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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

CONTINUING CONNECTED TRANSACTIONS
REVISION OF EXISTING ANNUAL CAPS UNDER
THE SERVICES AGREEMENTS
AND
MIDSTREAM SERVICES AGREEMENT

Reference is made to the announcement dated 26 April 2016 jointly issued by CKI and the Company in respect of, among other things, the formation of a joint venture in HMLP and upon its closing, the entering into of the Services Agreements.

The Board announces that, on 16 March 2018 (after trading hours) (a) HMLP and its subsidiaries HMGP, HoldCo, Border PipeCo and FinanceCo and its general partner GPCo entered into the Revised Annual Cap Agreement with HOOL, HEMP and Blender GP (each a wholly-owned subsidiary of Husky) to revise the Existing Annual Caps for the continuing connected transactions under the Services Agreements; and (b) HMGP and HOOL entered into the Midstream Services Agreement in relation to the provision of gas processing, handling and delivery services, and gas related waste substance handling, transportation, disposal and delivery services by HMGP to HOOL.

The Transactions will allow room for HMLP Group's revenue to grow as its business continues to develop.

As CKI is a substantial shareholder of the Company, it is a connected person of the Company under the Listing Rules. CKH Holdings, the controlling shareholder of CKI, currently holds approximately 40.18% of the issued shares of Husky. As an associate of CKI, Husky and its subsidiaries are connected persons of the Company under the Listing Rules. HMLP is a Material JV of the Company and is subject to a number of continuing obligations governing subsidiaries of the Company under the Listing Rules, including Chapters 14 and 14A of the Listing Rules, subject to certain modifications to the effect that, among other things, the percentage ratio tests for the de minimis exemption for connected transactions will be adjusted to take into account only the proportional interest of the Company in HMLP. Accordingly, the Transactions constitute continuing connected transactions of the Company. As one or more of the relevant percentage ratios in respect of (i) the Revised Annual Caps for the Income-nature Services Agreements and the annual caps for the Midstream Services Agreement (on an aggregate basis); and (ii) the Revised Annual Caps for the Expense-nature Services Agreements (on an aggregate basis), exceed 5%, the Services Agreements (as amended by the Revised Annual Cap Agreement with the Revised Annual Caps) and the Midstream Services Agreement are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

BACKGROUND

Reference is made to the announcement dated 26 April 2016 jointly issued by CKI and the Company in respect of, among other things, the formation of a joint venture in HMLP and upon its closing, the entering into of the Services Agreements.

The Board announces that, on 16 March 2018 (after trading hours) and following the entering into of the Supplemental Agreements to expand the businesses and affairs of the HMLP Group to cover the management of gas processing projects and related activities, (a) HMLP and its subsidiaries HMGP, HoldCo, Border PipeCo and FinanceCo and its general partner GPCo entered into the Revised Annual Cap Agreement with HOOL, HEMP and Blender GP (each a wholly-owned subsidiary of Husky) to revise the Existing Annual Caps for the continuing connected transactions under the Services Agreements; and (b) HMGP and HOOL entered into the Midstream Services Agreement in relation to the provision of gas processing, handling and delivery services, and gas related waste substance handling, transportation, disposal and delivery services by HMGP to HOOL.

THE REVISED ANNUAL CAP AGREEMENT

The terms and conditions of the Revised Annual Cap Agreement are conditional upon the approval of Independent Shareholders having been obtained on or before 30 June 2018 (or such later date as may be agreed) and shall take effect to revise the Existing Annual Caps to the amounts summarised in the below table on the date of passing of the ordinary resolution at the General Meeting approving the Transactions. All the other terms and conditions of the Services Agreements remain unchanged.

Year Ending 31 December	Revised Annual Caps									
	Expense-nature Services Agreements					Income-nature Services Agreements				
	Management and Operating Services Agreement		Construction Services Agreement		Blending Services Agreement		Husky TSA		Storage Agreement	
	(in CAD million)	(equivalent to approxi- mately HK\$ million)	(in CAD million)	(equivalent to approxi- mately HK\$ million)	(in CAD million)	(equivalent to approxi- mately HK\$ million)	(in CAD million)	(equivalent to approxi- mately HK\$ million)	(in CAD million)	(equivalent to approxi- mately HK\$ million)
2018	43.1	258.91	71.4	428.92	30.0	180.22	177.0	1,063.29	31.0	186.23
2019	50.0	300.37	21.4	128.56	30.0	180.22	188.3	1,131.17	31.6	189.83
2020	55.5	333.41	21.5	129.16	30.0	180.22	238.0	1,429.74	33.8	203.05
2021	57.0	342.42	21.6	129.76	50.0	300.37	296.4	1,780.56	40.2	241.49
2022	58.5	351.43	21.7	130.36	50.0	300.37	335.5	2,015.45	43.5	261.32
2023	60.6	364.04	21.7	130.36	50.0	300.37	361.6	2,172.24	44.3	266.12
2024	62.7	376.66	21.8	130.96	50.0	300.37	398.1	2,391.51	45.2	271.53
2025	64.8	389.27	21.9	131.56	50.0	300.37	440.5	2,646.22	46.2	277.54
2026	67.0	402.49	22.0	132.16	50.0	300.37	451.1	2,709.89	47.1	282.94
2027	69.3	416.31	22.1	132.76	50.0	300.37	497.4	2,988.03	48.0	288.35
2028	71.6	430.12	22.2	133.36	50.0	300.37	561.8	3,374.90	48.9	293.76
2029	74.0	444.54	22.3	133.96	50.0	300.37	574.1	3,448.79	49.9	299.76
2030	76.4	458.96	22.5	135.16	50.0	300.37	560.5	3,367.09	49.5	297.36
2031	78.9	473.98	22.6	135.76	50.0	300.37	564.6	3,391.72	50.5	303.37
2032	81.4	488.99	22.7	136.37	50.0	300.37	540.2	3,245.14	53.1	318.99
2033	84.0	504.61	22.8	136.97	50.0	300.37	493.0	2,961.60	54.1	324.99

Year Ending 31 December	Revised Annual Caps									
	Expense-nature Services Agreements				Income-nature Services Agreements					
	Management and Operating Services Agreement		Construction Services Agreement		Blending Services Agreement		Husky TSA		Storage Agreement	
	(in CAD million)	(equivalent to approxi- mately HK\$ million)	(in CAD million)	(equivalent to approxi- mately HK\$ million)	(in CAD million)	(equivalent to approxi- mately HK\$ million)	(in CAD million)	(equivalent to approxi- mately HK\$ million)	(in CAD million)	(equivalent to approxi- mately HK\$ million)
2034	86.7	520.83	23.0	138.17	50.0	300.37	483.2	2,902.73	55.2	331.60
2035	89.4	537.05	23.1	138.77	50.0	300.37	472.8	2,840.25	56.2	337.61
2036	92.2	553.87	23.3	139.97	50.0	300.37	449.7	2,701.48	57.3	344.22

Note: The proposed Revised Annual Caps are denominated and expressed in CAD. The translation of CAD into HK\$ is provided for reference only.

The Revised Annual Caps were determined based on the estimated fees for the amount of services expected to be provided and other amounts expected to be payable under each of the Services Agreements, with an appropriate margin where applicable to cater for fluctuation due to operational needs.

Some of the principal terms of the Services Agreements are set out below.

(A) Management and Operating Services Agreement

Pursuant to the Management and Operating Services Agreement, HOOL is engaged to provide to the HMLP Group operating services in respect of the HMGP System and any other HMGP Assets and management services, including but not limited to exercising and performing HMGP's rights and obligations under the various Services Agreements and the Midstream Services Agreement, preparing and submitting various budgets, plans and proposals to GPCo and conducting businesses on behalf of GPCo, with its term for the period up to 31 December 2036.

Consideration, payment terms and basis of consideration

Each relevant member of the HMLP Group is required to pay its share of all costs and expenses incurred by HOOL in the performance of its duties and responsibilities, including reasonable professional, legal, accounting and administrative costs and expenses. The parties agree that their intention is that HOOL will neither make a profit nor suffer a loss from the provision of services.

Payment is to be made by GPCo (for itself or on behalf of the relevant member of the HMLP Group) within 30 days of receipt of the statement of expenses issued by HOOL on a monthly basis.

Historical transaction amounts

The actual transaction amounts under the Management and Operating Services Agreement for the period ended 31 December 2016 and the year ended 31 December 2017 were approximately CAD13.1 million and approximately CAD30.6 million respectively (equivalent to approximately HK\$78.70 million and approximately HK\$183.82 million respectively).

(B) Construction Services Agreement

Pursuant to the Construction Services Agreement, HOOL is engaged by HMGP as the contractor to provide engineering, procurement and construction services and to perform necessary works to complete Growth Projects, Sustaining Capital Projects and Expansion Projects of HMGP, with its term for the period up to 31 December 2036.

Consideration, payment terms and basis of consideration

HOOL will be entitled to be reimbursed by HMGP for all costs and expenses incurred by HOOL in performing or completing any works necessary for the successful completion of the Projects contemplated or otherwise under the Construction Services Agreement, up to a maximum amount equivalent to the target costs for a Project. No reimbursement will be given for any amount of construction capital incurred by HOOL which is in excess of the target costs for a Project save in respect of those incurred on an Expansion Project which had been specified as a “full cost reimbursement Project” at the time when its Project proposal was approved. If the actual construction capital incurred is less than the target cost for a Project, HOOL will be entitled to and HMGP will be required to pay HOOL the amount that is equal to the target costs for that Project.

Payment is to be made by HMGP within 30 days of receipt of HOOL’s statement of expenses issued on a monthly basis.

Historical transaction amounts

The actual transaction amounts under the Construction Services Agreement for the period ended 31 December 2016 and the year ended 31 December 2017 were approximately CAD0.4 million and approximately CAD24.1 million respectively (equivalent to approximately HK\$2.40 million and approximately HK\$144.78 million respectively).

(C) Blending Services Agreement

Pursuant to the Blending Services Agreement, Blender GP is provided access to the HMGP System to carry out blending services on behalf of HMGP in respect of all procurement, administrative and other activities required relating to the blending of dry crude delivered by shippers with diluent to allow for transportation of blend on the HMGP System; and Blender GP is granted the sole and exclusive right to conduct ancillary blending activities on the HMGP System for its sole account, with its term for a period up to 31 December 2036.

Blender GP’s rights include HMGP causing HOOL to provide all transportation and handling services on the HMGP System and the right to retain and sell, for its sole account, all excess product resulting from the blending activities. Blender GP will ensure that the final heavy blend available for delivery by HMGP under the shipper contracts is of sufficient volume and meets quality requirements under the shipper contracts. HMGP will be entitled to receive and retain, for its own account, all tariffs and other amounts payable by shippers under shipper contracts.

Consideration and payment terms

In consideration for the grant by HMGP to Blender GP of the right to undertake the ancillary blending activities during the term of the Blending Services Agreement, Blender GP will provide the blending services and Blender GP is required to pay to HMGP a pre-agreed annual fee of CAD30 million (equivalent to approximately HK\$180.22 million) for the 5 years ending 31 December 2020 and CAD50 million (equivalent to approximately HK\$300.37 million) for the 15 years ending 31 December 2036 (which will be pro-rated for any contract year that is not an entire 12-month period).

The pre-agreed annual fee is payable in equal monthly installments.

Historical transaction amounts

The actual transaction amounts under the Blending Services Agreement for the period ended 31 December 2016 and the year ended 31 December 2017 were CAD15.0 million and CAD30.0 million respectively (equivalent to approximately HK\$90.11 million and HK\$180.22 million respectively).

(D) Husky TSA

Pursuant to the Husky TSA, HMGP, as the owner of the HMGP System, provides to HEMP (as the shipper) transportation and terminalling services for HEMP, including the receipt, blending and commingling of products, the provision of laboratory services and the facilitation of measurement of products, with its term for a period up to 31 December 2036.

HEMP's priority rights

HMGP agrees that, subject to certain restrictions set out in the Husky TSA, it will provide services to HEMP in priority to all other shippers (including current and future customers of HMGP on the HMGP gathering system) throughout the term of the Husky TSA.

Sustaining Capital Projects

HEMP may require that HMGP undertakes the construction of Sustaining Capital Projects from time to time to allow for additional volumes of product to be transported by HEMP on the HMGP System, provided the Sustaining Capital Project satisfies certain parameters set out in the Unanimous Shareholder Agreement.

Consideration and payment terms

HEMP commits to paying HMGP a pre-agreed annual revenue amount, based on expected volume throughput and tariffs at various connection points in the HMGP System payable in equal monthly installments. Should revenue generated from/by HEMP throughput and tariffs be less than the pre-agreed amount, HEMP will still pay such pre-agreed amount and receive credits to use for reducing the base tariff amount in any subsequent month where the revenue generated from HEMP's throughput is greater than the pre-agreed amount. If the amount paid by HEMP based on the actual throughput and tariffs in a year less the total amount of all credits applied in reduction of tariff amounts in that year exceeds the pre-agreed amount, HEMP will be entitled to a rebate equal to 25% of the amount of such difference.

Historical transaction amounts

The actual transaction amounts under the Husky TSA for the period ended 31 December 2016 and the year ended 31 December 2017 were approximately CAD49.7 million and approximately CAD137.3 million respectively (equivalent to approximately HK\$298.56 million and approximately HK\$824.80 million respectively).

(E) Storage Agreement

Pursuant to the Storage Agreement, HMGP provides storage services to HEMP, including but not limited to the receipt, delivery and transfer of products, making available capacity in the storage facilities owned or operated by HMGP (including designated storage tanks, on a sole and exclusive basis, and additional storage capacity in the non-dedicated storage facilities, on a non-exclusive basis).

Consideration and payment terms

Under the Storage Agreement, HEMP is required to pay on a monthly basis:

- (i) a pre-agreed fee for reservation and utilisation of storage capacity in dedicated storage tanks for HEMP's use regardless of the volume of product delivered into or withdrawn in a month; and
- (ii) agreed tolls in respect of non-dedicated storage facilities.

Basis of consideration and pricing policy

The monthly pre-agreed fee and agreed tolls were negotiated on an arm's length basis and on normal commercial terms and determined with reference to the estimated costs of provision of the dedicated and non-dedicated storage facilities plus a margin.

Historical transaction amounts

The actual transaction amounts under the Storage Agreement for the period ended 31 December 2016 and the year ended 31 December 2017 were approximately CAD6.8 million and approximately CAD26.1 million respectively (equivalent to approximately HK\$40.85 million and approximately HK\$156.79 million respectively).

MIDSTREAM SERVICES AGREEMENT

Pursuant to the Midstream Services Agreement entered into between HMGP and HOOL on 16 March 2018 (after trading hours), HMGP agrees to retain HOOL as the contractor in relation to the design, engineering, construction and commissioning of the Facility in accordance with the specifications and requirements under the Construction Services Agreement.

The terms and conditions of the Midstream Services Agreement are conditional upon the approval of Independent Shareholders having been obtained on or before 30 June 2018 (or such later date as may be agreed).

The term of the Midstream Services Agreement commences on the date when the Facility becomes operational (which is expected to be in 2019) and expires on the day immediately preceding the 20th anniversary of the date of operation (unless earlier terminated in accordance with its terms). HOOL shall have the right to extend the term for two successive 5-year periods.

Services

Pursuant to the Midstream Services Agreement, HMGP shall provide services in connection with (i) receiving, processing and handling petroleum, natural gas, natural gas liquids and related hydrocarbons (“**Inlet Substances**”) in the Facility; (ii) delivery of substances processed from the Inlet Substances to specified delivery points; and (iii) handling, transportation, disposal and delivery of all associated waste substances removed from the Inlet Substances.

Consideration and payment terms

The monthly service fee payable by HOOL to HMGP is the sum of (i) the fee for processing a fixed amount of Inlet Substances which HMGP commits to process monthly for HOOL; (ii) HOOL’s share of the monthly budgeted operating costs; and (iii) an additional fee for processing the Inlet Substances produced by third parties. If the fee payable for the first component is less than the monthly threshold amount prescribed under the Midstream Services Agreement, HOOL will be required to pay HMGP an amount equivalent to the shortfall.

Basis of consideration and pricing policy

The monthly service fee was negotiated on an arm’s length basis and on normal commercial terms with reference to the estimated costs of providing the relevant services plus a margin.

Put option

HMGP shall have the right and option to require HOOL to purchase the Facility (save for any information systems, any moveable equipment or any assets of the operator of the Facility) at a consideration to be agreed between the parties (each acting in good faith to reach a price representing fair market value) upon the expiry of the term of the Midstream Services Agreement or the early termination thereof. The Company will comply with the applicable requirements under the Listing Rules as and when HMGP exercises (and for which the purchase consideration of the Facility is determined) or decides not to exercise such option.

Annual caps and basis of determination

The proposed maximum amount of service fee payable each year for the continuing connected transactions contemplated under the Midstream Services Agreement are summarised in the below table, which are determined based on the estimated fees for the amount of services expected to be provided and other amounts expected to be payable under the Midstream Services Agreement, with an appropriate margin where applicable to cater for fluctuation due to operational needs:

Year Ending 31 December	Annual Caps	
	(in CAD million)	(equivalent to approximately HK\$ million)
2019	16.4	98.52
2020	29.0	174.21
2021	33.5	201.24

Year Ending 31 December	Annual Caps	
	(in CAD million)	(equivalent to approximately HK\$ million)
2022	34.2	205.45
2023	34.8	209.05
2024	35.6	213.86
2025	36.3	218.06
2026	37.0	222.27
2027	37.7	226.48
2028	38.6	231.88
2029	39.2	235.49
2030	40.0	240.29
2031	40.8	245.10
2032	41.8	251.11
2033	42.5	255.31
2034	43.3	260.12
2035	44.2	265.52
2036	45.2	271.53
2037	46.0	276.34
2038	46.9	281.74
2039	47.8	287.15
2040*	48.9	293.76
2041*	49.8	299.16
2042*	50.8	305.17
2043*	51.8	311.18
2044*	53.0	318.39
2045*	53.9	323.79
2046*	54.9	329.80
2047*	56.0	336.41
2048*	57.3	344.22
2049*	19.2	115.34

* *Applicable to the extent the relevant 5-year period renewal options are exercised by HOOL*

INFORMATION ON THE GROUP, THE HMLP GROUP AND HUSKY

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 activities of the HMLP Group are oil pipelines, storage facilities and ancillary assets operations.

Husky is an international energy and energy-related company with its energy business integrated through the three industry sectors: upstream, midstream and downstream. The shares of Husky are listed on the Toronto Stock Exchange. Each of HOOL, HEMP and Blender GP is wholly owned by Husky.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

Since closing of the formation of the joint venture in HMLP in 2016, the management of the HMLP Group has been developing business plans to enhance its existing income streams, explore new project opportunities for growth and optimise its service requirements. In line with these efforts, the service levels required to support these planned developments on income enhancement will be higher than anticipated at the time of entering into the Services Agreements in 2016, hence necessitating the revisions to the Existing Annual Caps as contemplated under the Revised Annual Cap Agreement. Moreover, the development of the Facility represents a strategic step for the HMLP Group to diversify its current portfolio to gas processing projects, and the HMLP Group will benefit from the additional steady cash flow to be generated under the long term take or pay obligations under the Midstream Services Agreement.

The Transactions will allow room for HMLP Group's revenue to grow as its business continues to develop.

Accordingly, the Directors (other than Mr. Ip Yuk-keung, Albert, Mr. Ralph Raymond Shea and Mr. Wu Ting Yuk, Anthony, all being independent non-executive Directors who are members of the Independent Board Committee established to make recommendations to the Independent Shareholders on the Transactions, and whose views will be set out in the circular to be issued by the Company to the Shareholders) consider that the Transactions were 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 their terms are fair and reasonable. As Mr. Li Tzar Kuoi, Victor, a Non-executive Director, has or may be regarded as interested in the shareholding of the Trust in Husky and hence having a material interest in the Transactions, he has voluntarily abstained from voting on the board resolutions of the Company passed in connection with this announcement. None of the other Directors had any material interest in the Transactions, and was required to abstain from voting on the board resolutions passed in connection with this announcement.

LISTING RULES IMPLICATIONS

CKI is a substantial shareholder of the Company and is therefore a connected person of the Company under the Listing Rules. CKH Holdings, the controlling shareholder of CKI, currently holds approximately 40.18% of the issued shares of Husky. As an associate of CKI, Husky and its subsidiaries are connected persons of the Company under the Listing Rules. HMLP is a Material JV of the Company and is subject to a number of continuing obligations governing subsidiaries of the Company under the Listing Rules, including Chapters 14 and 14A of the Listing Rules, subject to certain modifications to the effect that, among other things, the percentage ratio tests for the de minimis exemption for connected transactions will be adjusted to take into account only the proportional interest of the Company in HMLP. Accordingly, the Transactions constitute continuing connected transactions for the Company. As one or more of the relevant percentage ratios in respect of: (i) the Revised Annual Caps for the Income-nature Services Agreements and the annual caps for the Midstream Services Agreement (on an aggregate basis); and (ii) the Revised Annual Caps for the Expense-nature Services Agreements (on an aggregate basis), exceed 5%, the Services Agreements (as amended by the Revised Annual Cap Agreement with the Revised Annual Caps) and the Midstream Services Agreement are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

An Independent Board Committee comprising Mr. Ip Yuk-keung, Albert, Mr. Ralph Raymond Shea and Mr. Wu Ting Yuk, Anthony, all being independent non-executive Directors, has been formed to advise the Independent Shareholders as to whether the terms of the Transactions are fair and reasonable and in the interests of the Company and the Shareholders as a whole and to advise the Independent Shareholders on how to vote, taking into account of the recommendation of the Independent Financial Adviser. Since Mr. Wong Chung Hin, an independent non-executive Director, is also an independent non-executive director of CKH Holdings of which CKI is a subsidiary, he was not appointed as a member of the Independent Board Committee. The Company has appointed the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard under the Listing Rules. The Independent Financial Adviser will also advise whether it is a normal business practice for the contract term of agreements of similar type to the Midstream Services Agreement to carry a duration of longer than 3 years and to provide its explanation in its letter to the Independent Board Committee for purposes of Rule 14A.52 of the Listing Rules.

A circular containing, amongst other things, (i) further details on the Revised Annual Cap Agreement and the Midstream Services Agreement; (ii) a letter from the Independent Board Committee to the Independent Shareholders; and (iii) a letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, together with, where applicable, the notice of the General Meeting will be despatched to the Shareholders on or before 11 April 2018.

DEFINITIONS

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

“ associate ”	has the meaning ascribed thereto under the Listing Rules
“ Blender GP ”	Husky Blend General Partnership, a general partnership established under the laws of Alberta, Canada and a wholly-owned subsidiary of Husky
“ Blending Services Agreement ”	the agreement dated 29 June 2016 entered into between HMGP and Blender GP in relation to the provision of blending services by Blender GP on behalf of HMGP and the granting of the right to Blender GP to use the HMGP System
“ Board ”	the board of Directors
“ Border PipeCo ”	LBX Pipeline Ltd., a company incorporated under the laws of Alberta, Canada and a wholly-owned subsidiary of HMLP
“ CAD ”	Canadian dollars, the lawful currency of Canada
“ CKH Holdings ”	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: 0001)

“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
“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: 0006)
“connected person”	has the meaning ascribed thereto under the Listing Rules
“Construction Services Agreement”	the agreement dated 15 July 2016 entered into between HMGP and HOOL (as amended by the relevant Supplemental Agreement) in relation to the engagement of HOOL as contractor to provide engineering, procurement and construction services and to perform necessary works to complete any Project of HMGP
“controlling shareholder”	has the meaning ascribed thereto under the Listing Rules
“Directors”	the directors of the Company
“Existing Annual Caps”	the annual cap amounts previously set for the transactions contemplated under each Services Agreement over its remaining term until the year ending 31 December 2036 and which were set out in the announcement dated 26 April 2016 jointly issued by CKI and the Company
“Expansion Project(s)”	the development of new pipelines or other midstream facilities, or the expansion of existing pipelines or midstream facilities
“Expense-nature Services Agreements”	collectively, the Construction Services Agreement and the Management and Operating Services Agreement (each as amended by the relevant Supplemental Agreement)
“Facility”	the natural gas processing facility near Edson, Alberta, and the outlet residue pipelines and related ancillary facilities
“FinanceCo”	Husky Canada Group Finance Ltd., a company incorporated under the laws of Alberta, Canada with limited liability and a wholly-owned subsidiary of HMLP
“General Meeting”	the annual general meeting or general meeting of the Company to be held for considering and approving, if appropriate, the Transactions

“GPCo”	Husky Midstream General Partner Inc., a company incorporated under the laws of Alberta, Canada, the general partner of HMLP and (i) the issued non-voting shares of which are held in the proportions of 16.25%, 48.75% and 35% by CKI Group, the Group and HOOL respectively, and (ii) the issued voting shares of which are held in the proportions of 25%, 25% and 50% by CKI Group, the Group and HOOL respectively
“Group”	the Company and its subsidiaries
“Growth Projects”	collectively, the capital projects to be undertaken by HMGP as set out and described in the Investment Agreement and the Limited Partnership Agreement
“HEMP”	Husky Energy Marketing Partnership, a general partnership established under the laws of Alberta, Canada and a wholly-owned subsidiary of Husky
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HMGP”	Husky Midstream General Partnership, a general partnership established under the laws of Alberta, Canada and a wholly-owned subsidiary of HMLP
“HMGP Assets”	all of HMGP’s property and assets, including but not limited to: the HMGP System and all related infrastructure, Projects and other assets constructed or acquired by HMGP from time to time, together with all modifications and expansions thereto, commercial and/or contractual rights (including shipping and other contracts) and all applied for and granted authorisations and orders required for the use, operation or ownership of any of HMGP’s property and assets, as such authorisations and orders may be amended from time to time; all tangible depreciable property and assets which are owned by HMGP or Border PipeCo or located within or upon the lands owned or leased by HMGP or Border PipeCo; all permits and agreements for the ownership and operation of the tangible property or the lands owned or leased by HMGP or Border PipeCo; the issued and outstanding common shares of FinanceCo and Border PipeCo; and technology of HMGP
“HMGP System”	the pipeline and terminal system owned by HMGP
“HMLP”	Husky Midstream Limited Partnership, a limited partnership established under the laws of Alberta, Canada held as to approximately 16.23%, 48.70%, 34.97% and 0.1% by CKI Group, the Group, HOOL and GPCo respectively
“HMLP Group”	HMLP and its subsidiaries, including but not limited to HMGP, Border PipeCo, HoldCo and FinanceCo

“HoldCo”	Husky Midstream GP 1% Partner Ltd, a company incorporated under the laws of in Alberta, Canada with limited liability and a wholly-owned subsidiary of HMLP
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HOOL”	Husky Oil Operations Limited, a company formed under the laws of Alberta, Canada with limited liability and a wholly-owned subsidiary of Husky
“Husky”	Husky Energy Inc., a company incorporated in Alberta, Canada with limited liability, the shares of which are listed on the Toronto Stock Exchange
“Husky TSA”	the agreement dated 15 July 2016 entered into between HMGP and HEMP in relation to the provision of transportation and terminalling services by HMGP to HEMP
“Income-nature Services Agreements”	collectively, the Blending Services Agreement, the Husky TSA and the Storage Agreement
“Independent Board Committee”	an independent committee of the Board comprising Mr. Ip Yuk-keung, Albert, Mr. Ralph Raymond Shea and Mr. Wu Ting Yuk, Anthony, all being independent non-executive Directors of the Company, established for the purpose of giving recommendation to the Independent Shareholders in relation to the Transactions
“Independent Financial Adviser”	Platinum Securities Company Limited, a licensed corporation to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Transactions
“Independent Shareholders”	Shareholders other than those who have a material interest (which is different from that of all other Shareholders) in the Transactions
“Investment Agreement”	the investment agreement dated 25 April 2016 among CKI, the Company and Husky in relation to, among other things, the formation of HMLP and the initial contributions of the partners of HMLP
“Limited Partnership Agreement”	the agreement dated 15 July 2016 entered into by a subsidiary of CKI, a subsidiary of the Company, HOOL and GPCo in relation to the formation, management and operation of HMLP
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Management and Operating Services Agreement”	the agreement dated 15 July 2016 entered into between HMLP, HMGP, GPCo, Border PipeCo, HoldCo, FinanceCo and HOOL (as amended by the relevant Supplemental Agreement) in relation to the engagement of HOOL as the operator to provide management and operating services to the HMLP Group
“Material JV”	a joint venture of the Company which is material to it
“Midstream Services Agreement”	the conditional agreement dated 16 March 2018 entered into between HMGP and HOOL in relation to the engagement of HMGP to provide gas processing, handling and delivery services, and gas related waste substance handling, transportation, disposal and delivery services
“Projects”, each a “Project”	Growth Projects, Sustaining Capital Projects and Expansion Projects
“Revised Annual Cap Agreement”	the conditional agreement dated 16 March 2018 entered into between HMGP, HMLP, GPCo, HoldCo, Border PipeCo, FinanceCo, HEMP, HOOL and Blender GP which is supplemental to, and sets out the respective amendments to be made to, the Services Agreements
“Revised Annual Caps”	the maximum aggregate service fees payable for transactions contemplated under each Services Agreement over its remaining term until the year ending 31 December 2036 as set out in this announcement
“Services Agreements”, each a “Services Agreement”	Management and Operating Services Agreement, Construction Services Agreement, Blending Services Agreement, Husky TSA and Storage Agreement
“Shareholders(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Storage Agreement”	the agreement dated 15 July 2016 entered into between HMGP and HEMP in relation to the provision of storage services by HMGP to HEMP
“substantial shareholder”	has the meaning ascribed thereto under the Listing Rules
“Supplemental Agreement(s)”	the supplemental agreements dated 15 March 2018 to amend (a) the Unanimous Shareholder Agreement to expand the businesses and affairs of HMGP, HMLP and GPCo to cover the management of gas processing projects and related activities, and (b) each of the Management and Operating Services Agreement and the Construction Services Agreement to extend its scope of services to gas processing related services

“Sustaining Capital Project(s)”	capital project(s) undertaken by HMGP at the request of HEMP to allow for additional volumes of hydrocarbon substances to be transported by HEMP on the HMGP System, including the construction and interconnection of new laterals and additions of pumps
“Transactions”	collectively, the transactions contemplated under (i) the Revised Annual Cap Agreement to amend the Existing Annual Caps of the Services Agreements, and (ii) the Midstream Services Agreement
“Trust”	comprises four discretionary trusts and two unit trusts. The settlor of the discretionary trusts comprised in the Trust is Mr. Li Ka-shing and the discretionary beneficiaries of such discretionary trusts include, among others, Mr. Li Tzar Kuoi, Victor, his wife and children, and Mr. Li Tzar Kai, Richard
“Unanimous Shareholders Agreement”	the agreement dated 15 July 2016 entered into by HOOL, a subsidiary of CKI, a subsidiary of the Company, HMLP, HMGP, HoldCo, FinanceCo, Border PipeCo and GPCo in relation to the conduct of the businesses and affairs of GPCo, HMLP and HMGP

Note: The translation of CAD into HK\$ throughout this announcement is based on the exchange rate of CAD1.00 to HK\$6.0073 approximately, and is provided for reference only.

By Order of the Board
Alex Ng
Company Secretary

Hong Kong, 16 March 2018

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. Andrew John HUNTER, Mr. Neil Douglas MCGEE and Mr. WAN Chi Tin</i>
<i>Non-executive director</i>	<i>: Mr. LI Tzar Kuoi, Victor</i>
<i>Independent non-executive directors</i>	<i>: Mr. IP Yuk-keung, Albert, Mr. Ralph Raymond SHEA, Mr. WONG Chung Hin and Mr. WU Ting Yuk, Anthony</i>