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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 25 September 2024, PAH Subsidiary, CKA Subsidiary and CKI Subsidiary each entered into a subscription letter with CK William for the Share Subscription I, and subscribed for 1,542, 3,084 and 3,084 ordinary shares in CK William respectively, at total subscription prices of £15.42 million (equivalent to approximately HK\$161.06 million), £30.84 million (equivalent to approximately HK\$322.12 million) and £30.84 million (equivalent to approximately HK\$322.12 million) 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, CKA Subsidiary and CKI Subsidiary each entered into a subscription letter with CK William for the Share Subscription II, and agreed to subscribe for up to 570, up to 1,140 and up to 1,140 additional ordinary shares in CK William at total subscription prices of up to £5.70 million (equivalent to approximately HK\$59.54 million), up to £11.40 million (equivalent to approximately HK\$119.07 million) and up to £11.40 million (equivalent to approximately HK\$119.07 million) respectively, on the Share Subscription II Completion 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 final number of ordinary shares to be subscribed and the subscription prices will be determined by CK William and notified to PAH Subsidiary, CKA Subsidiary and CKI Subsidiary prior to the Share Subscription II Completion Date.

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 the Share Subscription I and the 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

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On the same day, PAH Subsidiary, CKA Subsidiary and CKI Subsidiary each entered into a subscription letter with CK William for the Share Subscription II, and agreed to subscribe for up to 570, up to 1,140 and up to 1,140 additional ordinary shares in CK William, at total subscription prices of up to £5.70 million (equivalent to approximately HK\$59.54 million), up to £11.40 million (equivalent to approximately HK\$119.07 million) and up to £11.40 million (equivalent to approximately HK\$119.07 million) respectively, on the Share Subscription II Completion 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 final number of ordinary shares to be subscribed and the subscription prices will be determined by CK William and notified to PAH Subsidiary, CKA Subsidiary and CKI Subsidiary prior to the Share Subscription II Completion Date.

The subscription prices payable by PAH Subsidiary for the Share Subscriptions will be funded by existing internal resources.

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 the Share Subscriptions, 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 the Share Subscriptions will rank *pari passu* among themselves and with all the ordinary shares of CK William in issue. 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 CK William.

LISTING RULES IMPLICATIONS

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 the Share Subscription I and the 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

The Share Subscriptions provide partial funding to CK William Group to support their acquisition of the Target Shares (i.e., the entire issued share capital of Medium Scale Wind No.1 Limited, Medium Scale Wind No.2 Limited, Minnygap Energy Limited, Den Brook Energy Limited, Turncole Wind Farm Limited, Jacks Lane Energy Limited, Woolley Hill Electrical Energy Limited, and 49% of the issued share capital of Fred. Olsen CBH Limited) and corresponding shareholders' loans pursuant to the Acquisition Agreement, under which the consideration payable to the Sellers on the First Completion (currently expected to be on or about 26 September 2024) and the Second Completion (currently expected to be soon after the First Completion and no later than 15 January 2025) and other costs are estimated to be approximately £340 million (equivalent to approximately HK\$3,551.30 million). The balance of the consideration and other costs for the Acquisition will be funded by internal resources and external financing of CK William Group.

The Target Companies hold a portfolio of 32 operating onshore wind farms in the United Kingdom totalling 175 MW in installed capacity and 137 MW in net attributable capacity, with revenues generated from inflation-linked government subsidies and power sales, including from power purchase agreements as well as from selling power to the market.

For the financial year ended 31 December 2022, the combined earnings before interest, taxes, depreciation and amortisation attributable to the Target Shares were approximately £48.74 million (equivalent to approximately HK\$509.09 million), and the combined profit before taxation and the combined profit after taxation attributable to the Target Shares were approximately £9.91 million (equivalent to approximately HK\$103.51 million) and £7.05 million (equivalent to approximately HK\$73.64 million) respectively. For the financial year ended 31 December 2023, the combined earnings before interest, taxes, depreciation and amortisation attributable to the Target Shares were approximately £44.97 million (equivalent to approximately HK\$469.71 million), and the combined loss before taxation and the combined loss after taxation attributable to the Target Shares were approximately £2.47 million (equivalent to approximately HK\$25.80 million) and £4.79 million (equivalent to approximately HK\$50.03 million) respectively. The combined total asset value and the combined net liability value attributable to the Target Shares as of 31 December 2023 were approximately £260.03 million (equivalent to approximately HK\$2,716.01 million) and £60.00 million (equivalent to approximately HK\$626.70 million) respectively. The combined financial information referred to above (except for the equivalent figures in HK\$ for illustrative purpose) is the aggregate of the relevant Target Shares' share of the relevant financial information of the corresponding Target Companies, and was based on the audited financial statements of each of the Target Companies for the years ended 31 December 2022 and 31 December 2023 prepared in accordance with the Financial Reporting Standard applicable in the United Kingdom.

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

For the above reasons, the Directors (including the independent non-executive Directors) are of the view that the Acquisition and the terms of Share Subscriptions for the partial funding of the Acquisition 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 which owns and operates energy businesses in electricity and gas distribution and sustainable distributed energy production.

Based on the audited consolidated financial statements for the financial years ended 31 December 2022 and 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\$336.41 million (equivalent to approximately HK\$1,806.29 million) and A\$206.26 million (equivalent to approximately HK\$1,107.47 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\$1,213.95 million) and A\$140.33 million (equivalent to approximately HK\$753.47 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\$24,640.31 million).

DEFINITIONS

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

“ Acquisition ”	the acquisition of the Target Shares by CK William Group from the Sellers pursuant to the terms and conditions of the Acquisition Agreement
“ Acquisition Agreement ”	the Agreement dated 13 August 2024 between the Sellers and CK William Energy UK 2 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)
“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) and London Stock Exchange plc (Ticker Symbol: 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
“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
“First Completion”	completion of the Acquisition in respect of the Target Shares of all Target Companies, other than Fred. Olsen CBH Limited
“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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“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
“Second Completion”	completion of the Acquisition in respect of the Target Shares of Fred. Olsen CBH Limited
“Sellers”	Aviva Investors Infrastructure Income No.2 Limited, Aviva Investors Infrastructure Income No.2B Limited and Aviva Investors Infrastructure Income No.5 Limited, each of which is incorporated in England and Wales and is a third party independent of the Company and its connected person, and the Company is given to understand that they are principally engaged in investment of infrastructure projects
“Share Subscription I”	the subscription of a total of 7,710 ordinary shares in CK William by PAH Subsidiary, CKA Subsidiary and CKI Subsidiary on 25 September 2024
“Share Subscription II”	the subscription of a total of up to 2,850 additional ordinary shares in CK William by PAH Subsidiary, CKA Subsidiary and CKI Subsidiary, the completion of which will take place on the Share Subscription II Completion Date
“Share Subscription II Completion Date”	the completion date for the Share Subscription II, which will be a date on or before 15 January 2025 (being the latest date the Second Completion is expected to take place) to be agreed by the parties
“Share Subscriptions”	Share Subscription I and Share Subscription II
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Companies”	Medium Scale Wind No.1 Limited, Medium Scale Wind No.2 Limited, Minnygap Energy Limited, Den Brook Energy Limited, Turncole Wind Farm Limited, Jacks Lane Energy Limited, Woolley Hill Electrical Energy Limited and Fred. Olsen CBH Limited, all private limited liability companies incorporated under the laws of England and Wales
“Target Shares”	the entire issued share capital of Medium Scale Wind No.1 Limited, Medium Scale Wind No.2 Limited, Minnygap Energy Limited, Den Brook Energy Limited, Turncole Wind Farm Limited, Jacks Lane Energy Limited, Woolley Hill Electrical Energy Limited, and 49% of the issued share capital of Fred. Olsen CBH 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\$10.4450 and A\$1:HK\$5.3693 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, 25 September 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