

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 JOINT VENTURE COMPANIES

On 26 September 2023, Well Joint (an indirect wholly-owned subsidiary of the Company), together with CKA Subsidiary, CKHH Subsidiary and CKI Subsidiary have each entered into (i) an equity commitment letter with West and Western for the Share Subscription I agreeing conditionally to subscribe for 27,333,720, 16,703,940, 2,277,810 and 29,611,530 new shares in each of West and Western respectively, at total subscription prices of £273,337,200 (equivalent to approximately HK\$2,607.64 million), £167,039,400 (equivalent to approximately HK\$1,593.56 million), £22,778,100 (equivalent to approximately HK\$217.30 million) and £296,115,300 (equivalent to approximately HK\$2,824.94 million) respectively, to be completed by 3 October 2023; and (ii) a further equity commitment letter with West and Western for the Share Subscription II agreeing conditionally to subscribe for 5,400,000, 3,300,000, 450,000 and 5,850,000 new shares in each of West and Western respectively, at total subscription prices of £54,000,000 (equivalent to approximately HK\$515.16 million), £33,000,000 (equivalent to approximately HK\$314.82 million), £4,500,000 (equivalent to approximately HK\$42.93 million) and £58,500,000 (equivalent to approximately HK\$558.09 million) respectively, to be completed by 9 October 2023, in each case on a pro rata basis proportionate to the effective interests of the Group, the CKA Group, the CKHH Group and the CKI Group in West and Western and on substantially the same terms.

As at the date of this announcement, CKHH holds approximately 75.67% of the issued share capital of CKI, and CKI in turn holds approximately 36.01% of the issued shares in the Company. As (i) CKI is a substantial shareholder of the Company; (ii) CKHH is an associate of CKI; and (iii) CKHH and CKI collectively hold 30% or more interest in each of West and Western (in addition to interests held through the Group), each of West and Western is an associate of CKI and a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Share Subscriptions by Well Joint constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratio in respect of the transactions under the Share Subscriptions by Well Joint, on an aggregated basis and calculated pursuant to Rule 14.07 of the Listing Rules, exceeds 0.1% but is less than 5%, the Share Subscriptions by Well Joint 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 26 September 2023, Well Joint (an indirect wholly-owned subsidiary of the Company), together with CKA Subsidiary, CKHH Subsidiary and CKI Subsidiary have each entered into (i) an equity commitment letter with West and Western for the Share Subscription I agreeing conditionally to subscribe for 27,333,720, 16,703,940, 2,277,810 and 29,611,530 new shares in each of West and Western respectively, at total subscription prices of £273,337,200 (equivalent to approximately HK\$2,607.64 million), £167,039,400 (equivalent to approximately HK\$1,593.56 million), £22,778,100 (equivalent to approximately HK\$217.30 million) and £296,115,300 (equivalent to approximately HK\$2,824.94 million) respectively, to be completed by 3 October 2023; and (ii) a further equity commitment letter with West and Western for the Share Subscription II agreeing conditionally to subscribe for 5,400,000, 3,300,000, 450,000 and 5,850,000 new shares in each of West and Western respectively, at total subscription prices of £54,000,000 (equivalent to approximately HK\$515.16 million), £33,000,000 (equivalent to approximately HK\$314.82 million), £4,500,000 (equivalent to approximately HK\$42.93 million) and £58,500,000 (equivalent to approximately HK\$558.09 million) respectively, to be completed by 9 October 2023, in each case on a pro rata basis proportionate to the effective interests of the Group, the CKA Group, the CKHH Group and the CKI Group in West and Western and on substantially the same terms.

The subscription prices for the Share Subscription I will be settled by each of Well Joint, CKA Subsidiary, CKHH Subsidiary and CKI Subsidiary by 3 October 2023, and will be funded in their entirety indirectly by the proceeds arising from the redemption by WWU of the Loan Notes in the total amount of approximately £759,271,603 (equivalent to approximately HK\$7,243.45 million). Well Joint, CKA Subsidiary, CKHH Subsidiary and CKI Subsidiary will pay £273,337,200 (equivalent to approximately HK\$2,607.64 million), £167,039,400 (equivalent to approximately HK\$1,593.56 million), £22,778,100 (equivalent to approximately HK\$217.30 million) and £296,115,300 (equivalent to approximately HK\$2,824.94 million) respectively out of the redemption proceeds from WWU to settle the subscription prices for the Share Subscription I. The completion of the Share Subscription I is therefore conditional upon the Loan Notes holders receiving the above redemption proceeds from WWU.

The subscription prices for the Share Subscription II will be settled by each of Well Joint, CKA Subsidiary, CKHH Subsidiary and CKI Subsidiary by 9 October 2023.

For Well Joint, the subscription price for the Share Subscription I will in effect be indirectly satisfied by, and be funded through, the repayment of the Loan Notes by WWU without the need for any additional resources from the Group, and the subscription price for the Share Subscription II will be funded by internal resources of the Group (which may include amounts to be received under the Economic Benefits Agreement).

As at the date of this announcement, the effective interests of the Group, the CKA Group, the CKHH Group (other than the CKI Group which is part of the CKHH Group), and the CKI Group in each of West and Western (including the interests attributable to the Economic Benefits Agreements) are 36%, 22%, 3% and 39% respectively. After the Share Subscriptions, these percentages will remain unchanged, and each of West and Western will continue to be accounted for as a joint venture of the Group.

The new shares to be issued by West and Western and subscribed for under each of the Share Subscriptions will rank *pari passu* among themselves and with all the issued shares of West and Western (as applicable) 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 West's and/or Western's shares). The terms of the Share Subscriptions (including the subscription prices) have been agreed between the parties through arms' length negotiations, taking into account the financing and funding requirements of West, Western and WWU.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, CKHH holds approximately 75.67% of the issued share capital of CKI, and CKI in turn holds approximately 36.01% of the issued shares in the Company. As (i) CKI is a substantial shareholder of the Company; (ii) CKHH is an associate of CKI; and (iii) CKHH and CKI collectively hold 30% or more interest in each of West and Western (in addition to interests held through the Group), each of West and Western is an associate of CKI and a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Share Subscriptions by Well Joint constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratio in respect of the transactions under the Share Subscriptions by Well Joint, on an aggregated basis and calculated pursuant to Rule 14.07 of the Listing Rules, exceeds 0.1% but is less than 5%, the Share Subscriptions by Well Joint 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 of the Company has any material interest in the Share Subscriptions by Well Joint and the transactions contemplated thereunder requiring the director to abstain from voting on the board resolutions for such transactions.

REASONS AND BENEFITS OF THE SHARE SUBSCRIPTIONS

The Share Subscription I is part of a refinancing exercise of the WWU group to refinance its existing debts under the Loan Notes and the Share Subscription II will provide the WWU group with additional funds, in both cases to be effected through the issue of new shares directly to the Group, the CKA Group, the CKHH Group and the CKI Group with their effective interests in West and Western maintained. The Share Subscriptions will therefore strengthen the financial resilience of the WWU group.

For the above reasons, the directors (including the independent non-executive directors) of the Company are of the view that the transactions under the Share Subscriptions by Well Joint 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

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 CKHH Group is principally engaged in four core businesses: ports and related services, retail, infrastructure and telecommunications. The diverse businesses of the CKHH Group and associated companies operate in over 50 countries/markets across the world.

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.

Each of West and Western is an investment holding company. West and Western together indirectly hold 100% equity interest of WWU. WWU operates a gas distribution network that serves Wales and South West of England.

Based on their respective unaudited financial statements, (i) the net profit before tax of West for the financial years ended 31 March 2022 and 31 March 2023 were approximately £0 million (equivalent to approximately HK\$0 million) and £0 million (equivalent to approximately HK\$0 million) respectively, the net profit after tax of West for the financial years ended 31 March 2022 and 31 March 2023 were approximately £0 million (equivalent to approximately HK\$0 million) and £0 million (equivalent to approximately HK\$0 million) respectively, and the net assets of West as at 31 March 2023 was approximately £0.4 million (equivalent to approximately HK\$3.82 million); and (ii) the net profit before tax of Western for the financial years ended 31 March 2022 and 31 March 2023 were approximately £0 million (equivalent to approximately HK\$0 million) and £0 million (equivalent to approximately HK\$0 million) respectively, the net profit after tax of Western for the financial years ended 31 March 2022 and 31 March 2023 were approximately £0 million (equivalent to approximately HK\$0 million) and £0 million (equivalent to approximately HK\$0 million) respectively, and the net assets of Western as at 31 March 2023 was approximately £0.4 million (equivalent to approximately HK\$3.82 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
“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)
“CKA Group”	CKA and its subsidiaries
“CKA Subsidiary”	Marshal Victory Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of CKA
“CKHH”	CK Hutchison 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: 1)
“CKHH Group”	CKHH and its subsidiaries
“CKHH Subsidiary”	Harmony Path Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of CKHH
“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 Subsidiary”	Auspicious Future Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of CKI
“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

“Economic Benefits Agreements”	collectively three economic benefits agreements between Henley Riches Limited, CKHH and a subsidiary of each of the Group, the CKA Group and the CKI Group, as applicable, in relation to economic benefits in the relevant businesses, each dated 31 August 2018 (as amended and restated from time to time). “Economic Benefits Agreement” refers to the respective economic benefits agreement entered into by a subsidiary of each of the Group, the CKA Group or the CKI Group, as the context requires
“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 of Hong Kong Limited
“Loan Notes”	Four loan notes issued by WWU for the principal amount of £645,000,000 (equivalent to approximately HK\$6,153.30 million)
“Share Subscription I”	the subscription of a total of 75,927,000 shares in each of West and Western by Well Joint, CKA Subsidiary, CKHH Subsidiary and CKI Subsidiary, to be completed by 3 October 2023
“Share Subscription II”	the subscription of a total of 15,000,000 shares in each of West and Western by Well Joint, CKA Subsidiary, CKHH Subsidiary and CKI Subsidiary, to be completed by 9 October 2023
“Share Subscriptions”	collectively, the Share Subscription I and the Share Subscription II
“Share Subscriptions by Well Joint”	the subscription of 27,333,720 shares in each of West and Western by Well Joint to be completed by 3 October 2023 and the subscription of 5,400,000 shares in each of West and Western by Well Joint to be completed by 9 October 2023
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Well Joint”	Well Joint Investment Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“West”	West Gas Networks Limited, a company incorporated in the United Kingdom with limited liability, whose effective interests are held as to 36% by the Group, 22% by the CKA Group, 3% by the CKHH Group (other than the CKI Group which is part of the CKHH Group) and 39% by the CKI Group

“Western”	Western Gas Networks Limited, a company incorporated in the United Kingdom with limited liability, whose effective interests are held as to 36% by the Group, 22% by the CKA Group, 3% by the CKHH Group (other than the CKI Group which is part of the CKHH Group) and 39% by the CKI Group
“WWU”	Wales & West Utilities Limited, a company incorporated in the United Kingdom with limited liability and the equity interest of which is indirectly held as to 50% each by West and Western
“£”	Pound Sterling, the lawful currency of the United Kingdom

Note: The figures in “£” are converted into HK\$ at the rate of £1 : HK\$9.54 throughout this announcement for illustrative purposes only, and should not be construed as a representation that any amount in £ 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, 26 September 2023

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

<i>Executive directors</i>	<i>: 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</i>
<i>Non-executive directors</i>	<i>: Mr. LEUNG Hong Shun, Alexander and Mr. LI Tzar Kuoi, Victor</i>
<i>Independent non-executive directors</i>	<i>: Mr. Stephen Edward BRADLEY, Mr. IP Yuk-keung, Albert, Ms. KOH Poh Wah, Mr. KWAN Chi Kin, Anthony and Mr. WU Ting Yuk, Anthony</i>