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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 CONSTRUCTION AGREEMENT**

The Board announces that, on 15 June 2015, TOA2, a wholly-owned subsidiary of TGHA, and PNS entered into the Construction Agreement in connection with the design and construction of the Terminal Station and the Connection Assets.

CKI currently holds approximately 38.87% of the issued shares of the Company. PNS is considered an indirectly non-wholly owned subsidiary of the Company, and TGHA, an associate of CKI, is a connected person of the Company. The Construction Agreement therefore constitutes a connected transaction of the Company, and is subject to the reporting and announcement requirements but is exempted from the independent shareholders' approval requirement under the Listing Rules.

### **INTRODUCTION**

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### **THE CONSTRUCTION AGREEMENT**

Set out below is a summary of the Construction Agreement:

Date : 15 June 2015

Parties : TOA2  
PNS

Pursuant to the Construction Agreement, PNS will build the Terminal Station and the Connection Assets at a consideration of A\$37.87 million (approximately HK\$229.49 million). The consideration is payable by TOA2 to PNS in cash by monthly progress payments for works executed and materials, goods and equipment delivered. The consideration was determined having regard to the costs of sub-contracts, materials, manpower and overheads required for undertaking and completing the works under the agreement. Practical completion of the works is expected to be in August 2016.

Under the agreement, PNS will provide TOA2 with irrevocable unconditional undertakings from a financial institution for a total of A\$1.894 million (approximately HK\$11.478 million) as security for any payment and other obligations on the part of PNS.

## **REASONS FOR, AND BENEFITS OF, THE TRANSACTION**

TGHA is a joint venture between the Company and CKI (as to 50% interest each) in the business of providing transmission augmentations in Australia. TOA, an indirect wholly-owned subsidiary of TGHA, operates a transmission line and a terminal station to transport the electricity generated from Mt Mercer Wind Farm in Victoria, Australia to the main power grid.

TGHA has, through TOA2, agreed with AWF to provide connection service enabling the transmission of electricity generated from the Ararat Wind Farm to the Network and to design, supply, construct, operate and maintain a terminal station to provide such connection service, in each case for a term of 25 years from the commencement date of the connection service which may be extended for a further term of up to 30 years at the option of AWF.

PNS has extensive experience in the construction of electrical distribution and transmission facilities in Australia, and TGHA and PNS have worked together on similar projects in the past. Their experience of working together successfully makes each other a suitable candidate to work on the projects in connection with the Ararat Wind Farm as contemplated under the Construction Agreement. The entering of the Construction Agreement is in the ordinary course of business of PNS, and the terms are reached between the parties on arm's length basis.

The Board (including the Independent Non-executive Directors) considers the terms of the Construction Agreement to be fair and reasonable, on normal commercial terms and in the ordinary and usual course of business of PNS, and in the interests of the Company and its shareholders as a whole.

## **INFORMATION ON THE PARTIES INVOLVED IN THE TRANSACTION**

The principal activities of the Company and its subsidiaries are investment in energy businesses in Hong Kong and overseas.

The principal business of PNS is the design, supply, construction and maintenance of transmission facilities. The principal business of TGHA and its subsidiaries, including TOA and TOA2, is the construction and ownership of transmission assets in Australia.

## **LISTING RULES IMPLICATIONS**

CKI currently holds approximately 38.87% of the issued shares of the Company and by virtue of this shareholding, CKI is a connected person of the Company. PNS is considered an indirectly non-wholly owned subsidiary of the Company under the Listing Rules. TGHA is held as to 50% by CKI

and is therefore an associate of CKI and a connected person of the Company. As such, the Construction Agreement constitutes a connected transaction for the Company under the Listing Rules.

As the applicable percentage ratios in respect of the Construction Agreement calculated pursuant to Rule 14.07 of the Listing Rules are more than 0.1% but less than 5%, the Construction Agreement is subject to the reporting and announcement requirements but is exempted from the independent shareholders' approval requirement under the Listing Rules.

None of the Directors has a material interest in the Construction Agreement.

## **DEFINITIONS**

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

“A\$”	Australian dollars, the lawful currency of Australia
“Ararat Wind Farm”	a wind farm to be built in Ararat, Victoria, Australia
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“AWF”	Ararat Wind Farm Pty Ltd, a company incorporated in Australia with limited liability and the developer of the Ararat Wind Farm
“Board”	the board of Directors
“CKI”	Cheung Kong 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 of Hong Kong Limited (Stock Code: 1038)
“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 of Hong Kong Limited (Stock Code: 6)
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Connection Assets”	a 132kV overhead power line, a 132kV-220kV transformer and all associated equipment and infrastructure to be constructed for enabling the transmission of electricity generated by Ararat Wind Farm to the Network
“Construction Agreement”	the design and construction contract dated 15 June 2015 for the Terminal Station and the Connection Assets
“Director(s)”	the director(s) of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

“Network”	an existing 220kV transmission network in Victoria, Australia
“PNS”	Powercor Network Services Pty Ltd, a company incorporated in Australia with limited liability, which notwithstanding it is indirectly held as to 51% by a company which is in turn indirectly held as to 54.76% by the Company (hence technically considered as a non-wholly owned subsidiary of the Company within the definition of “subsidiary” under the Listing Rules), since the Company has no effective control over its board composition and decision making on significant matters, is accounted for as an associate in the Company’s group financial statements
“Terminal Station”	a terminal station to be constructed in Ararat, Victoria, Australia for the connection of the transmission line connecting the Ararat Wind Farm to the Network
“TGHA”	Transmission General Holdings (Australia) Pty Ltd, a company incorporated in Australia with limited liability and indirectly held as to 50% each by the Company and CKI
“TOA”	Transmission Operations (Australia) Pty Ltd, a company incorporated in Australia with limited liability, and an indirect wholly-owned subsidiary of TGHA
“TOA2”	Transmission Operations (Australia) 2 Pty Ltd, a company incorporated in Australia with limited liability, and an indirect wholly-owned subsidiary of TGHA

*Note: The figures in “A\$” are converted into HK\$ at the rate of A\$1.00 : HK\$6.06 throughout this announcement for indicative purpose only.*

By Order of the Board  
**Alex Ng**  
*Company Secretary*

Hong Kong, 15 June 2015

*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. Andrew John HUNTER, Mr. Neil Douglas MCGEE and Mr. WAN Chi Tin*

*Non-executive directors : Mr. LI Tzar Kuoi, Victor and Mr. Frank John SIXT*

*Independent non-executive directors : Mr. IP Yuk-keung, Albert, Mr. Ralph Raymond SHEA, Mr. WONG Chung Hin and Mr. WU Ting Yuk, Anthony*