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Cheung Kong Infrastructure Holdings Limited
長江基建集團有限公司

(Incorporated in Bermuda with limited liability)
(Stock code: 1038)



Power Assets Holdings Ltd.
電能實業有限公司

(Incorporated in Hong Kong with limited liability)
(Stock code: 0006)

FORMATION OF JOINT VENTURE CONNECTED TRANSACTION

FORMATION OF JOINT VENTURE CONNECTED TRANSACTION AND CONTINUING CONNECTED TRANSACTIONS

The respective boards of directors of CKI and PAH jointly announce that, on 25 April 2016 (Calgary time), being 26 April 2016 (Hong Kong time) (before the opening of trading hours in Hong Kong), CKI, PAH and Husky entered into the Investment Agreement in relation to, among other things, the formation of HMLP and the initial contribution by each partner of HMLP at Closing.

Pursuant to the Investment Agreement:

- (a) CKI has agreed to, among other things, at Closing (i) cause CKI Canco2 to contribute approximately CAD288.46 million (equivalent to approximately HK\$1,764.58 million) in cash to HMLP, in exchange for 1,623,375 Class A LP Units in HMLP (representing 16.25% of the total number of limited partnership units in HMLP in issue upon Closing); and (ii) cause CKI Canco1 to subscribe for 1,625 Class A Non-voting Shares in GPCo (representing 16.25% of the total number of non-voting shares in GPCo in issue upon Closing) for a consideration of approximately CAD0.29 million (equivalent to approximately HK\$1.77 million) in cash and 250 Class C Voting Shares in GPCo (representing 25% of the total number of voting shares in GPCo in issue upon Closing) for a consideration of CAD25 (equivalent to approximately HK\$153) in cash;
- (b) PAH has agreed to, among other things, at Closing (i) cause PAH Canco2 to contribute approximately CAD865.38 million (equivalent to approximately HK\$5,293.75 million) in cash to HMLP, in exchange for 4,870,125 Class A LP Units in HMLP (representing 48.75% of the total number of limited partnership units in HMLP in issue upon Closing); and (ii) cause PAH Canco1 to subscribe for 4,875 Class A Non-voting Shares in GPCo (representing 48.75% of the total number of non-voting shares in GPCo in issue upon Closing) for a consideration of approximately CAD0.87 million (equivalent to approximately HK\$5.32 million) in cash and 250 Class C Voting Shares in GPCo (representing 25% of the total number of voting shares in GPCo in issue upon Closing) for a consideration of CAD25 (equivalent to approximately HK\$153) in cash;

- (c) Husky has agreed to, among other things, at Closing (i) cause HOOL to contribute its 99% interests in HMGP to HMLP in exchange for 3,496,500 Class B LP Units in HMLP (representing 35% of the total number of limited partnership units in HMLP in issue upon Closing) and approximately CAD1,667.40 million (equivalent to approximately HK\$10,199.90 million) in cash; (ii) cause HOIRL to convey all the shares in HoldCo and the HoldCo Note to HMLP in exchange for approximately CAD33.97 million (equivalent to approximately HK\$207.80 million) in cash; and (iii) cause HOOL (or an affiliate of HOOL) to subscribe for 3,500 Class B Non-voting Shares in GPCo (representing 35% of the total number of non-voting shares in GPCo in issue upon Closing) for a consideration of approximately CAD0.62 million (equivalent to approximately HK\$3.79 million) in cash and 500 Class C Voting Shares in GPCo (representing 50% of the total number of voting shares in GPCo in issue upon Closing) for a consideration of CAD50 (equivalent to approximately HK\$306) in cash; and
- (d) GPCo will contribute, as part of the transactions steps at Closing, approximately CAD1.78 million (equivalent to approximately HK\$10.89 million) in cash to HMLP in exchange for 0.1% partnership interest in HMLP.

Closing will be conditional upon the fulfillment of certain conditions under the Investment Agreement (further details of which are set out in the section headed “The Investment Agreement – Conditions to the Joint Venture Transaction” below).

Each of CKI and PAH estimates their respective group’s maximum capital commitment under the Joint Venture Transaction to be approximately CAD373 million and CAD1,119 million (equivalent to approximately HK\$2,281.73 million and HK\$6,845.20 million) respectively.

Immediately after Closing, CKI, PAH and Husky will, through their wholly-owned subsidiaries and through their respective holdings in GPCo, be interested in 16.25%, 48.75% and 35% of HMLP, and HMLP will be accounted for as a joint venture by each of CKI and PAH in their respective consolidated financial statements.

Pursuant to the Investment Agreement, CKI, PAH and Husky also agreed that, upon Closing, other transaction documents including but not limited to the Limited Partnership Agreement, the Unanimous Shareholder Agreement, the Management and Operating Services Agreement, the Construction Services Agreement, the Blending Services Agreement, the Husky TSA, the Trust Agreement and the Storage Agreement will be entered into by the relevant entities. Please refer to some further details set out in the section headed “Other Transaction Documents” below. It is also agreed that, upon Closing, (i) each of CKI and PAH will execute a guarantee in favour of GPCo and HMLP in respect of CKI Canco2’s and PAH Canco2’s respective contribution obligations for the Growth Projects up to the amounts of 16.25% and 48.75% of approximately CAD518 million (equivalent to approximately HK\$3,168.74 million) respectively; and (ii) Husky will execute a guarantee in favour of GPCo and HMLP in respect of HOOL’s contribution obligations for the Growth Projects up to the amount of 35% of approximately CAD518 million (equivalent to approximately HK\$3,168.74 million), and a guarantee in favour of HMGP in respect of HEMP’s obligations under the Husky TSA and the Storage Agreement and Blender GP’s obligations under the Blending Services Agreement.

CKH Holdings, the controlling shareholder of CKI currently holding approximately 71.93% of the issued shares of CKI, also indirectly holds approximately 40.18% of the issued shares of Husky. As an associate of CKH Holdings, Husky is a connected person of CKI under the Listing Rules. Accordingly, the Joint Venture Transaction constitutes a connected transaction for CKI under the Listing Rules. As one or more of the relevant percentage ratios represented by the maximum financial commitment of CKI under the Joint Venture Transaction exceed 0.1% but all of the relevant percentage ratios are less than 5%, the Joint Venture Transaction is subject to the reporting and announcement requirements of Chapter 14A of the Listing Rules but exempt from the requirement for approval by independent shareholders of CKI.

CKI currently holds approximately 38.87% of the issued shares of PAH. As a substantial shareholder of PAH, CKI is a connected person of PAH 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 is a connected person of PAH under the Listing Rules. Accordingly, the Joint Venture Transaction constitutes a connected transaction for PAH under the Listing Rules. As one or more of the relevant percentage ratios represented by the maximum financial commitment of PAH under the Joint Venture Transaction exceed 0.1% but all of the relevant percentage ratios are less than 5%, the Joint Venture Transaction is subject to the reporting and announcement requirements of Chapter 14A of the Listing Rules but exempt from the requirement for approval by independent shareholders of PAH.

HMLP will, upon Closing, be a Material JV of PAH, and will be subject to a number of continuing obligations governing subsidiaries of PAH 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 PAH (through PAH Canco2 and through PAH's shareholding in GPCo) in HMLP. Accordingly, upon Closing, each of the Services Agreements to be entered into between (among other parties) (i) HMGP (a wholly-owned subsidiary of HMLP) and (ii) HOOL, HEMP or Blender GP (each a wholly-owned subsidiary of Husky) will be considered continuing connected transactions for PAH. As one or more of the relevant percentage ratios in respect of the annual caps for (i) the income-nature continuing connected transactions (on an aggregated basis); and (ii) the expense-nature continuing connected transactions (on an aggregated basis) contemplated under the Services Agreements exceed 0.1% but all of the relevant percentage ratios are less than 5%, the continuing connected transactions contemplated under the Services Agreements are subject to the reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules but exempt from the requirement for approval by independent shareholders of PAH.

INTRODUCTION

The respective boards of directors of CKI and PAH jointly announce that, on 25 April 2016 (Calgary time), being 26 April 2016 (Hong Kong time) (before the opening of trading hours in Hong Kong), CKI, PAH and Husky entered into the Investment Agreement in relation to, among other things, the formation of HMLP, and the initial contribution by each partner of HMLP at Closing.

The major terms of the Investment Agreement and other information relating thereto are set out below.

THE INVESTMENT AGREEMENT

Subscription and Contribution

- (a) CKI has agreed to, among other things, at Closing (i) cause CKI Canco2 to contribute approximately CAD288.46 million (equivalent to approximately HK\$1,764.58 million) in cash to HMLP, in exchange for 1,623,375 Class A LP Units in HMLP (representing 16.25% of the total number of limited partnership units in HMLP in issue upon Closing); and (ii) cause CKI Canco1 to subscribe for 1,625 Class A Non-voting Shares in GPCo (representing 16.25% of the total number of non-voting shares in GPCo in issue upon Closing) for a consideration of approximately CAD0.29 million (equivalent to approximately HK\$1.77 million) in cash and 250 Class C Voting Shares in GPCo (representing 25% of the total number of voting shares in GPCo in issue upon Closing) for a consideration of CAD25 (equivalent to approximately HK\$153) in cash;

- (b) PAH has agreed to, among other things, at Closing (i) cause PAH Canco2 to contribute approximately CAD865.38 million (equivalent to approximately HK\$5,293.75 million) in cash to HMLP, in exchange for 4,870,125 Class A LP Units in HMLP (representing 48.75% of the total number of limited partnership units in HMLP in issue upon Closing); and (ii) cause PAH Canco1 to subscribe for 4,875 Class A Non-voting Shares in GPCo (representing 48.75% of the total number of non-voting shares in GPCo in issue upon Closing) for a consideration of approximately CAD0.87 million (equivalent to approximately HK\$5.32 million) in cash and 250 Class C Voting Shares in GPCo (representing 25% of the total number of voting shares in GPCo in issue upon Closing) for a consideration of CAD25 (equivalent to approximately HK\$153) in cash;

- (c) Husky has agreed to, among other things, at Closing (i) cause HOOL to contribute its 99% interests in HMGP to HMLP in exchange for 3,496,500 Class B LP Units in HMLP (representing 35% of the total number of limited partnership units in HMLP in issue upon Closing) and approximately CAD1,667.40 million (equivalent to approximately HK\$10,199.90 million) in cash; (ii) cause HOIRL to convey all the shares in HoldCo and the HoldCo Note to HMLP in exchange for approximately CAD33.97 million (equivalent to approximately HK\$207.80 million) in cash; and (iii) cause HOOL (or an affiliate of HOOL) to subscribe for 3,500 Class B Non-voting Shares in GPCo (representing 35% of the total number of non-voting shares in GPCo in issue upon Closing) for a consideration of approximately CAD0.62 million (equivalent to approximately HK\$3.79 million) in cash and 500 Class C Voting Shares in GPCo (representing 50% of the total number of voting shares in GPCo in issue upon Closing) for a consideration of CAD50 (equivalent to approximately HK\$306) in cash; and
- (d) GPCo will contribute, as part of the transactions steps at Closing, approximately CAD1.78 million (equivalent to approximately HK\$10.89 million) in cash to HMLP in exchange for 0.1% partnership interest in HMLP.

The cash amounts to be paid by HMLP to HOOL and HOIRL (as mentioned in items (i) and (ii) in paragraph (c) above) will be subject to adjustment after Closing, on account of the amount of the working capital of HMGP (being the total current assets minus the total current liabilities of HMGP, on a consolidated basis (excluding FinanceCo)) as at 1 July 2016. It is intended that HMLP will fund part of such cash amounts to be paid to HOOL and HOIRL, to the extent of approximately CAD564 million (equivalent to approximately HK\$3,450.13 million), by drawing down part of HMLP's credit facilities upon Financing Package Closing.

Conditions to the Joint Venture Transaction

The obligation of the parties to complete the transactions contemplated by the Investment Agreement is subject to the satisfaction of a number of mutual closing conditions, which are summarised as follows:

- (a) relevant regulatory approvals shall have been obtained or shall have been waived in writing by the applicable governmental body;
- (b) the Financing Package Closing shall have occurred; and
- (c) there shall not be in effect any order or threatened action, review or proceeding by a governmental body to enjoin or prohibit the Closing or to make it illegal.

In addition, the obligation of each of Husky, CKI and PAH to complete the transactions contemplated by the Investment Agreement is subject to the satisfaction of a number of conditions to each party's benefit (each of which may be waived in writing), including, among other things, the following conditions in favor of CKI and PAH:

- (a) the Husky Reorganisation having been completed in a manner satisfactory to CKI and PAH, acting reasonably; and

- (b) no change, circumstance, development, state of facts, condition or effect which has had or would reasonably be expected to have a material adverse effect to the business, affairs, capitalisation, assets, liabilities, results of operations or condition of HMGP and its subsidiaries having occurred, taken as a whole.

Closing

Subject to the satisfaction of the conditions precedent referred to above, the Closing is to take place at 10:00 a.m. (Calgary time) on the later of 15 July 2016 and the tenth business day following (i) the satisfaction (or waiver by Husky, CKI and PAH) of item (a) of the mutual closing conditions set out above; and (ii) confirmation from Husky, CKI and PAH that they reasonably expect to be in a position to complete the Financing Package Closing concurrently with the Closing (subject to satisfaction or waiver of conditions to the Financing Package Closing), or such other date or time as may be agreed upon in writing by Husky, CKI and PAH.

Termination

The Investment Agreement may be terminated at any time prior to the Closing: (i) by the mutual written agreement of the parties; or (ii) by a party upon written notice to the other parties, if items (b) or (c) of the mutual closing conditions set out above under the section headed “Conditions to the Joint Venture Transaction” or any condition specified to its benefit has not been satisfied or waived at or prior to Closing. If Closing has not occurred by six months after the date of the Investment Agreement, the Investment Agreement may also be terminated by any party upon notice to the other parties.

CAPITAL COMMITMENT AND SHAREHOLDING IN HMLP AND HMGP

Each of the CKI Group and the PAH Group estimates each of their maximum capital commitment (whether equity or loan or otherwise) under the Joint Venture Transaction to be approximately CAD373 million and CAD1,119 million (equivalent to approximately HK\$2,281.73 million and HK\$6,845.20 million) respectively, which amounts were determined based upon the subscription price of each of CKI and PAH for their groups’ respective Class A LP Units in HMLP, Class A Non-voting Shares and Class C Voting Shares in GPCo, and their respective contribution obligations for the Growth Projects pursuant to the Limited Partnership Agreement and guaranteed by each of CKI and PAH. Each of the CKI Group, the PAH Group and Husky will also be responsible for all their own costs and expenses in relation to the negotiation and preparation of documentation for the Joint Venture Transaction.

Immediately after Closing, (i) CKI Canco2, PAH Canco2, HOOL and GPCo will respectively hold approximately 16.23%, 48.70%, 34.97% and 0.1% partnership interest in HMLP; (ii) CKI Canco1, PAH Canco1 and HOOL will hold non-voting shares in GPCo then in issue in the proportions of 16.25%, 48.75% and 35% respectively; and (iii) CKI Canco1, PAH Canco1 and HOOL will hold voting shares in GPCo then in issue in the proportions of 25%, 25% and 50% respectively. Consequently, CKI, PAH and Husky will, through their wholly-owned subsidiaries and through their respective holdings in GPCo, be interested in 16.25%, 48.75% and 35% of HMLP. Upon Closing, HMLP will be accounted for as a joint venture by each of CKI and PAH in their respective consolidated financial statements.

OTHER TRANSACTION DOCUMENTS

Pursuant to the Investment Agreement, CKI, PAH and Husky also agreed that upon Closing, other transaction documents including but not limited to the Limited Partnership Agreement, the Unanimous Shareholder Agreement, the Management and Operating Services Agreement, the Construction Services Agreement, the Blending Services Agreement, the Husky TSA, the Trust Agreement and the Storage Agreement will be entered into by the relevant entities. It is also agreed that, upon Closing, (i) each of CKI and PAH will execute a guarantee in favour of GPCo and HMLP in respect of CKI Canco2's and PAH Canco2's respective contribution obligations for the Growth Projects up to the amounts of 16.25% and 48.75% of approximately CAD518 million (equivalent to approximately HK\$3,168.74 million) respectively; and (ii) Husky will execute a guarantee in favour of GPCo and HMLP in respect of HOOL's contribution obligations for the Growth Projects up to the amount of 35% of approximately CAD518 million (equivalent to approximately HK\$3,168.74 million), and a guarantee in favour of HMGP in respect of HEMP's obligations under the Husky TSA and the Storage Agreement and Blender GP's obligations under the Blending Services Agreement.

(a) Unanimous Shareholder Agreement

Upon Closing, HOOL, CKI Canco1, PAH Canco1, HMLP, HMGP, HoldCo, FinanceCo, Border PipeCo and GPCo will enter into the Unanimous Shareholder Agreement in relation to the conduct of the businesses and affairs of GPCo, HMLP and HMGP. Some of the principal terms of the Unanimous Shareholder Agreement are summarised below:

Businesses of GPCo and HMGP

GPCo will be carrying on the business of HMLP as the general partner of HMLP, the business of HMGP in HMLP's capacity as the managing partner of HMGP, and the operations, activities and affairs of GPCo ancillary thereto. The business of HMGP will be the acquisition, development and operation of midstream assets (including the HMGP Assets) related to crude oil gathering, transportation and terminalling activities, including investigation and implementation of the Projects.

Board composition

The board of directors of GPCo will comprise eight directors, and CKI Canco1, PAH Canco1 and HOOL will be entitled to nominate for appointment of two directors, two directors and four directors respectively. The quorum for all board meetings of GPCo will be a majority of the directors, provided however that at least one director appointed by each of CKI Canco1, PAH Canco1 and HOOL must be present.

Reserved matters

Matters requiring the unanimous decision of the board of directors of GPCo include, among other things:

- (i) the approval of annual work plan and budget and the financial statements;

- (ii) the approval of any Sustaining Capital Projects or Expansion Projects proposals;
- (iii) contributions to be made by limited partners (other than pursuant to a Growth Project) and requests for contributions to be issued by GPCo in respect thereof;
- (iv) the incorporation of any subsidiary by GPCo or any Group Entity or the dissolution or transfer of any direct or indirect interest of HMLP in any Group Entity (other than FinanceCo);
- (v) distributions to be made to the partners of HMLP pursuant to the Limited Partnership Agreement; and
- (vi) the appointment of officers for GPCo and the appointment of directors and officers for the corporate Group Entities (other than FinanceCo).

HMGP may undertake Sustaining Capital Projects and/or Expansion Projects approved by the board of directors of GPCo. If the board of directors of GPCo does not approve an Expansion Project and provided the directors appointed by HOOL voted in favour of such Expansion Project, and Husky wishes for HMGP to nonetheless proceed with such project, Husky may elect to proceed with such project provided that Husky shall solely fund all costs in relation to the project, and indemnify and hold harmless the other shareholders of GPCo, the Group Entities and their employees and officers, from and against any and all adverse impacts (including claims and expenses) arising out of such project. If one or more of such projects have been completed, the partnership interests and Pro Rata LP Shares of the limited partners in HMLP will be revised following the end of the initial 20-year term of HMLP and at such other times as set forth in accordance with the Limited Partnership Agreement.

(b) Limited Partnership Agreement

Upon Closing, CKI Canco2, PAH Canco2, HOOL and GPCo will enter into the Limited Partnership Agreement in relation to the formation, management and operation of HMLP. Some of the principal terms of the Limited Partnership Agreement are summarised below:

Business of HMLP

The business of HMLP will be the ownership of the HMLP Assets and acting as the managing partner of HMGP, including conducting the business of HMGP and arranging for the financing for the business of the Group Entities.

Contribution obligations

Subject to the approval of the board of GPCo (other than in relation to a Growth Project), each limited partner of HMLP may be required to make contributions to HMLP from time to time upon receipt of a request for contribution from GPCo. All contributions by the limited partners to HMLP shall be credited to the respective limited partner's capital account; however, no additional units of HMLP will be issued and nor shall the limited partner's respective Pro Rata LP Shares be revised by reason of such contribution. The funds required for operating expenses, maintenance capital and working capital requirements of GPCo and the Group Entities (other than FinanceCo) are to be funded from cash revenues from HMGP and contributions will only be requested from the limited partners of HMLP if there are insufficient cash revenues available for that purpose and HMLP or HMGP does not, at that time, have any undrawn capacity under its operating facility to fund those amounts. The maximum amount of CKI Canco2's and PAH Canco2's contribution obligations for the Growth Projects is 16.25% and 48.75% of approximately CAD518 million (equivalent to approximately HK\$3,168.74 million) respectively, and such maximum contribution obligation will be reduced by CKI Canco2's and PAH Canco2's pro rata share of cash revenues applied against the construction costs for such Growth Projects.

Powers of GPCo

Subject to the terms of the Unanimous Shareholder Agreement, GPCo will have the authority to direct, manage, control and operate the affairs of HMLP and to bind HMLP, and to perform all acts and execute and deliver all documents necessary or incidental to the business of HMLP.

Matters requiring unanimous approval by limited partners of HMLP

Certain matters will require the unanimous approval by limited partners holding 100% of Class A LP Units and Class B LP Units in HMLP. Such matters include, among other things:

- (i) the appointment of a new general partner in anticipation of the resignation, dismissal or insolvency event of GPCo, such appointment to take effect only on the date of the occurrence of such event;
- (ii) the dismissal of GPCo or the transfer of interest in GPCo;
- (iii) the sale, exchange or other disposition of all or substantially all property and assets of HMLP; and
- (iv) the dissolution of HMLP.

Powers of limited partners of HMLP

Each limited partner of HMLP is prohibited from participating in the administration, management or control of affairs of HMLP (except by the exercise of its right to vote on a resolution of the partners), carrying out business or assuming obligations in the name of HMLP or other partners, or being a party to legal proceedings based on claims made by or against HMLP (except for those relating to its rights or obligations as a limited partner).

Meetings of the partners of HMLP

GPCo may convene a meeting of the partners of HMLP at any time or upon written request from any limited partner. The quorum for a meeting of the partners of HMLP will be the presence of partners holding a Pro Rata LP Share of 100%. Upon a vote by the partners of HMLP, each partner will be entitled to one vote for each partnership unit in HMLP it holds.

Annual distributions

Subject to approval by the board of GPCo, HMLP will distribute all Distributable Cash Flow following the end of a fiscal year as follows and in the following order of priority:

- (i) For each fiscal year ending during the Baseline Period, first, 0.1% of the Distributable Cash Flow will be distributed to GPCo. CKI Canco2 and PAH Canco2 will then receive their pro rata share of Distributable Cash Flow equal to the lesser of 65% of the Distributable Forecast CF and the remaining Distributable Cash Flow. HOOL will thereafter receive (1) that portion of Distributable Cash Flow equal to the lesser of remaining Distributable Cash Flow (after distribution to GPCo, CKI Canco2 and PAH Canco2 above) and the sum of 35% of the Distributable Forecast CF and 100% of Sole Risk Project Forecast CF (net of forecast cash taxes associated therewith); and (2) that portion of Distributable Cash Flow equal to the lesser of the remaining Distributable Cash Flow (after distribution of the various prior amounts) and 35% of the Distributable Forecast CF. Lastly, (1) 50% of the remaining Distributable Cash Flow (if any) will be distributed to CKI Canco2 and PAH Canco2 and (2) 50% of the remaining Distributable Cash Flow (if any) will be distributed to HOOL.
- (ii) For each fiscal year ending after the Baseline Period, GPCo will first receive 0.1% of the Distributable Cash Flow, and then 99.9% of the Distributable Cash Flow will be distributed pro rata to CKI Canco2, PAH Canco2 and HOOL.

All income received by HMLP from HMGP attributable to FinanceCo will be distributed as to, first, 1% to CKI Canco2 and PAH Canco2 (to be shared between them in proportion to their holdings in Class A LP Units), and, second, 99% to HOOL.

(c) Management and Operating Services Agreement

Upon Closing, HMLP, HMGP, GPCo, Border PipeCo, HoldCo, FinanceCo and HOOL will enter into the Management and Operating Services Agreement in relation to the engagement of HOOL to provide operating services in respect of the HMGP System and any other HMGP Assets and management services to GPCo and the Group Entities, including but not limited to exercising and performing HMGP's rights and obligations under various Services Agreements, preparing and submitting various budgets, plans and proposals to GPCo and conducting businesses on behalf of GPCo. Some of the principal terms of the Management and Operating Services Agreement are briefly described below:

Term

The term of the Management and Operating Services Agreement will be for the period up to 31 December 2036.

Costs and expenditure limits

Each of GPCo and the Group Entities is required to pay their respective shares 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.

(d) Construction Services Agreement

Upon Closing, HMGP and HOOL will enter into the Construction Services Agreement in relation to the engagement of HOOL 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. Some of the principal terms of the Construction Services Agreement are briefly described below:

Term

The term of the Construction Services Agreement will be for the period up to 31 December 2036.

Construction capital

HOOL will be entitled to be reimbursed by HMGP for all costs and expenses incurred by HOOL in performing or completing any Work or otherwise under the Construction Services Agreement. However, HMGP will not be required to reimburse HOOL for any amount of construction capital incurred by HOOL which is in excess of the target costs for a Project, and if the actual construction capital incurred is less than the target cost, HOOL will be entitled to and HMGP will be required to pay HOOL the amount that is equal to the target cost for that Project.

(e) Blending Services Agreement

HMGP and Blender GP will enter into the Blending Services Agreement providing Blender GP 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 granting Blender GP the sole and exclusive right to conduct ancillary blending activities on the HMGP System for its sole account. Some of the principal terms of the Blending Services Agreement are briefly described below:

Term

The term of the Blending Services Agreement will be for the period up to 31 December 2036.

Annual fee

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 (which will be pro-rated for any contract year that is not an entire twelve-month period).

Basic rights and covenants of Blender GP and HMGP

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.

(f) Husky TSA

Upon Closing, HMGP, the owner of the HMGP System, will enter into the Husky TSA with HEMP (as the shipper) in relation to HMGP's provision of transportation and terminalling services for HEMP, including the receipt, blending and commingling of products, provision of laboratory services and the facilitation of measurement of products. Some of the principal terms of the Husky TSA are briefly described below:

Term

The term of the Husky TSA will be for the period up to 31 December 2036.

Take or pay obligation

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. 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.

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 undertake 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.

(g) Storage Agreement

Upon Closing, HMGP will enter into the Storage Agreement with HEMP in relation to the provision of storage services by HMGP 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). Some of the principal terms of the Storage Agreement are briefly described below:

Term

The term of the Storage Agreement will be for the period up to 31 December 2036.

Fees

Under the Storage Agreement, HEMP is required to pay:

- (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.

(h) Services Agreements Generally

As it is expected that the above mentioned Services Agreements (namely the Management and Operating Services Agreement, the Construction Services Agreement, the Blending Services Agreement, the Husky TSA and the Storage Agreement) to be entered into among the various parties will have a term exceeding three years, pursuant to Rule 14A.52 of the Listing Rules, PAH has appointed Platinum Securities Company Limited as its Independent Financial Adviser to explain the reasons for requiring a term exceeding three years and to confirm whether this is normal business practice for similar types of contracts. Details of the explanation and confirmation of the Independent Financial Adviser are summarised in the section headed “Implications under the Listing Rules – Confirmation from the Independent Financial Adviser for PAH” below.

INFORMATION ON HMLP

Based on the unaudited pro forma financial information prepared on a carve-out basis and derived from the accounting records of entities comprising the relevant assets and businesses to be held by HMLP upon Closing, the total assets value of the HMLP Assets as at 31 December 2015 was approximately CAD963.77 million (equivalent to approximately HK\$5,895.62 million), the combined profit before taxation and extraordinary items for the two financial years ended 31 December 2014 and 31 December 2015 were approximately CAD65.10 million (equivalent to approximately HK\$398.23 million) and CAD100.28 million (equivalent to approximately HK\$613.44 million) respectively and the profit after taxation and extraordinary items for the two financial years ended 31 December 2014 and 31 December 2015 were approximately CAD65.10 million (equivalent to approximately HK\$398.23 million) and CAD100.28 million (equivalent to approximately HK\$613.44 million) respectively.

INFORMATION ON HUSKY

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.

INFORMATION ON THE CKI GROUP

The principal activities of the CKI Group are development, investment and operation of infrastructure businesses in Hong Kong, Mainland China, the United Kingdom, the Netherlands, Portugal, Australia, New Zealand and Canada.

INFORMATION ON THE PAH GROUP

The principal activities of the PAH Group are investment in energy businesses in Hong Kong and overseas.

REASONS FOR AND BENEFITS OF THE JOINT VENTURE TRANSACTION

CKI and PAH have worked together on joint venture projects in the past and their previous experience of working together successfully makes each a suitable partner for the other for forming a joint venture for the investment in HMLP. Husky, being one of Canada's largest integrated energy companies, has extensive experience in the heavy oil business, upstream and downstream operations. CKI and PAH consider that the HMLP Assets represent an attractive investment with potential for growth opportunity and an effective utilisation of their respective financial resources, and that the Joint Venture Transaction provides the platform for them to work with Husky, to contribute their experiences in energy and non-energy infrastructure and to leverage on Husky's expertise in heavy oil operations.

For CKI, the Joint Venture Transaction is consistent with its strategies of investing in infrastructure opportunities around the world and embracing new growth opportunities through diversification.

For PAH, HMLP is considered to be a quality investment which would provide a long-term and steady return to the PAH Group. The investment in the HMLP Assets, through the Joint Venture Transaction, is consistent with PAH's long-term development strategy to expand its portfolio globally, and provides the opportunity for it to diversify from its power and utility-related businesses to the broader field of energy businesses.

The respective boards of CKI and PAH therefore considers that, subject to Closing, CKI and PAH would benefit from the co-operation with each other and with Husky through the Joint Venture Transaction.

The CKI Directors (including the independent non-executive CKI Directors) consider that the Investment Agreement and the transactions contemplated thereunder are on normal commercial terms and in the ordinary and usual course of business of the CKI Group, and the terms of the Investment Agreement are fair and reasonable and in the interest of CKI and its shareholders as a whole. Mr. Li Tzar Kuoi, Victor, who is or may be regarded as interested in the shareholding of the Trust in Husky (amounting to approximately 29.31% in the issued shares of Husky), abstained from voting on the board resolutions of CKI passed in connection with this announcement. As none of the other CKI Directors had any material interest in the connected transaction herein announced, no other CKI Director was required to abstain from voting on the board resolutions passed in connection with this announcement.

The PAH Directors (including the independent non-executive PAH Directors) consider that the Investment Agreement, the Services Agreements and the transactions contemplated thereunder are on normal commercial terms and in the ordinary and usual course of business of the PAH Group, and the terms of the Investment Agreement and the Services Agreements (including the proposed annual caps) are fair and reasonable and in the interest of PAH and its shareholders as a whole. Mr. Li Tzar Kuoi, Victor, who is or may be regarded as interested in the shareholding of the Trust in Husky (amounting to approximately 29.31% in the issued shares of Husky), abstained from voting on the board resolutions of PAH passed in connection with this announcement. As none of the other PAH Directors had any material interest in the connected transaction and continuing connected transactions herein announced, no other PAH Director was required to abstain from voting on the board resolutions passed in connection with this announcement.

IMPLICATIONS UNDER THE LISTING RULES

For CKI

CKH Holdings, the controlling shareholder of CKI currently holding approximately 71.93% of the issued shares of CKI, also indirectly holds approximately 40.18% of the issued shares of Husky. As an associate of CKH Holdings, Husky is a connected person of CKI under the Listing Rules. Accordingly, the Joint Venture Transaction constitutes a connected transaction for CKI under the Listing Rules. As one or more of the relevant percentage ratios represented by the maximum financial commitment of CKI under the Joint Venture Transaction exceed 0.1% but all of the relevant percentage ratios are less than 5%, the Joint Venture Transaction is subject to the reporting and announcement requirements of Chapter 14A of the Listing Rules but exempt from the requirement for approval by independent shareholders of CKI.

For PAH

CKI currently holds approximately 38.87% of the issued shares of PAH. As a substantial shareholder of PAH, CKI is a connected person of PAH 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 is a connected person of PAH under the Listing Rules. Accordingly, the Joint Venture Transaction constitutes a connected transaction for PAH under the Listing Rules. As one or more of the relevant percentage ratios represented by the maximum financial commitment of PAH under the Joint Venture Transaction exceed 0.1% but all of the relevant percentage ratios are less than 5%, the Joint Venture Transaction is subject to the reporting and announcement requirements of Chapter 14A of the Listing Rules but exempt from the requirement for approval by independent shareholders of PAH.

HMLP will, upon Closing, be a Material JV of PAH and will be subject to a number of continuing obligations governing subsidiaries of PAH 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 PAH (through PAH Canco2 and through PAH's shareholding in GPCo) in HMLP. Accordingly, upon Closing, each of the Services Agreements to be entered into between (among other parties) (i) HMGP (a wholly-owned subsidiary of HMLP) and (ii) HOOL, HEMP or Blender GP (each a wholly-owned subsidiary of Husky) will be considered continuing connected transactions for PAH. The continuing transactions under those agreements will be subject to the annual caps summarised in the table below, 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 each of the Services Agreements, with an appropriate margin to cater for fluctuation due to operational needs:–

Year Ending 31 December	Annual Caps									
	Expense-nature transactions				Income-nature transactions					
	Construction Services Agreement		Management and Operating Services Agreement		Blending Services Agreement		Husky TSA		Storage Agreement	
	<i>(in CAD million)</i>	<i>(equivalent to approximately HK\$ million)</i>	<i>(in CAD million)</i>	<i>(equivalent to approximately HK\$ million)</i>	<i>(in CAD million)</i>	<i>(equivalent to approximately HK\$ million)</i>	<i>(in CAD million)</i>	<i>(equivalent to approximately HK\$ million)</i>	<i>(in CAD million)</i>	<i>(equivalent to approximately HK\$ million)</i>
2016	110	672.90	120	734.07	30	183.52	116.1	710.21	18.8	115.00
2017	140	856.42	118	721.84	30	183.52	143.0	874.77	27.6	168.84
2018	119	727.95	130	795.24	30	183.52	138.0	844.18	28.1	171.89
2019	46	281.39	140	856.42	30	183.52	150.8	922.48	28.7	175.57
2020	28	171.28	150	917.59	30	183.52	198.2	1,212.44	26.8	163.94
2021	32	195.75	150	917.59	50	305.86	192.1	1,175.12	27.4	167.61
2022	48	293.63	150	917.59	50	305.86	191.9	1,173.90	27.9	170.67
2023	14	85.64	170	1,039.93	50	305.86	197.1	1,205.71	28.5	174.34
2024	6	36.70	170	1,039.93	50	305.86	199.8	1,222.23	26.4	161.50
2025	7	42.82	170	1,039.93	50	305.86	197.9	1,210.60	28.3	173.12
2026	7	42.82	180	1,101.11	50	305.86	192.5	1,177.57	29.7	181.68
2027	7	42.82	180	1,101.11	50	305.86	192.6	1,178.18	30.2	184.74
2028	10	61.17	180	1,101.11	50	305.86	195.9	1,198.37	30.9	189.02
2029	28	171.28	190	1,162.28	50	305.86	176.6	1,080.31	31.5	192.69
2030	48	293.63	210	1,284.62	50	305.86	175.8	1,075.41	32.1	196.36
2031	28	171.28	205	1,254.04	50	305.86	181.0	1,107.22	32.7	200.03
2032	9	55.06	205	1,254.04	50	305.86	175.3	1,072.35	34.0	207.99
2033	6	36.70	205	1,254.04	50	305.86	176.2	1,077.86	34.7	212.27
2034	12	73.41	210	1,284.62	50	305.86	181.8	1,112.12	35.4	216.55
2035	9	55.06	225	1,376.38	50	305.86	182.7	1,117.62	36.1	220.83
2036	9	55.06	235	1,437.55	50	305.86	183.0	1,119.46	36.8	225.11

Notes:

- (1) For the financial year ending 31 December 2016, the annual caps in the table above are stated on the basis of a full 12-month period. The actual annual cap applicable to each category of continuing connected transactions for the period up to 31 December 2016 will be pro-rated based on the length of the relevant part of the year from the effective date of the relevant Services Agreement to 31 December 2016.
- (2) The proposed annual caps are denominated and expressed in CAD. The translation of CAD into HK\$ is provided for reference only.

As one or more of the relevant percentage ratios in respect of the annual caps for (i) the income-nature continuing connected transactions (on an aggregated basis); and (ii) the expense-nature continuing connected transactions (on an aggregated basis) contemplated under the Services Agreements exceed 0.1% but all of the relevant percentage ratios are less than 5%, the continuing connected transactions contemplated under the Services Agreements are subject to the reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules but exempt from the requirement for approval by independent shareholders of PAH.

Confirmation from the Independent Financial Adviser for PAH

Furthermore, Rule 14A.52 of the Listing Rules requires that the term of an agreement governing continuing connected transactions of an issuer must not exceed three years except in special circumstances where the nature of the transaction requires the contract to be of a longer duration. Since the term of each of the Services Agreements to be entered into between HMGP and Husky's affiliates pursuant to the Investment Agreement will be more than three years, PAH has appointed Platinum Securities Company Limited as its Independent Financial Adviser to explain why a longer period is required and to confirm that it is normal business practice for agreements of the same type as the Services Agreements to be of such duration.

The Independent Financial Adviser confirmed that, owing to the unique nature of businesses with oil and gas midstream operations, it is of normal business practice to enter into long term contracts in relation to products transportation services, product blending services, product storage services and pipeline infrastructure operation, maintenance and construction services, and that the long term duration of these contractual arrangements is due to the long term nature of the investment required to complete or acquire the underlying pipeline infrastructure, with payback periods usually well in excess of three years.

The Independent Financial Adviser also confirmed that, having considered the above-mentioned principal factors and reasons, together with a review of comparable oil and gas pipeline transportation service contracts entered into by operators listed on the Toronto Stock Exchange and related to pipeline infrastructure located in Canada, the Independent Financial Adviser is of the opinion that the duration of the Services Agreements being in excess of three years is justifiable and necessary and it is the normal business practice for contracts of this type to be of such duration.

DEFINITIONS

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

“Annual Group Expenses and Reserves”	for any given fiscal year, the sum of: <ul style="list-style-type: none">(i) taxes payable by GPCo and the Group Entities (other than FinanceCo); plus(ii) all interest, principal payments, and expenses in relation to indebtedness of GPCo and the Group Entities (other than FinanceCo); plus or minus(iii) the change in maintenance capital reserve amount (as determined by GPCo pursuant to the Unanimous Shareholder Agreement); plus or minus(iv) the change in estimated working capital requirements and amounts for contingency or reserve purposes for GPCo and the Group Entities (other than FinanceCo)
“Baseline Period”	the period commencing from 1 July 2016 and ending on 31 December 2036
“Blending Services Agreement”	an agreement to be 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
“Blender GP”	a general partnership to be formed under the laws of Alberta, Canada by Husky and its subsidiaries
“Border PipeCo”	LBX Pipeline Ltd., a corporation incorporated under the laws of Alberta, Canada, which will hold the Border Pipeline
“Border Pipeline”	collectively, the two pipelines that cross the Alberta-Saskatchewan border to be acquired by Border PipeCo pursuant to the Husky Reorganisation
“CAD”	Canadian dollars, the lawful currency of Canada

“Cash Flow”	for any fiscal year, (i) cash revenues from the operations of HMGP and its subsidiaries (other than FinanceCo) on a consolidated basis; less (ii) operating expenses incurred by GPCo and the Group Entities (other than FinanceCo, and excluding, among others, capital expenditures); less (iii) maintenance capital payments in relation to the maintenance of the HMGP Assets
“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”	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 (Stock Code: 1038)
“CKI Board”	the board of CKI Directors
“CKI Director(s)”	the director(s) of CKI
“CKI Group”	CKI and its subsidiaries
“CKI Canco1”	a company to be incorporated under the laws of Canada or a province or territory thereof, and which will be an indirect wholly-owned subsidiary of CKI
“CKI Canco2”	a company to be incorporated under the laws of Canada or a province or territory thereof, and which will be an indirect wholly-owned subsidiary of CKI
“Class A LP Units”	class A units in HMLP, the rights and entitlements of which are as stated in the Limited Partnership Agreement
“Class B LP Units”	class B units in HMLP, the rights and entitlements of which are as stated in the Limited Partnership Agreement
“Class A Non-voting Shares”	class A non-voting shares (being, together with the Class B Non-voting Shares, the non-voting shares entitling their holders to receive an equal amount of dividend for each share, and an equal amount per share of any remaining property of GPCo available to be distributed to shareholders upon its winding-up, but not entitling their holders to attend or vote at any meetings of shareholders) in GPCo, the rights and entitlements of which are as stated in the Unanimous Shareholder Agreement
“Class B Non-voting Shares”	class B non-voting shares (being, together with the Class A Non-voting Shares, the non-voting shares entitling their holders to receive an equal amount of dividend for each share, and an equal amount per share of any remaining property of GPCo available to be distributed to shareholders upon its winding-up, but not entitling their holders to attend or vote at any meetings of shareholders) in GPCo, the rights and entitlements of which are as stated in the Unanimous Shareholder Agreement

“Class C Voting Shares”	class C voting shares (being voting shares entitling their holders to attend and vote at any meeting of shareholders, but not entitling their holders to receive any dividends, or any remaining property of GPCo upon its winding-up) in GPCo, the rights and entitlements of which are as stated in the Unanimous Shareholder Agreement
“Closing”	completion of transactions contemplated under the Investment Agreement
“connected person”	has the meaning ascribed to such term in the Listing Rules
“Construction Services Agreement”	an agreement to be entered into between HMGP and HOOL 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
“Distributable Cash Flow”	in respect of a fiscal year, (i) the Cash Flow; less (ii) the Annual Group Expenses and Reserves; less (iii) an amount of cash equal to the aggregate amount of net income, if any, allocated to limited partners of HMLP for such fiscal year multiplied by the combined federal and Alberta applicable corporate tax rates
“Distributable Forecast CF”	for any given fiscal year ending during the Baseline Period: (i) HMGP’s forecasted Cash Flow as set out in the Limited Partnership Agreement (excluding any Sole Risk Project Forecast CF); less (ii) pro forma cash tax coverage distribution; less (iii) Annual Group Expenses and Reserves
“Expansion Project(s)”	the development of new pipelines or facilities, or the expansion of existing pipelines or facilities, in either case that tie into or require access to the then-existing HMGP Assets
“FinanceCo”	a company to be incorporated under the laws of Alberta, Canada with limited liability, which will upon Closing be a wholly-owned subsidiary of HMGP
“Financing Package Closing”	all conditions precedent under the credit facilities in the aggregate principal amount of CAD925 million (equivalent to approximately HK\$5,658.46 million) to be made available to HMLP from Canadian Imperial Bank of Commerce, HSBC Bank Canada and Royal Bank of Canada and their affiliates having been satisfied and the credit facilities are available for drawdown

“GPCo”	Husky Midstream General Partner Inc., a company to be incorporated under the laws of Alberta, Canada pursuant to the Husky Reorganisation, which will upon Closing be the general partner of HMLP and (i) the issued non-voting shares of which (i.e., the Class A Non-voting Shares and the Class B Non-voting Shares) will be held in the proportions of 16.25%, 48.75% and 35% by CKI Canco1, PAH Canco1 and HOOL respectively; and (ii) the issued voting shares of which (i.e., the Class C Voting Shares) will be held in the proportions of 25%, 25% and 50% by CKI Canco1, PAH Canco1 and HOOL respectively
“Group Entities”, each a “Group Entity”	HMLP and its subsidiaries, including but not limited to HMGP, Border PipeCo, HoldCo and FinanceCo
“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 partnership established under the laws of Alberta, Canada
“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, which is currently owned as to 99% by HOOL and 1% by HOIRL, and will upon Closing become 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; issued and outstanding common shares of FinanceCo and Border PipeCo (upon completion of the Husky Reorganisation); and technology of HMGP

“HMGP System”	the pipeline and terminal system owned by HMGP, which system includes, without limitation, the HMGP Alberta Gathering System, the HMGP Saskatchewan Gathering System and the HMGP Hardisty Terminal, along with any additions thereto or expansions thereof
“HMLP”	Husky Midstream Limited Partnership, a limited partnership to be established under the laws of Alberta, Canada, the partnership interest in which will upon Closing be held as to approximately 16.23%, 48.70%, 34.97% and 0.1% by CKI Canco2, PAH Canco2, HOOL and GPCo respectively
“HMLP Assets”	all of HMLP’s property and assets, including the general partnership interests in HMGP and shares of HoldCo
“HOIRL”	HOI Resources Ltd., a corporation formed under the laws of Alberta, Canada and a wholly-owned subsidiary of Husky and as of the date of the Investment Agreement, holds 1% of the partnership interests in HMGP
“HoldCo”	a corporation to be formed under the laws of Alberta, Canada pursuant to the Husky Reorganisation, which will acquire 1% of the interests in HMGP as the first transaction step at Closing and then all of the common shares of HoldCo will subsequently be purchased by HMLP at a later step at Closing
“HoldCo Note”	a promissory note with a principal amount equal to approximately CAD33.97 million (equivalent to approximately HK\$207.80 million)
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HOOL”	Husky Oil Operations Limited, a corporation formed under the laws of Alberta, Canada 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 Reorganisation”	reorganisation to be undertaken by Husky and certain of its affiliates prior to Closing
“Husky TSA”	an agreement to be entered into between HMGP and HEMP in relation to the provision of transportation and terminalling services by HMGP to HEMP

“Independent Financial Adviser”	Platinum Securities Company Limited, a licensed corporation under the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities, being the independent financial adviser of PAH appointed for the purpose of Rule 14A.52 of the Listing Rules
“Investment Agreement”	the investment agreement dated 25 April 2016 among CKI, PAH and Husky in relation to, among other things, the formation of HMLP and the initial contribution of the partners of HMLP
“Joint Venture Transaction”	the entering into of the Investment Agreement by CKI, PAH and Husky in relation to the formation of a joint venture in the form of HMLP and all the transactions contemplated thereunder
“Limited Partnership Agreement”	an agreement to be entered into by CKI Canco2, PAH Canco2, HOOL and GPCo in relation to the formation, management and operation of HMLP
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Management and Operating Services Agreement”	an agreement to be entered into by HMLP, HMGP, GPCo, Border PipeCo, HoldCo, FinanceCo and HOOL in relation to the engagement of HOOL as the operator to provide management and operating services to GPCo and the Group Entities
“Material JV”	a joint venture of PAH which is material to it
“PAH”	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)
“PAH Board”	the board of PAH Directors
“PAH Director(s)”	the director(s) of PAH
“PAH Group”	PAH and its subsidiaries
“PAH Canco1”	a company to be incorporated under the laws of Canada or a province or territory thereof, and which will be an indirect wholly-owned subsidiary of PAH
“PAH Canco2”	a company to be incorporated under the laws of Canada or a province or territory thereof, and which will be an indirect wholly-owned subsidiary of PAH

“Pro Rata LP Share”	with respect to a limited partner of HMLP at any given time, the number of partnership units in HMLP held by the limited partner expressed as a percentage of the total number of partnership units in HMLP in issue and outstanding at the time
“Projects”, each a “Project”	Growth Projects, Sustaining Capital Projects and Expansion Projects
“Services Agreements”	collectively, the Management and Operating Services Agreement, the Construction Services Agreement, the Blending Services Agreement, the Husky TSA and the Storage Agreement
“Sole Risk Project(s)”	Expansion Project(s) which the proposal is not approved by the board of directors of GPCo within a designated period since the date of submission and Husky wishes HMGP to nonetheless proceed with such Expansion Project at its own costs, details of which are set out in the Unanimous Shareholder Agreement
“Sole Risk Project Forecast CF”	in respect of a Sole Risk Project, forecasted annual Cash Flow for any given fiscal year for which Cash Flows have been forecast for such Sole Risk Project, as set forth in the notice provided by Husky to GPCo indicating that it wishes to proceed with an Expansion Project as a Sole Risk Project
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Storage Agreement”	an agreement to be entered into between HMGP and HEMP in relation to the provision of storage services by HMGP to HEMP
“substantial shareholder”	has the meaning ascribed to such term in the Listing Rules
“Sustaining Capital Project”	capital project undertaken by HMGP at the request of HEMP to allow for additional volumes of hydrocarbon substance to be transported by HEMP on the HMGP System, including the construction and interconnection of new laterals and additions of pumps
“Trust”	(i) The Li Ka-Shing Unity Discretionary Trust; (ii) three other discretionary trusts of which Mr. Li Ka-shing is the settlor and, among others, Mr. Li Tzar Kuoi, Victor is a discretionary beneficiary, and the trustees of which are Li Ka-Shing Unity Trustcorp Limited, Li Ka-Shing Castle Trustee Corporation Limited and Li Ka-Shing Castle Trustcorp Limited respectively; (iii) The Li Ka-Shing Unity Trust; and (iv) The Li Ka-Shing Castle Trust, and where the context requires, any of them

“Trust Agreement”	an agreement to be executed by Husky, HOOL and HMGP in relation to the holding of legal title of HMGP Assets by Husky in trust for and on behalf of HMGP for so long as Husky or its affiliates hold the HMGP Assets
“Unanimous Shareholder Agreement”	an agreement to be entered into by HOOL, CKI Canco1, PAH Canco1, HMLP, HMGP, HoldCo, FinanceCo, Border PipeCo and GPCo in relation to the conduct of the businesses and affairs of GPCo, HMLP and HMGP
“Work”	all responsibilities, obligations and duties necessary for the successful completion of the Projects in accordance with the Construction Services Agreement
“%”	per cent

Note: The translation of CAD into HK\$ throughout this announcement is based on the exchange rate of CAD1.00 to HK\$6.11725 approximately, and is provided for reference only.

By Order of the CKI Board
Cheung Kong Infrastructure Holdings Limited
Eirene Yeung
Company Secretary

By Order of the PAH Board
Power Assets Holdings Limited
Alex Ng
Company Secretary

Hong Kong, 26 April 2016

As at the date of this announcement, the CKI Directors are: Mr. Li Tzar Kuoi, Victor (Chairman), Mr. Kam Hing Lam (Group Managing Director), Mr. Ip Tak Chuen, Edmond (Deputy Chairman), Mr. Fok Kin Ning, Canning (Deputy Chairman), Mr. Andrew John Hunter (Deputy Managing Director), Mr. Chan Loi Shun (Chief Financial Officer), Mrs. Chow Woo Mo Fong, Susan (also alternate director to Mr. Fok Kin Ning, Canning and Mr. Frank John Sixt) and Mr. Frank John Sixt, as executive directors; Mr. Cheong Ying Chew, Henry, Mrs. Kwok Eva Lee, Mrs. Sng Sow-mei alias Poon Sow Mei, Mr. Colin Stevens Russel, Mr. Lan Hong Tsung, David and Mr. Barrie Cook, as independent non-executive directors; Mrs. Lee Pui Ling, Angelina and Mr. George Colin Magnus, as non-executive directors; and Mr. Man Ka Keung, Simon (alternate director to Mr. Ip Tak Chuen, Edmond) and Ms. Eirene Yeung (alternate director to Mr. Kam Hing Lam).

As at the date of this announcement, the PAH Directors are: 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, as executive directors; Mr. Li Tzar Kuoi, Victor and Mr. Frank John Sixt, as non-executive directors; and Mr. Ip Yuk-keung, Albert, Mr. Ralph Raymond Shea, Mr. Wong Chung Hin and Mr. Wu Ting Yuk, Anthony, as independent non-executive directors.