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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

SETTLEMENT OF AUSTRALIAN TAX DISPUTE

This is a voluntary announcement made by Power Assets Holdings Limited (“Company”).

Reference is made to the Company’s voluntary announcement dated 28 June 2013. The Board announces that the Company and other relevant parties have entered into an agreement with the Australian Taxation Office (“ATO”) to resolve the longstanding tax disputes concerning the South Australian electricity distribution businesses, SA Power Networks and Victoria Power Networks, which owns the CitiPower and the Powercor electricity distribution businesses.

Under the settlement, the ATO will cease to pursue the legal proceedings against the Company in respect of unpaid tax, penalties and interests, and no penalties will be levied against the Company or its subsidiaries. In addition, a sum of approximately A\$28 million (approximately HK\$168 million) is expected to be refunded from the A\$72 million (approximately HK\$431 million) previously paid to the ATO by a subsidiary of the Company. The Company expects that the settlement will result in a charge of approximately A\$69 million (approximately HK\$413 million) to its financial statements for the financial year ending 31 December 2015.

Furthermore, the ATO has agreed an interest rate with all relevant parties to provide certainty on tax deductibility for three years ending 31 December 2017. A pricing agreement will also be negotiated for future years.

For the purpose of this announcement, the exchange rate at A\$1:HK\$5.986 has been adopted for illustrative purpose only, and does not constitute a representation that any amount may be or will be exchanged at such rate.

By Order of the Board
Alex Ng
Company Secretary

Hong Kong, 19 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