indirect wholly-owned subsidiary of the Company), Chistar (an indirect wholly-owned subsidiary of CKI), CKI/PAH Partners Shareholder (an associate of each of the Company and CKI), CKI/PAH Partners (two wholly-owned subsidiaries of CKI/PAH Partners Shareholder), PAH Subsidiaries, CKI Subsidiaries, Spark Partners and SAPN Subsidiary entered into a Master Implementation Agreement in relation to the recapitalisation of SAPN, pursuant to which, among other things, (i) Sigerson and Chistar agreed to subscribe for approximately 101.2 million and 83.6 million ordinary shares respectively in CKI/PAH Partners Shareholder on the Effective Date for the subscription prices of A\$319,188,465 (equivalent to approximately HK\$1,678.71 million) and A\$263,741,535 (equivalent to approximately HK\$1,387.10 million) respectively, on a pro rata basis proportionate to their shareholdings in CKI/PAH Partners Shareholder and on substantially the same terms; (ii) CKI/PAH Partners Shareholder agreed to subscribe for ordinary shares in its wholly-owned subsidiaries CKI/PAH Partners on the Effective Date at the subscription price of A\$582,930,000 (equivalent to approximately HK\$3,065.80 million); and (iii) CKI/PAH Partners and Spark Partners agreed to provide ordinary capital on the Effective Date in the amounts of A\$582,930,000 (equivalent to approximately HK\$3,065.80 million) and A\$560,070,000 (equivalent to approximately HK\$2,945.58 million) respectively to SAPN, on a pro rata basis proportionate to each partner's interest in SAPN and on substantially the same terms.

As at the date of this announcement, CKI holds approximately 36.01% of the issued shares in the Company. As CKI is a substantial shareholder of the Company and it holds more than 30% interest in CKI/PAH Partners Shareholder, CKI/PAH Partners Shareholder is an associate of CKI and a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Share Subscription by Sigerson constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratio in respect of the transactions under the Share Subscription by Sigerson, calculated pursuant to Rule 14.07 of the Listing Rules, exceeds 0.1% but is less than 5%, the Share Subscription by Sigerson is subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules, but is exempt from the circular and independent shareholders' approval requirement.

SHARE SUBSCRIPTIONS

On 22 December 2023, Sigerson (an indirect wholly-owned subsidiary of the Company), Chistar (an indirect wholly-owned subsidiary of CKI), CKI/PAH Partners Shareholder (an associate of each of the Company and CKI), CKI/PAH Partners (two wholly-owned subsidiaries of CKI/PAH Partners Shareholder), PAH Subsidiaries, CKI Subsidiaries, Spark Partners and SAPN Subsidiary entered into a Master Implementation Agreement in relation to the recapitalisation of SAPN, pursuant to which, among other things, (i) Sigerson and Chistar agreed to subscribe for approximately 101.2 million and 83.6 million ordinary shares respectively in CKI/PAH Partners Shareholder on the Effective Date for the subscription prices of A\$319,188,465 (equivalent to approximately HK\$1,678.71 million) and A\$263,741,535 (equivalent to approximately HK\$1,387.10 million) respectively, on a pro rata basis proportionate to their shareholdings in CKI/PAH Partners Shareholder and on substantially the same terms; (ii) CKI/PAH Partners Shareholder agreed to subscribe for ordinary shares in its wholly-owned subsidiaries CKI/PAH Partners on the Effective Date at the subscription price of A\$582,930,000 (equivalent to approximately HK\$3,065.80 million); and (iii) CKI/PAH Partners and Spark Partners agreed to provide ordinary capital on the Effective Date in the amounts of A\$582,930,000 (equivalent to approximately HK\$3,065.80 million) and A\$560,070,000 (equivalent to approximately HK\$2,945.58 million) respectively to SAPN, on a pro rata basis proportionate to each partner's interest in SAPN and on substantially the same terms.

The Share Subscription will be settled by Sigerson and Chistar on the Effective Date, and will be funded in its entirety through the SAPN Repayment in the total of amount of A\$1,143,000,000 (equivalent to approximately HK\$6,011.38 million), of which A\$319,188,465 (equivalent to approximately HK\$1,678.71 million) and A\$263,741,535 (equivalent to approximately HK\$1,387.10 million) will be applied by Sigerson and Chistar respectively to settle the aggregate subscription price of A\$582,930,000 (equivalent to approximately HK\$3,065.80 million) for the Share Subscription, and the same amount of A\$582,930,000 (equivalent to approximately HK\$3,065.80 million) will be applied by CKI/PAH Partners Shareholder to settle the subscription price for the ordinary shares of CKI/PAH Partners and in turn by CKI/PAH Partners to settle their share of the Ordinary Capital Contribution. Pursuant to the Master Implementation Agreement, the Ordinary Capital Contribution, the Share Subscription, the SAPN Repayment and all the other transactions contemplated thereunder will occur on the same date.

For Sigerson, the subscription price for the Share Subscription will in effect be indirectly satisfied by, and be funded through, the SAPN Repayment without the need for any additional resources from the Group.

As at the date of this announcement, the Group and the CKI Group hold 54.76% and 45.24% of CKI/PAH Partners Shareholder respectively and have attributable interest of 27.93% and 23.07% of SAPN respectively, but the Group does not have control or joint control over these entities and, therefore, they have each been accounted for as an associate of the Group. After the Share Subscription and completion of the other transactions under the Master Implementation Agreement, these percentages will remain unchanged, and each of CKI/PAH Partners Shareholder and SAPN will continue to be accounted for as an associate of the Group.

The new shares to be issued by CKI/PAH Partners Shareholder and to be subscribed for under the Share Subscription will rank *pari passu* among themselves and with all the issued shares of CKI/PAH Partners Shareholder in issue (including but not limited to the right to receive all dividends and distribution which may be declared, made or paid after the date of issuance and allotment of such shares of CKI/PAH Partners Shareholder). The Share Subscription and the subscription price thereunder, as well as the other transactions contemplated under the Master Implementation Agreement, have been agreed between the parties through arms' length negotiations, taking into account the financing and funding requirements of SAPN.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, CKI holds approximately 36.01% of the issued shares in the Company. As CKI is a substantial shareholder of the Company and it holds more than 30% interest in CKI/PAH Partners Shareholder, CKI/PAH Partners Shareholder is an associate of CKI and a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Share Subscription by Sigerson constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratio in respect of the transactions under the Share Subscription by Sigerson, calculated pursuant to Rule 14.07 of the Listing Rules, exceeds 0.1% but is less than 5%, the Share Subscription by Sigerson is subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules, but is exempt from the circular and independent shareholders' approval requirement.

None of the directors of the Company has any material interest in the Share Subscription by Sigerson and the other transactions contemplated under the Master Implementation Agreement requiring the director to abstain from voting on the board resolutions for such transactions.

REASONS AND BENEFITS OF THE SHARE SUBSCRIPTION

The Share Subscription is part of a recapitalisation exercise of SAPN to streamline its existing capital structure in accordance with the terms of the Master Implementation Agreement. The Share Subscription, alongside with the other transactions under the Master Implementation Agreement, will deliver a longer term sustainable capital structure to SAPN to better support its assets and operations.

For the above reasons, the directors (including the independent non-executive directors) of the Company are of the view that the Share Subscription by Sigerson and the other transactions under the Master Implementation Agreement are on normal commercial terms, in the ordinary and usual course of business of the Group, and in the interests of the Company and its shareholders as a whole, and that the terms thereof are fair and reasonable.

INFORMATION ON THE PARTIES INVOLVED

The principal activities of the Group are investment in energy and utility-related businesses in the United Kingdom, Hong Kong, Australia, New Zealand, Mainland China, Thailand, the Netherlands, Canada and the United States.

The CKI Group is a global infrastructure company whose principal activities are development, investment and operation of infrastructure businesses in Hong Kong, Mainland China, the United Kingdom, Continental Europe, Australia, New Zealand, Canada and the United States.

CKI/PAH Partners Shareholder is an investment holding company, and indirectly holds a 51% attributable interest of SAPN. SAPN is the electricity distributor in the State of South Australia in Australia.

Spark Infrastructure is a private investor in electricity distribution and transmission networks in Australia. It is owned by funds and/or investment vehicles managed and/or advised by Kohlberg Kravis Roberts & Co. L.P. and/or its affiliates, Ontario Teachers' Pension Plan Board and Public Sector Pension Investment Board, and it holds a 49% interest in SAPN.

Based on its unaudited financial statements, the net profit before tax of CKI/PAH Partners Shareholder for the financial years ended 31 December 2021 and 31 December 2022 were approximately A\$17.88 million (equivalent to approximately HK\$94.04 million) and A\$5.10 million (equivalent to approximately HK\$26.82 million) respectively, the net profit after tax of CKI/PAH Partners Shareholder for the financial years ended 31 December 2021 and 31 December 2022 were approximately A\$17.88 million (equivalent to approximately HK\$94.04 million) and A\$5.10 million (equivalent to approximately HK\$26.82 million) respectively, and the net assets of CKI/PAH Partners Shareholder as at 30 June 2023 was approximately A\$510.06 million (equivalent to approximately HK\$2,682.56 million).

Based on its audited financial statements, the net profit before tax of SAPN for the financial years ended 31 December 2021 and 31 December 2022 were approximately A\$94.47 million (equivalent to approximately HK\$496.85 million) and A\$76.48 million (equivalent to approximately HK\$402.23 million) respectively, the net profit after tax of SAPN for the financial years ended 31 December 2021 and 31 December 2022 were approximately A\$92.75 million (equivalent to approximately HK\$487.80 million) and A\$74.10 million (equivalent to approximately HK\$389.71 million) respectively. Based on its unaudited financial statements, the net assets of SAPN as at 30 June 2023 was approximately A\$2,476.07 million (equivalent to approximately HK\$13,022.39 million).

DEFINITIONS

In this announcement, the following expressions have the following meanings unless the context requires otherwise:

“associate”	has the meaning ascribed to such term in the Listing Rules
“A\$”	Australian dollars, the official currency of Australia
“Board”	the board of directors of the Company
“Chistar”	Chistar Investment Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of CKI

“CKI”	CK Infrastructure Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1038)
“CKI Group”	CKI and its subsidiaries
“CKI/PAH Partners”	CKI Utilities Development Limited and PAI Utilities Development Limited, each of which is a company registered in the Commonwealth of the Bahamas and a direct wholly-owned subsidiary of CKI/PAH Partners Shareholder
“CKI/PAH Partners Shareholder”	CKI Spark Holdings No. Two Limited, a company incorporated in the Commonwealth of the Bahamas, which is held as to 54.76% by Sigerson and 45.24% by Chistar
“CKI Subsidiaries”	collectively, Cheung Kong Infrastructure (BVI) Limited, Powerstar Limited and Vigor Discovery Limited, each of which is a company incorporated in the British Virgin Islands and is a direct or an indirect (as applicable) wholly-owned subsidiary of CKI, and each a “CKI Subsidiary”
“Company”	Power Assets Holdings Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 6)
“connected person”	has the meaning ascribed to such term in the Listing Rules
“Effective Date”	1 January 2024
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Master Implementation Agreement”	the Master Implementation Agreement dated 22 December 2023 entered into between Sigerson, Chistar, CKI/PAH Partners Shareholder, CKI/PAH Partners, PAH Subsidiaries, CKI Subsidiaries, Spark Partners and SAPN Subsidiary in relation to the recapitalisation of SAPN

“Ordinary Capital Contribution”	the provision of ordinary capital to SAPN by its partners, CKI/PAH Partners as to A\$582,930,000 (equivalent to approximately HK\$3,065.80 million) and Spark Partners as to A\$560,070,000 (equivalent to approximately HK\$2,945.58 million)
“PAH Subsidiaries”	collectively, Power Assets Investments Limited, Sigerson Business Corp. and Ellanby Green Limited, each of which is a company incorporated in the British Virgin Islands and is a direct or an indirect (as applicable) wholly-owned subsidiary of the Company, and each a “PAH Subsidiary”
“SAPN”	SA Power Networks Partnership, an unincorporated body in Australia formed by CKI/PAH Partners and Spark Partners
“SAPN Repayment”	the payment by SAPN of (i) A\$319,188,465 (equivalent to approximately HK\$1,678.71 million) to a PAH Subsidiary in partial repayment of the principal amount of the subordinated loan made by it to SAPN; (ii) A\$263,741,535 (equivalent to approximately HK\$1,387.10 million) to a CKI Subsidiary in partial repayment of the principal amount of the subordinated loan made by it to SAPN; and (iii) an aggregate of A\$560,070,000 (equivalent to approximately HK\$2,945.58 million) for partial redemption of the preferred partnership capital provided by Spark Partners to SAPN, in each case in accordance with the terms of the Master Implementation Agreement
“SAPN Subsidiary”	ETSA Utilities Finance Pty Ltd, a company incorporated in Australia and a wholly-owned subsidiary of SAPN
“Share Subscription”	the subscription of a total of approximately 184.8 million shares in CKI/PAH Partners Shareholder by Sigerson and Chistar
“Sigerson”	Sigerson Business Corp., a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company
“Spark Infrastructure”	Pika HoldCo Pty Ltd and each of its related bodies corporate and trusts, including Spark Infrastructure RE Limited as trustee of the Spark Infrastructure Trust and the Spark Partners
“Spark Partners”	Spark Infrastructure SA (No1) Pty Limited, Spark Infrastructure SA (No2) Pty Limited and Spark Infrastructure SA (No3) Pty Limited, each of which is a company incorporated in Australia
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

Note: The figures in A\$ are converted into HK\$ at the rate of A\$1:HK\$5.2593 throughout this announcement for illustrative purposes only, and should not be construed as a representation that any amount in A\$ or HK\$ has been, could have been, or may be, exchanged at this or at any other rate.

By Order of the Board
Power Assets Holdings Limited
Alex Ng
Company Secretary

Hong Kong, 22 December 2023

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. CHENG Cho Ying, Francis, Mr. Andrew John HUNTER and Mr. Neil Douglas MCGEE

Non-executive directors : Mr. LEUNG Hong Shun, Alexander and Mr. LI Tzar Kuoi, Victor

Independent non-executive directors : Mr. Stephen Edward BRADLEY, Mr. IP Yuk-keung, Albert, Ms. KOH Poh Wah, Mr. KWAN Chi Kin, Anthony and Mr. WU Ting Yuk, Anthony