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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 8 June 2018, TOA, an indirect wholly-owned subsidiary of AEO, and Energy Solutions entered into the Construction Agreement in connection with the augmentation of the Elaine Terminal Station and the design and construction of the Connection Assets for the Elaine Wind Farm.

Energy Solutions is considered an indirectly non wholly-owned subsidiary of the Company under the Listing Rules. AEO is indirectly held as to 50% by CKI, a substantial shareholder of the Company, and is therefore an associate of CKI and a connected person of the Company. Therefore, the Construction Agreement constitutes a connected transaction of the Company. As the relevant percentage ratios in respect of the consideration to be received by Energy Solutions under the Construction Agreement exceed 0.1%, but all of them are less than 5%, the Construction Agreement is subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules but exempt from the independent shareholders' approval requirement.

INTRODUCTION

The Board announces that on 8 June 2018, TOA, an indirect wholly-owned subsidiary of AEO, and Energy Solutions entered into the Construction Agreement in connection with the augmentation of the Elaine Terminal Station and the design and construction of the Connection Assets for the Elaine Wind Farm.

THE CONSTRUCTION AGREEMENT

Set out below is a summary of the Construction Agreement:

Date : 8 June 2018

Parties : TOA
Energy Solutions

Pursuant to the Construction Agreement, Energy Solutions will augment the Elaine Terminal Station and design and build the Connection Assets for the Elaine Wind Farm at a consideration of A\$15 million (equivalent to approximately HK\$89.62 million). The consideration is payable by TOA to Energy Solutions 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 April 2019.

Under the agreement, Energy Solutions will provide TOA with irrevocable unconditional undertakings from a financial institution for a total of approximately A\$0.75 million (equivalent to approximately HK\$4.48 million) as security for any payment and other obligations on the part of Energy Solutions.

REASONS FOR AND BENEFITS OF THE TRANSACTION

AEO is a joint venture between the Company and CKI (as to 50% interest each) in the business of providing transmission augmentations in Australia. TOA and TOA2, indirect wholly-owned subsidiaries of AEO, currently operate transmission lines and terminal stations to transport the electricity generated respectively from the Mt Mercer Wind Farm and the Ararat Wind Farm in Victoria, Australia to the main power grid.

AEO has, through TOA, agreed with EWPL to provide connection service enabling the transmission of electricity generated from the Elaine Wind Farm to the Network 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 EWPL.

Energy Solutions has extensive experience in the construction, commissioning and maintenance of electricity network facilities in Australia, and AEO has worked with Energy Solutions, formerly integrated into its sister entity Powercor Network Services Pty Ltd, on similar projects in the past, including the Mt Mercer Wind Farm and the Ararat Wind Farm connection projects. Their experience in the delivery and operation of similar electricity network infrastructure makes them highly suitable to work on the projects in connection with the Elaine Wind Farm as contemplated under the Construction Agreement. The entering into of the Construction Agreement is in the ordinary course of business of Energy Solutions, and the terms are reached between the parties on arm's length basis.

The Directors (including the Independent Non-executive Directors) consider that the Construction Agreement was entered into in the ordinary and usual course of business of the Group, on normal commercial terms and in the interests of the Company and its shareholders as a whole, and that its terms are fair and reasonable.

INFORMATION ON THE PARTIES INVOLVED IN THE TRANSACTION

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, Portugal and Canada.

The principal business of Energy Solutions is the design, supply, construction, operation and maintenance of electricity networks. The principal business of AEO and its subsidiaries, including TOA and TOA2, is the construction and ownership of transmission assets in Australia.

LISTING RULES IMPLICATIONS

Energy Solutions is considered an indirectly non wholly-owned subsidiary of the Company under the Listing Rules. AEO is indirectly held as to 50% by CKI, a substantial shareholder of the Company, and is therefore an associate of CKI and a connected person of the Company. Therefore, the Construction Agreement constitutes a connected transaction for the Company under the Listing Rules.

As the relevant percentage ratios in respect of the consideration to be received by Energy Solutions under the Construction Agreement exceed 0.1% but all of them are less than 5%, the Construction Agreement is subject to the reporting and announcement requirements of Chapter 14A of the Listing Rules but exempt from the independent shareholders' approval requirement.

None of the Directors has any material interest in the Construction Agreement and the transactions contemplated thereunder, and no Director was required to abstain from voting on the board resolutions for such transactions.

DEFINITIONS

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

“ AEO ”	Australian Energy Operations Pty Ltd, a company incorporated in Australia with limited liability and indirectly held as to 50% each by the Company and CKI
“ Ararat Wind Farm ”	a wind farm located near Ararat, Victoria, Australia
“ associate(s) ”	has the meaning ascribed thereto under the Listing Rules
“ Board ”	the board of Directors of the Company
“ 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)
“ 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(s) ”	has the meaning ascribed thereto under the Listing Rules
“ Connection Assets ”	a 33kV switchboard, a 33kV-220kV transformer and all associated equipment and infrastructure to be constructed for enabling the transmission of electricity generated by Elaine Wind Farm to the Network
“ Construction Agreement ”	the contract dated 8 June 2018 for the augmentation of the Elaine Terminal Station and the design and construction of the Connection Assets for the Elaine Wind Farm

“Director(s)”	the director(s) of the Company
“Elaine Terminal Station”	the terminal station owned by TOA constructed at Elaine, Victoria, Australia for the connection of the transmission line connecting generators and/or loads to the Network
“Elaine Wind Farm”	a wind farm to be built in Elaine, Victoria, Australia
“Energy Solutions”	Energy Solutions Pty Ltd, trading as Beon Energy Solutions, is 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 Group’s financial statements
“EWPL”	Elaine Windfarm Pty Ltd, a company incorporated in Australia with limited liability and the developer of the Elaine Wind Farm
“Group”	the Company and its subsidiaries
“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
“Mt Mercer Wind Farm”	a wind farm in Victoria, Australia
“Network”	an existing 220kV transmission network in Victoria, Australia
“substantial shareholder”	has the meaning ascribed thereto under the Listing Rules
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“TOA”	Transmission Operations (Australia) Pty Ltd, a company incorporated in Australia with limited liability, and an indirect wholly-owned subsidiary of AEO
“TOA2”	Transmission Operations (Australia) 2 Pty Ltd, a company incorporated in Australia with limited liability, and an indirect wholly-owned subsidiary of AEO

“A\$” Australian dollars, the lawful currency of Australia

“HK\$” Hong Kong dollars, the lawful currency of Hong Kong

Note: The figures in “A\$” are converted into HK\$ at the rate of A\$1.00 : HK\$5.9748 throughout this announcement for indicative purpose only, and should not be construed as a representation that any amount has been, could have been or may be, exchanged at this or any other rate.

By Order of the Board
Alex Ng
Company Secretary

Hong Kong, 8 June 2018

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 director : Mr. LI Tzar Kuoi, Victor

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