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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 TRANSACTIONS

SUBSCRIPTIONS OF SHARES IN A JOINT VENTURE COMPANY

On 24 April 2024, PAH Subsidiary, CKA Subsidiary and CKI Subsidiary each entered into a subscription letter with CK William for Share Subscription I, and subscribed for 46,526, 93,052 and 93,052 ordinary shares in CK William respectively, at total subscription prices of £46,526,000 (equivalent to approximately HK\$450,371,680), £93,052,000 (equivalent to approximately HK\$900,743,360) and £93,052,000 (equivalent to approximately HK\$900,743,360) respectively, on a pro rata basis proportionate to the equity interests held by the Group, the CKA Group and the CKI Group respectively in CK William, each such subscription being on substantially the same terms.

On the same day, PAH Subsidiary, PAHGI, CKA Subsidiary, CKAUK, CKI Subsidiary, CKIGI, CK William and CK William Subsidiaries entered into an Implementation Deed in relation to the Loan Repayment, pursuant to which, among other things, PAH Subsidiary, CKA Subsidiary and CKI Subsidiary agreed to subscribe for 137,500, 275,000 and 275,000 ordinary shares in CK William respectively for Share Subscription II, at total subscription prices of A\$267 million (equivalent to approximately HK\$1,349.63 million), A\$533 million (equivalent to approximately HK\$2,694.21 million) and A\$533 million (equivalent to approximately HK\$2,694.21 million) respectively, on the Effective Date, on a pro rata basis proportionate to the equity interests held by the Group, the CKA Group and the CKI Group respectively in CK William, each such subscription being 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 (a) CKI is a substantial shareholder of the Company; and (b) CKI holds more than 30% interest in CK William, CK William is an associate of CKI and therefore a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, each of Share Subscription I and Share Subscription II by PAH Subsidiary constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios in respect of the transactions under the Share Subscriptions by PAH Subsidiary calculated pursuant to Rule 14.07 of the Listing Rules, on an aggregate basis, exceed 0.1% but are less than 5%, the Share Subscriptions by PAH Subsidiary are subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules, but are exempt from the independent shareholders' approval requirement.

SHARE SUBSCRIPTIONS

On 24 April 2024, PAH Subsidiary, CKA Subsidiary and CKI Subsidiary each entered into a subscription letter with CK William for Share Subscription I, and subscribed for 46,526, 93,052 and 93,052 ordinary shares in CK William respectively, at total subscription prices of £46,526,000 (equivalent to approximately HK\$450,371,680), £93,052,000 (equivalent to approximately HK\$900,743,360) and £93,052,000 (equivalent to approximately HK\$900,743,360) respectively, on a pro rata basis proportionate to the equity interests held by the Group, the CKA Group and the CKI Group respectively in CK William, each such subscription being on substantially the same terms.

On the same day, PAH Subsidiary, PAHGI, CKA Subsidiary, CKAUK, CKI Subsidiary, CKIGI, CK William and CK William Subsidiaries entered into an Implementation Deed in relation to the Loan Repayment, pursuant to which, among other things, PAH Subsidiary, CKA Subsidiary and CKI Subsidiary agreed to subscribe for 137,500, 275,000 and 275,000 ordinary shares in CK William respectively for Share Subscription II, at total subscription prices of A\$267 million (equivalent to approximately HK\$1,349.63 million), A\$533 million (equivalent to approximately HK\$2,694.21 million) and A\$533 million (equivalent to approximately HK\$2,694.21 million) respectively, on the Effective Date, on a pro rata basis proportionate to the equity interests held by the Group, the CKA Group and the CKI Group respectively in CK William, each such subscription being on substantially the same terms. The subscription price for Share Subscription II will be settled through the Loan Repayment and effected through the assignment by the Group, the CKA Group and the CKI Group, as applicable, to CK William of all rights, title and interest in and to receive any amounts under the relevant loan agreements for the loans to be repaid.

The subscription price payable by PAH Subsidiary for Share Subscription I will be funded by existing internal resources, and the subscription price payable by PAH Subsidiary for Share Subscription II will be satisfied by, and be funded through, the Loan Repayment without the need for any additional resources from the Group.

As at the date of this announcement, the Group, the CKA Group and the CKI Group hold 20%, 40% and 40% equity interests in CK William respectively. After each of Share Subscription I and Share Subscription II, these percentages will remain unchanged, and CK William will continue to be accounted for as a joint venture of the Group.

The ordinary shares to be issued by CK William and subscribed for under each of Share Subscription I and Share Subscription II will rank *pari passu* among themselves and with all the ordinary shares of CK William in issue. The terms of each of Share Subscription I and Share Subscription II (including the subscription prices) have been agreed between the parties through arms' length negotiations, taking into account the financing and funding requirements of CK William.

IMPLICATIONS UNDER THE LISTING RULES FOR THE SHARE SUBSCRIPTIONS

As at the date of this announcement, CKI holds approximately 36.01% of the issued shares in the Company. As (a) CKI is a substantial shareholder of the Company; and (b) CKI holds more than 30% interest in CK William, CK William is an associate of CKI and therefore a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, each of Share Subscription I and Share Subscription II by PAH Subsidiary constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios in respect of the transactions under the Share Subscriptions by PAH Subsidiary calculated pursuant to Rule 14.07 of the Listing Rules, on an aggregate basis, exceed 0.1% but are less than 5%, the Share Subscriptions by PAH Subsidiary are subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules, but are exempt from the independent shareholders' approval requirement.

None of the Directors has any material interest in the Share Subscriptions by PAH Subsidiary and the transactions contemplated thereunder requiring the Director to abstain from voting on the Board resolutions for the transactions.

REASONS AND BENEFITS OF THE SHARE SUBSCRIPTIONS

Share Subscription I provides partial funding to CK William Group to support their acquisition of the entire issued share capital of Lionrai pursuant to the Acquisition Agreement, under which the consideration payable to the Sellers on completion (currently expected to be on or about 26 April 2024) and other costs are estimated to be approximately £312.6 million (equivalent to approximately HK\$3,025.97 million). The balance of the consideration and other costs for the Acquisition will be funded from loans provided by the Group, the CKA Group and the CKI Group, each on normal commercial terms and in proportion to their respective equity interests in CK William.

Lionrai is the indirect holding company of PEG, among other entities. PEG is one of the three gas distribution network operators licensed to operate in Northern Ireland. It holds a license covering around 48% of the population of Northern Ireland, including Greater Belfast. For the financial years ended 31 December 2021 and 31 December 2022, the earnings before interest, taxes, depreciation and amortisation of Lionrai were approximately £50,718,000 (equivalent to approximately HK\$490,950,240) and approximately £46,390,000 (equivalent to approximately HK\$449,055,200) respectively, the consolidated loss before taxation of Lionrai were £10,144,000 (equivalent to approximately HK\$98,193,920) and £9,789,000 (equivalent to approximately HK\$94,757,520) respectively, and the consolidated loss after taxation of Lionrai were £34,312,000 (equivalent to approximately HK\$332,140,160) and £13,573,000 (equivalent to approximately HK\$131,386,640) respectively. The consolidated net asset value of Lionrai as at 31 December 2022 was £84,369,000 (equivalent to approximately HK\$816,691,920). The financial information of Lionrai referred to above (except for the equivalent figures in HK\$ for illustrative purposes only) were based on the audited consolidated financial statements of Lionrai for the years ended 31 December 2021 and 31 December 2022 respectively, each prepared in accordance with The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

Share Subscription I and the Acquisition are in line with the Group's strategy to invest in energy infrastructure opportunities globally.

Share Subscription II is a recapitalisation exercise of the CK William Group, so as to streamline its capital structure and strengthen its financial resilience.

For the above reasons, the Directors (including the independent non-executive Directors) are of the view that the Acquisition and the terms of Share Subscription I for the partial funding of the Acquisition and Share Subscription II for the Loan Repayment 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 thereunder are fair and reasonable.

INFORMATION ON THE PARTIES INVOLVED IN THE SHARE SUBSCRIPTIONS

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 CKA Group is a leading multinational conglomerate that has diverse capabilities with business activities presently encompassing property development and investment, hotel and serviced suite operation, property and project management, pub operation and investment in infrastructure and utility asset operation.

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.

CK William is an investment holding company, and currently owns and operates four energy companies across electricity and gas distribution and sustainable distributed energy production.

Based on the audited financial statements for the financial year ended 31 December 2022 and the unaudited financial statements for the financial year ended 31 December 2023 of CK William, the net profit before tax of CK William for the financial years ended 31 December 2022 and 31 December 2023 were approximately A\$306.41 million (equivalent to approximately HK\$1,548.84 million) and A\$206.26 million (equivalent to approximately HK\$1,042.60 million) respectively, the net profit after tax of CK William for the financial years ended 31 December 2022 and 31 December 2023 were approximately A\$226.09 million (equivalent to approximately HK\$1,142.84 million) and A\$140.33 million (equivalent to approximately HK\$709.34 million) respectively, and the net assets of CK William as at 31 December 2023 was approximately A\$4,589.11 million (equivalent to approximately HK\$23,197.03 million).

DEFINITIONS

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

“Acquisition”	the acquisition of the entire share capital of Lionrai by CK William Group from the Sellers pursuant to the terms and conditions of the Acquisition Agreement
“Acquisition Agreement”	the Agreement dated 19 March 2024 between the Sellers and CK William Energy UK Limited (a private limited liability company incorporated under the laws of England and Wales and a direct wholly-owned subsidiary of CK William) in relation to the Acquisition
“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

“CKA”	CK Asset Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1113)
“CKAUK”	CKA Holdings UK Limited, a private limited liability company incorporated under the laws of England and Wales and an indirect wholly-owned subsidiary of CKA
“CKA Group”	CKA and its subsidiaries
“CKA Subsidiary”	CK William Midco 1 Limited, a private limited liability company incorporated under the laws of England and Wales and an indirect wholly-owned subsidiary of CKA which holds 40% of the equity interest in CK William
“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)
“CKIGI”	CKI Gas Infrastructure Limited, a private limited liability company incorporated under the laws of England and Wales and an indirect wholly-owned subsidiary of CKI
“CKI Group”	CKI and its subsidiaries
“CKI Subsidiary”	CK William Midco 2 Limited, a private limited liability company incorporated under the laws of England and Wales and an indirect wholly-owned subsidiary of CKI which holds 40% of the equity interest in CK William
“CK William”	CK William UK Holdings Limited, a private limited liability company incorporated under the laws of England and Wales
“CK William Group”	CK William and its subsidiaries
“CK William Subsidiaries”	CK William Australia Bidco Pty Ltd and CK William Australia Holdings Pty Ltd, each of which is a company incorporated under the laws of Australia and a direct or an indirect wholly-owned subsidiary of CK William, and each a “CK William 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
“Directors”	the directors of the Company

“Effective Date”	a date to be agreed between the parties to the Implementation Deed which must be on or before 9 May 2024
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Implementation Deed”	the Implementation Deed dated 24 April 2024 entered into between PAH Subsidiary, PAHGI, CKA Subsidiary, CKAUK, CKI Subsidiary, CKIGI, CK William and CK William Subsidiaries in relation to, among other things, the Loan Repayment
“Lionrai”	Lionrai Investments No.1 Limited, a private limited liability company incorporated under the laws of England and Wales
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Repayment”	the repayment of the loans owed by CK William Group to the Group, the CKA Group and the CKI Group respectively maturing on 9 May 2024 in the outstanding amounts of A\$267 million (equivalent to approximately HK\$1,349.63 million), A\$533 million (equivalent to approximately HK\$2,694.21 million) and A\$533 million (equivalent to approximately HK\$2,694.21 million) respectively, in accordance with the terms of the Implementation Deed
“PAHGI”	PAH Gas Infrastructure Limited, a private limited liability company incorporated under the laws of England and Wales and an indirect wholly-owned subsidiary of the Company
“PAH Subsidiary”	CK William Midco 3 Limited, a private limited liability company incorporated under the laws of England and Wales and an indirect wholly-owned subsidiary of the Company which holds 20% of the equity interest in CK William
“PEG”	Phoenix Energy Group Limited, a private limited liability company incorporated under the laws of Northern Ireland
“Sellers”	NatWest Pension Trustee Limited (as trustee for the NatWest Group Pension Fund (Main Section)), a company incorporated in England and Wales, and Utilities of Australia International Pty Ltd (as trustee for the UTA Lionrai Investments Trust), a company incorporated in Australia, each of which are third parties independent of the Company and its connected persons, and the Company is given to understand that they are principally engaged in investment of projects

“Share Subscriptions”	Share Subscription I and Share Subscription II
“Share Subscription I”	the subscription of a total of 232,630 ordinary shares in CK William by PAH Subsidiary, CKA Subsidiary and CKI Subsidiary on 24 April 2024
“Share Subscription II”	the subscription of a total of 687,500 ordinary shares in CK William by PAH Subsidiary, CKA Subsidiary and CKI Subsidiary, to be completed on the Effective Date
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“£”	Pound Sterling, the lawful currency of the United Kingdom

Note: The figures in “£” and “A\$” are converted into HK\$ at the rate of £1:HK\$9.6800 and A\$1:HK\$5.0548 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, 24 April 2024

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

- Executive directors* : *Mr. Andrew John HUNTER (Chairman), Mr. TSAI Chao Chung, Charles (Chief Executive Officer), Mr. CHAN Loi Shun, Mr. CHENG Cho Ying, Francis 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*