THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Power Assets Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Power Assets Holdings Ltd.
電能實業有限公司

Incorporated in Hong Kong with limited liability
Stock Code: 6

CONTINUING CONNECTED TRANSACTIONS

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

SUPPLEMENTAL NOTICE OF ANNUAL GENERAL MEETING

Independent Financial Adviser
to the Independent Board Committee and the Independent Shareholders

PLATINUM
Securities

A letter from the Board to the Shareholders is set out on pages 8 to 25 of this circular. A letter from the Independent Board Committee containing its advice and recommendation to the Independent Shareholders in relation to the Transactions is set out on page 26 of this circular. A letter from the Independent Financial Adviser containing its advice and recommendation to the Independent Board Committee and the Independent Shareholders in relation to the Transactions is set out on pages 27 to 61 of this circular.

Supplemental Notice of AGM: A supplemental notice which supplements the notice dated 4 April 2018 convening the AGM as scheduled to be held at the Grand Ballroom, 1st Floor, Harbour Grand Kowloon, 20 Tak Fung Street, Hung Hom, Kowloon, Hong Kong on Wednesday, 9 May 2018 at **2:15 p.m.** *(or in the event that a black rainstorm warning signal or a tropical cyclone warning signal no. 8 or above is in force in Hong Kong at 9:00 a.m. on that day, at the same time and place on Tuesday, 15 May 2018)* is set out on pages 67 to 69 of this circular. A revised proxy form for use at the AGM is enclosed. Whether or not you are able to attend the AGM or any adjournment thereof, you are requested to complete and return the accompanying revised proxy form in accordance with the instructions printed thereon and deposit it at the Company's registered office at Rooms 1913-1914, 19th Floor, Hutchison House, 10 Harcourt Road, Hong Kong as soon as practicable and in any event no later than 48 hours before the time appointed for holding the AGM or any adjournment thereof (as the case may be). Completion and return of the revised proxy form will not preclude you from attending and voting in person at the AGM or any adjournment thereof if you so wish.

A transportation guide to Harbour Grand Kowloon was despatched to Shareholders together with the circular dated 4 April 2018. Shareholders may also access the Company's website at www.powerassets.com under 'What's New' > 'Notice of 2018 Annual General Meeting' to view the transportation guide.

In the case of inconsistency between the Chinese version and the English version of this circular, the English version will prevail.

11 April 2018

This circular has been posted in both the English and Chinese languages on the Company's website at www.powerassets.com. If, for any reason, Shareholders who have chosen (or are deemed to have consented) to receive corporate communications through the Company's website have difficulty in gaining access to this circular, they may request that a printed copy of this circular be sent to them free of charge by mail.

Shareholders may at any time choose to receive all future corporate communications either in printed form or through the Company's website, by writing to the Company at Rooms 1913-1914, 19th Floor, Hutchison House, 10 Harcourt Road, Hong Kong or to the share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong or by emailing to the Company's email address at mail@powerassets.com.

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Pages

In this circular, the following words and expressions shall have the meanings below unless the context otherwise requires:

"**AGM**"	the annual general meeting of the Company as scheduled to be held at the Grand Ballroom, 1st Floor, Harbour Grand Kowloon, 20 Tak Fung Street, Hung Hom, Kowloon, Hong Kong on Wednesday, 9 May 2018 at **2:15 p.m.** (or any adjournment thereof) for the Shareholders to consider and approve, if appropriate, the resolutions set out in the notice of AGM dated 4 April 2018 and the supplemental notice of AGM dated 11 April 2018
"**associates**"	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: 1)
"**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: 6)
“**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
"**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 0.10% 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 recommendations 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 SFO, 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 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
"**Latest Practicable Date**"	6 April 2018, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
"**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

"**Project(s)**", each a "**Project**"	Growth Projects, Sustaining Capital Project(s) and Expansion Project(s)
"**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 circular
"**Services Agreements**", each a "**Services Agreement**"	Management and Operating Services Agreement, Construction Services Agreement, Blending Services Agreement, Husky TSA and Storage Agreement
"**SFO**"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (as amended, supplemented or otherwise modified from time to time)
"**Shareholder(s)**"	holders of the Share(s)
"**Share(s)**"	ordinary share(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
"**%**"	per cent

The figures in "CAD" are converted into HK$ at the rate of CAD1.00: HK$6.0073 approximately as at 16 March 2018 throughout this circular for indicative purposes only, and should not be construed as a representation that any amount has been, could have been or may be, exchanged at this or any other rate.

Power Assets Holdings Ltd.
電能實業有限公司

Incorporated in Hong Kong with limited liability
Stock Code: 6

Executive Directors
FOK Kin Ning, Canning *(Chairman)*
TSAI Chao Chung, Charles
(Chief Executive Officer)
CHAN Loi Shun
Andrew John HUNTER
Neil Douglas MCGEE
WAN Chi Tin

Non-executive Director
LI Tzar Kuoi, Victor

Independent Non-executive Directors
IP Yuk-keung, Albert
Ralph Raymond SHEA
WONG Chung Hin
WU Ting Yuk, Anthony

Registered Office
Rooms 1913-1914,
19th Floor, Hutchison House,
10 Harcourt Road,
Hong Kong

11 April 2018

To the Shareholders,

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

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

SUPPLEMENTAL NOTICE OF ANNUAL GENERAL MEETING

1. INTRODUCTION

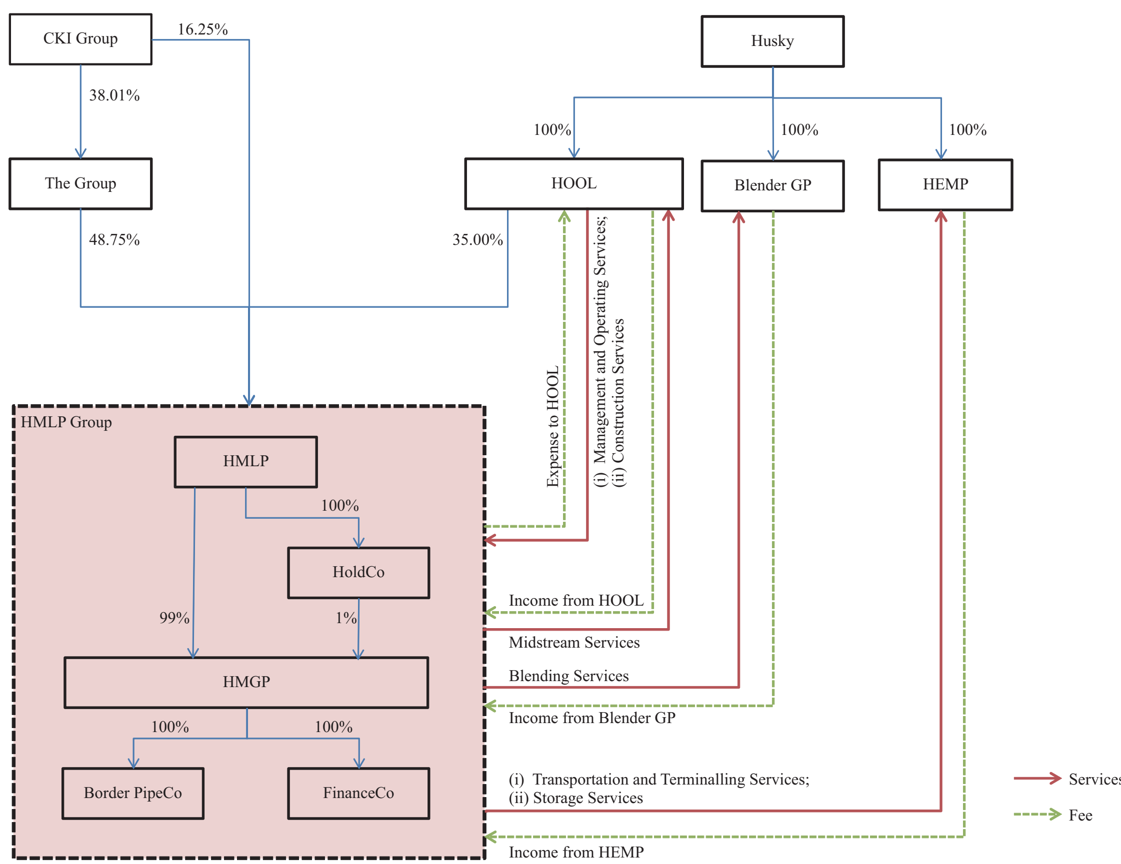
Reference is made to the announcement dated 26 April 2016 jointly issued by CKI and the Company in respect of, among other things, the formation of a joint venture in HMLP and upon its closing, the entering into of the Services Agreements.

Reference is also made to the announcement of the Company dated 16 March 2018 whereby it was announced that, on the same date, following the entering into of the Supplemental Agreements to expand the business 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 purpose of this circular is (i) to provide you with further information regarding details on the Revised Annual Cap Agreement and the Midstream Services Agreement; (ii) to set out the recommendation of the Independent Board Committee to the Independent Shareholders in relation to the Transactions; (iii) to set out the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Transactions; and (iv) to give the Shareholders the supplemental notice of AGM proposing the resolution in addition to those originally proposed in the notice of AGM dated 4 April 2018, to consider and approve, if appropriate, the Transactions.

2. SIMPLIFIED SHAREHOLDING STRUCTURE OF HMLP GROUP AND HUSKY RELATED COMPANIES

The below chart shows the simplified shareholding structure chart of HMLP Group, the Company and CKI and the transactions that are or will be conducted between HMLP Group and Husky related companies under the Services Agreements and the Midstream Services Agreement:



3. REVISED ANNUAL CAP AGREEMENT

The terms and conditions of the Revised Annual Cap Agreement are conditional upon the approval of the 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 relevant ordinary resolution approving the Revised Annual Cap Agreement and the Revised Annual Caps at the AGM. 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 approximately HK$ million)*	*(in CAD million)*	*(equivalent to approximately HK$ million)*	*(in CAD million)*	*(equivalent to approximately HK$ million)*	*(in CAD million)*	*(equivalent to approximately HK$ million)*	*(in CAD million)*	*(equivalent to approximately 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
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. The costs and expenses reimbursable by HOOL are determined with reference to, among others, labour costs, procurement expenses, etc. on a costs basis, and any target costs applicable to a Project are set with reference to primarily the estimated number of man hours of HOOL's employees plus other estimated costs and expenses expected to be required for a Project, following assessment and agreement by HMGP taking into account the size and nature of the Project.

However, 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, payment terms and basis of consideration

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 16 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 fee was determined with reference to the current operating capacity of the HMGP System, the expected increase in the operating capacity of the HMGP System with effect from about 2021, taking into account the estimated costs of granting access to the HMGP System to Blender GP for carrying out blending activities plus a margin.

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 approximately 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 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.

Consideration, payment terms and basis of consideration

HEMP commits to paying HMGP a pre-agreed annual revenue amount, 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.

The pre-agreed annual revenue amount for each year is determined with reference to the expected volume throughput and tariffs at various connection points in the HMGP System, taking into account the volume requirements projected by HEMP. The tariffs were determined based on the estimated costs of providing the transportation and terminalling services under the Husky TSA plus a margin derived with reference to the market rate.

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, payment terms and basis of consideration

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.

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).

4. MIDSTREAM SERVICES AGREEMENT

Pursuant to the Midstream Services Agreement entered into between HMGP and HOOL on 16 March 2018, HMGP agrees to retain HOOL as the contractor in relation to the design, engineering, construction and commissioning of a natural gas processing facility near Edson, Alberta, and the outlet residue pipelines and related ancillary facilities in accordance with the specifications and requirements under the Construction Services Agreement for the purpose of facilitating HMGP's provision of services as contemplated under the Midstream Services Agreement.

The terms and conditions of the Midstream Services Agreement are conditional upon the approval of the 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. The long duration of the Midstream Services Agreement is due to the unique business nature and the long term nature of the investment in the Facility, with payback periods well in excess of three years.

HOOL is entitled to terminate the Midstream Services Agreement (i) by written notice and payment of a compensation amount for the unexpired portion of the term determined with reference to the then present value of service fees payable, or (ii) upon occurrence of a force majeure event affecting HMGP's ability to provide services at the Facility for a continuous period, or (iii) upon HMGP being in material default (other than a breach of HMGP's payment obligation) of the terms of the Midstream Services Agreement. On the other hand, HMGP is entitled to terminate the Midstream Services Agreement upon HOOL being in default of the terms of the Midstream Services Agreement.

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 (the "**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 the 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
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*

5. INTERNAL CONTROL MEASURES TO ENSURE THE CONTINUING CONNECTED TRANSACTIONS ARE CONDUCTED IN ACCORDANCE WITH THE SERVICES AGREEMENTS AND THE MIDSTREAM SERVICES AGREEMENT

The HMLP Group has established a series of internal control measures for the fees under the Services Agreements:

1. For the Management and Operating Services Agreement, fees that are based on labour work by HOOL are charged by reference to staff time allocated to the relevant services as multiplied by a fully burdened hourly rate. Time is required to be recorded by staff of HOOL and reviewed for approval by their supervisory staff monthly before billing. There are internal control measures following the Sarbanes-Oxley Act ("**SOX**") in place to ensure the reviews are occurring on a timely and thorough basis, and adherence to the review control is tested annually for compliance. For other costs and expenses under the Management and Operating Services Agreement, they are allocated to the relevant project or work of the HMLP Group. Invoices presented by HOOL are reviewed by HMLP's finance team for verification before settlement.

2. For the Construction Services Agreement, fees that are charged by reference to staff time allocated to the relevant services as multiplied by a fully burdened hourly rate, up to the agreed maximum amount, if any, provided under the agreement. Time is required to be recorded by staff of HOOL and reviewed for approval by their supervisory staff monthly before billing. Invoices presented by HOOL are reviewed by HMLP's finance team for verification before settlement.

3. For the Blending Services Agreement, fees are invoiced monthly based on the pre-agreed annual fee, pro-rated monthly, and invoices are reviewed by HMLP's finance team at month end.

4. For the Husky TSA, the revenue process is monitored by SOX internal control measures.

5. For the Storage Agreement, fees are invoiced monthly based on the pre-agreed fee and agreed tolls, and invoices are reviewed by HMLP's finance team at month end.

In addition, the Company regularly keeps track of the service fees levels to ensure that they are within the annual caps, and reviews the records on a yearly basis. The Company's auditor is engaged, pursuant to Rule 14A.56 of the Listing Rules, to report on the continuing connected transactions yearly and provide a letter to the Board containing their findings and conclusions, and it is provided access to the records for the purpose.

The independent non-executive Directors also reviewed, pursuant to Rule 14A.55 of the Listing Rules, the continuing connected transactions on a yearly basis and confirm in the annual report whether these transactions have been entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; and (iii) in accordance with the relevant agreement governing them on terms that are fair and reasonable and are in the interests of the Shareholders as a whole.

The above internal control measures will also be adopted, as applicable, to the future fees under the Midstream Services Agreement.

6. 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.

7. 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 of HOOL under the Midstream Services Agreement for up to a maximum of 30 years. The engagement of HOOL as contractor for development of the Facility is consistent with the Company's investment strategy to leverage on Husky's expertise in heavy oil operations as originally contemplated during its participation in the joint venture of HMLP in 2016, whereas the long duration of the Midstream Services Agreement ensures that HMLP Group is able to maximise the service capability of the Facility and the service income receivable under the Midstream Services Agreement.

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

If the Transactions are not approved by the Independent Shareholders, the Services Agreements will continue to be effective in accordance with their current terms and service levels, however, the Existing Annual Caps would limit HMLP Group's ability to grow its business and to take benefit from additional incomes arising from the Midstream Services Agreement or any other planned business developments of HMLP Group.

8. IMPLICATIONS UNDER THE LISTING RULES

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 40.19% 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.

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 approving the Revised Annual Cap Agreement (with the Revised Annual Caps) and the Midstream Services Agreement. 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 thereto.

9. INDEPENDENT BOARD COMMITTEE

The 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 Revised Annual Cap Agreement and the Midstream Services Agreement 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.

10. AGM

A supplemental notice which supplements the notice dated 4 April 2018 convening the AGM as scheduled to be held at the Grand Ballroom, 1st Floor, Harbour Grand Kowloon, 20 Tak Fung Street, Hung Hom, Kowloon, Hong Kong on Wednesday, 9 May 2018 at **2:15 p.m.** is set out on pages 67 to 69 of this circular, proposing the resolution in addition to those originally proposed in the notice of AGM dated 4 April 2018, to consider and approve, if appropriate, the Transactions.

All Shareholders who have a material interest (which is different from that of all other Shareholders) in the Transactions will be required to abstain from voting on the ordinary resolution to approve the Transactions at the AGM.

CKI will, and will procure its associates to, abstain from voting on the ordinary resolution to approve the Transactions at the AGM.

As the proxy form enclosed under the notice dated 4 April 2018 convening the AGM does not contain the proposed additional resolution for approving the Transactions, a revised proxy form (the "**Revised Proxy Form**") for use at the AGM is enclosed with this circular.

The arrangement for submission of the relevant proxy form(s) for use at the AGM are also set out in the supplemental notice of AGM as set out on pages 67 to 69 of this circular. Shareholders who have appointed or intend to appoint proxy to attend the AGM are requested to pay particular attention to such arrangements.

11. RECOMMENDATION

The Directors (other than those on the Independent Board Committee, whose views are contained in the section headed "Letter from the Independent Board Committee" of this circular) consider that the Transactions are on normal commercial terms, in the ordinary and usual course of business of the Group, and the terms of the Transactions are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors (other than those on the Independent Board Committee whose views are contained in the section headed "Letter from the Independent Board Committee" in this circular) recommend the Independent Shareholders to vote in favour of resolution no. 8 to be proposed at the AGM to approve the Transactions.

In the section headed "Letter from the Independent Board Committee" of this circular, the Independent Board Committee stated that having considered the reasons and the benefits of entering into the Revised Annual Cap Agreement and the Midstream Services Agreement as set out above and their respective terms and having taken into account the advice of the Independent Financial Adviser, the Independent Board Committee considers that the Transactions under the Revised Annual Cap Agreement and the Midstream Services Agreement are on normal commercial terms and in the ordinary and usual course of business of the Group, and the terms of the Revised Annual Cap Agreement and the Midstream Services Agreement are fair and reasonable so far as the Independent Shareholders are concerned and that the Transactions are in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of resolution no. 8 to be proposed at the AGM to approve the Transactions.

In the section headed "Letter from the Independent Financial Adviser" of this circular, the Independent Financial Adviser stated that having taken into account the principal factors and reasons stated therein, it is of the view that the Transactions are on normal commercial terms and in the ordinary and usual course of business of the Group, and the terms of the Revised Annual Cap Agreement and the Midstream Services Agreement are fair and reasonable so far as the Independent Shareholders are concerned and that the Transactions are in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Financial Adviser advises the Independent Board Committee to recommend, and it recommends, the Independent Shareholders to vote in favour of resolution no. 8 to be proposed at the AGM to approve the Transactions.

12. FURTHER INFORMATION

Your attention is drawn to the letter from the Independent Board Committee as set out on page 26 of this circular, the letter from the Independent Financial Adviser as set out on pages 27 to 61 of this circular, the additional information as set out in the Appendix and the supplemental notice of AGM as set out on pages 67 to 69.

Yours faithfully,
For and on behalf of the Board of
Power Assets Holdings Limited
FOK Kin Ning, Canning
Chairman

Power Assets Holdings Ltd.
電能實業有限公司

Incorporated in Hong Kong with limited liability
Stock Code: 6

11 April 2018

To the Independent Shareholders,

CONTINUING CONNECTED TRANSACTIONS

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

We refer to the circular of Power Assets Holdings Limited dated 11 April 2018 (the "**Circular**"), of which this letter forms part. Terms defined in the Circular shall have the same meanings in this letter unless the context otherwise requires.

We have been appointed by the Board as the Independent Board Committee to give a recommendation to the Independent Shareholders in relation to the Transactions.

Having considered the reasons for and the benefits of entering into the Revised Annual Cap Agreement and the Midstream Services Agreement as set out in the Circular and their respective terms and having taken into account the advice of the Independent Financial Adviser, we consider that the Transactions under the Revised Annual Cap Agreement and the Midstream Services Agreement are on normal commercial terms and in the ordinary and usual course of business of the Group, and the terms of the Revised Annual Cap Agreement and the Midstream Services Agreement are fair and reasonable so far as the Independent Shareholders are concerned and that the Transactions are in the interests of the Company and the Shareholders as a whole. We therefore recommend that you vote in favour of resolution no. 8 to be proposed at the AGM to approve the Transactions.

We draw the attention of the Independent Shareholders to (1) the letter from the Board set out on pages 8 to 25 of the Circular; and (2) the letter from the Independent Financial Adviser, which sets out the factors and reasons taken into account in arriving at its advice to the Independent Board Committee and the Independent Shareholders, on pages 27 to 61 of the Circular.

Yours faithfully,
For and on behalf of the
Independent Board Committee

IP Yuk-keung, Albert	**Ralph Raymond SHEA**	**WU Ting Yuk, Anthony**
Independent Non-executive Director	*Independent Non-executive Director*	*Independent Non-executive Director*

The following is the text of the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders for the purpose of incorporation into this circular.

PLATINUM Securities Company Limited

21/F LHT Tower
31 Queen's Road Central
Hong Kong

Telephone	(852) 2841 7000
Facsimile	(852) 2522 2700
Website	www.platinum-asia.com

11 April 2018

To the Independent Board Committee and the Independent Shareholders

Dear Sirs or Madams,

CONTINUING CONNECTED TRANSACTIONS

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

INTRODUCTION

We refer to our engagement as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the revision of annual caps under the Services Agreements (the "**Annual Caps Revision**") and the continuing connected transactions contemplated under the Midstream Services Agreement ("**MSA CCT**", together with the Annual Caps Revision referred as to the "**Transactions**"). Details of the terms of the Transactions are contained in the circular of the Company dated 11 April 2018 (the "**Circular**"), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

In our capacity as the Independent Financial Adviser, our role is to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Transactions are fair and reasonable so far as the Independent Shareholders are concerned and whether the Transactions are on normal commercial terms and in the ordinary and usual course of business of the Group and the entry into the Transactions are in the interests of the Company and the Shareholders as a whole; and to give independent advice to the Independent Board Committee and recommendation to the Independent Shareholders as to whether the Independent Shareholders should vote in favour of the ordinary resolution to be proposed at the AGM to approve the Transactions.

In formulating our opinion, we have relied on the information and facts supplied to us by the Directors and/or management of the Company. We have reviewed, among other things:

(i) the announcement issued by the Company dated 16 March 2018 (the "**Announcement**") in relation to the Transactions;

(ii) the announcement jointly issued by CKI and the Company dated 26 April 2016 (the "**2016 Announcement**") in relation to the formation of a joint venture in HMLP and upon its closing, the entering into of the Services Agreements;

(iii) the Services Agreements;

(iv) the Revised Annual Cap Agreement;

(v) the Midstream Services Agreement;

(vi) the annual reports of the Company for the financial years ended 31 December 2016 and 2017 (the "**2016 Annual Report**" and "**2017 Annual Report**" respectively); and

(vii) other Company's internal documentation in connection with the internal control policies related to the Transactions.

We have assumed that all information, facts, opinions and representations contained in the Circular are true, complete, accurate and not misleading at the time they were made and continue to be so in all material respects as at the Latest Practicable Date and we have relied on the same, except that no assumption is made by us in respect of our own opinions contained in the Circular. The Directors have confirmed that they collectively and individually accept full responsibility for the Circular, and have confirmed, having made all reasonable enquiries, that to the best of their knowledge and belief, the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive and there are no other matters the omission of which would make any statement in the Circular misleading.

We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy or completeness of the information of all facts as set out in the Circular and of the information and representations provided to us by the Directors and/or the management of the Company. Furthermore, we have no reason to suspect the reasonableness of the opinions and representations expressed by the Directors and/or management of the Company, which have been provided to us. In line with normal practice, we have not, however, conducted a verification process of the information supplied to us, nor have we conducted any independent in-depth investigation into the business and affairs and underlying assets of the Company or conducted any valuation or appraisal of any assets or liabilities of the Company. We have also relied on information available to the public (such as the documents published by the Company) which we assumed to be accurate and reliable. We consider that we have reviewed sufficient information to enable us to reach an informed view and to provide a reasonable basis for our opinion regarding the Transactions.

During the past two years, we had acted as independent financial adviser to (i) the Company regarding the formation of joint venture between the Company, CKI and CK Asset Holdings Limited, which is deemed by the Stock Exchange to be a connected person of CKH Holdings under the Listing Rules, in connection with the acquisition of an energy utility owner and operator listed in the Australian Securities Exchange as mentioned in the circular of the Company dated 22 February 2017; and (ii) CKI regarding the formation of joint venture between CKI and CKH Holdings in connection with the acquisition of an European energy management services provider as mentioned in the circular of CKI dated 20 September 2017. The past engagements were limited to providing independent advisory services pursuant to the Listing Rules for which we received normal professional fees. Accordingly, we do not consider the past engagements give rise to any conflict of interest for us in acting as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Transactions. As at the Latest Practicable Date, we are independent from, and are not associated with the Company or any other party to the Transactions, or their respective substantial shareholder(s) or connected person(s), as defined under the Listing Rules, and there is no conflict of interest existing or arising in relation to our appointment and accordingly, we are considered eligible to give independent advice on the Transactions. We will receive a fee from the Company for our role as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Transactions. Apart from the normal professional fee payable to us in connection with this appointment, no arrangements exist whereby we will receive any fees or benefits from the Company or any other party to the Transactions or their respective substantial shareholder(s) or connected person(s), as defined under the Listing Rules.

The Independent Board Committee, comprising Mr. Ip Yuk-keung, Albert, Mr. Ralph Raymond Shea and Mr. Wu Ting Yuk, Anthony, has been established to advise the Independent Shareholders as to whether the terms of the Revised Annual Cap Agreement and the Midstream Services Agreement are fair and reasonable so far as the Independent Shareholders are concerned and whether the Transactions are on normal commercial terms and in the ordinary and usual course of business of the Group and the entry into the Transactions are in the interests of the Company and the Shareholders as a whole, and to make recommendations as to whether the Independent Shareholders should vote in favour of the ordinary resolution to be proposed at the AGM to approve the Transactions.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating and giving our independent financial advice to the Independent Board Committee and the Independent Shareholders, we have taken into account the following principal factors:

1. Background of the Transactions

Reference is made to the 2016 Announcement 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.

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 40.19% of the issued shares of Husky. As an associate of CKI, Husky is a connected person 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.

2. Information on the Group, the HMLP Group and Husky

2.1. Information on the Group

Business of the Group

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.

According to the 2017 Annual Report, the United Kingdom is the largest market of the Group, contributing approximately 53% of the Group's reportable business segment profit for the financial year ended 31 December 2017, following by Australia of 19% and investment in HK Electric Investments and HK Electric Investments Limited of 16%.

Financial review of the Group

Historical financial performance of the Group

The following table sets out the consolidated financial results of the Group for each of the financial years ended 31 December 2015, 2016 and 2017 ("**FY2015**", "**FY2016**" and "**FY2017**" respectively) as extracted from the 2015 Annual Report, 2016 Annual Report and 2017 Annual Report respectively.

	FY2015 (Audited) *HK$ million*	**FY2016 (Audited)** *HK$ million*	**FY2017 (Audited)** *HK$ million*
Revenue	1,308	1,288	1,420
Share of profit less losses of joint ventures and associates	6,747	6,401	6,154
Profit before taxation	7,721	6,405	8,416
Profit for the year attributable to the Shareholders	7,732	6,417	8,319
Less: One-time gain on disposal of property, plant and equipment and leasehold land	–	–	(922)
Add: One-time loss to the Group arising from disposal of 16.53% interest in HK Electric Investments	532	–	–
Normalised profit attributable to the Shareholders	8,264	6,417	7,397

	2015	**2016**	**2017**
	(Audited)	***(Audited)***	***(Audited)***
	HK$ million	*HK$ million*	*HK$ million*
Bank deposits and cash	68,149	61,710	25,407
Total assets	135,358	129,777	107,001
Total equity attributable to the Shareholders of the Company	123,597	118,411	95,580

For FY2016, the Group's profit attributable to the Shareholders amounted to HK$6,417 million, representing a decrease of approximately 17% year-on-year or approximately 22% year-on-year based on the normalised profit attributable to the Shareholders. Excluding the one-time items incurred in FY2015, the decrease was mainly due to the weakening of the pound sterling, lower deferred tax credit adjustment as a result of lower corporate tax rate reduction in the United Kingdom comparing to FY2015 and the lower return from HK Electric Investments and HK Electric Investments Limited.

For FY2017, the Group's profit attributable to the Shareholders amounted to HK$8,319 million, representing an increase of approximately 30% year-on-year or approximately 15% year-on-year based on the normalised profit attributable to the Shareholders. Excluding the one-time items incurred in FY2017, the increase was mainly due to the first full-year contribution from Husky Midstream partnership, contribution from newly acquired investment in the DUET Group and more favourable exchange rates on translation of foreign currency deposits to Hong Kong dollar.

Historical financial position of the Group

Bank deposits and cash

As at 31 December 2016, the cash and cash equivalents of the Group decreased by HK$6,439 million or approximately 9% as compared to the year-end of FY2015. It was mainly due to an increase in investments in joint ventures of HK$4,872 million in FY2016 and an increase of HK$996 million used for daily operations comparing to FY2015.

As at 31 December 2017, the cash and cash equivalents of the Group decreased by HK$36,303 million or approximately 59% as compared to the year-end of FY2016. It was mainly due to the acquisition of the 20% interest in DUET Group during the year and the increase in dividend payout of HK$26,827 million paid in FY2017 comparing to FY2016.

Total equity attributable to the Shareholders of the Company

As at 31 December 2016, the total equity attributable to the Shareholders of the Company decreased by HK$5,186 million or approximately 4% as compared to the year-end of FY2015. It was mainly due to the exchange losses of HK$5,738 million arising from the translation of the financial statements of operations outside Hong Kong.

As at 31 December 2017, the total equity attributable to the Shareholders of the Company decreased by HK$22,831 million or approximately 19% as compared to the year-end of FY2016. It was mainly due to the increase in dividend of HK$26,827 million paid in FY2017 which reduced the bank deposits and cash accordingly and resulted in a decrease in the total equity attributable to the Shareholders of the Company in FY2017.

2.2. Information on the HMLP Group

HMLP is a limited partnership established under the laws of Alberta, Canada. As at the Latest Practicable Date, HMLP is held as to 16.23%, 48.70%, 34.97% and 0.1% by CKI Group, the Group, HOOL and GPCo respectively.

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

2.3. Information on the 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. Each of HOOL, HEMP and Blender GP is wholly owned by Husky.

According to the 2017 annual report of the Husky, U.S. refining and marketing, exploration and production and upgrading are the three main businesses of the Husky, contributing approximately 30%, 22% and 14% of the net profit respectively.

3. Principal terms of 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 Revised Annual Cap Agreement on the date of passing of the resolution approving the Transactions. All the other terms and conditions of the Services Agreements remain unchanged.

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

3.1. 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.

3.2. 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. The costs and expenses reimbursable by HOOL are determined with reference to, among others, labour costs, procurement expenses, etc. on a costs basis, and any target costs applicable to a Project are set with reference to primarily the estimated number of man hours of HOOL's employees plus other estimated costs and expenses expected to be required for a Project, following assessment and agreement by HMGP taking into account the size and nature of the Project.

However, 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 cost 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.

3.3. 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, payment terms and basis of consideration

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 16 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 fee was determined with reference to the current operating capacity of the HMGP System, the expected increase in the operating capacity of the HMGP System with effect from about 2021, taking into account the estimated costs of granting access to the HMGP System to Blender GP for carrying out blending activities plus a margin.

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

3.4. 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 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.

Consideration, payment terms and basis of consideration

HEMP commits to paying HMGP a pre-agreed annual revenue amount 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.

The pre-agreed annual revenue amount for each year is determined with reference to the expected volume throughput and tariffs at various connection points in the HMGP System, taking into account the volume requirements projected by HEMP. The tariffs were determined based on the estimated costs of providing the transportation and terminalling services under the Husky TSA plus a margin derived with reference to the market rate.

3.5. 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, payment terms and basis of consideration

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.

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

4. Principal terms of the Midstream Services Agreement

Pursuant to the Midstream Services Agreement entered into between HMGP and HOOL on 16 March 2018, HMGP agrees to retain HOOL as contractor in relation to the design, engineering, construction and commissioning of a natural gas processing facility near Edson, Alberta, and the outlet residue pipelines and related ancillary facilities in accordance with the specifications and requirements under the Construction Services Agreement for the purpose of facilitating HMGP's provision of services as contemplated under the Midstream Services Agreement.

The terms and conditions of the Midstream Services Agreement are conditional upon the approval of the 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 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. The long duration of the Midstream Services Agreement is due to the unique business nature and the long term nature of the investment in the Facility, with payback periods well in excess of three years.

HOOL is entitled to terminate the Midstream Services Agreement (i) by written notice and payment of a compensation amount for the unexpired portion of the term determined with reference to the then present value of service fees payable, or (ii) upon occurrence of a force majeure event affecting HMGP's ability to provide services at the Facility for a continuous period, or (iii) upon HMGP being in material default (other than a breach of HMGP's payment obligation) of the terms of the Midstream Services Agreement. On the other hand, HMGP is entitled to terminate the Midstream Services Agreement upon HOOL being in default of the terms of the Midstream Services Agreement.

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 (the "**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 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 the 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 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

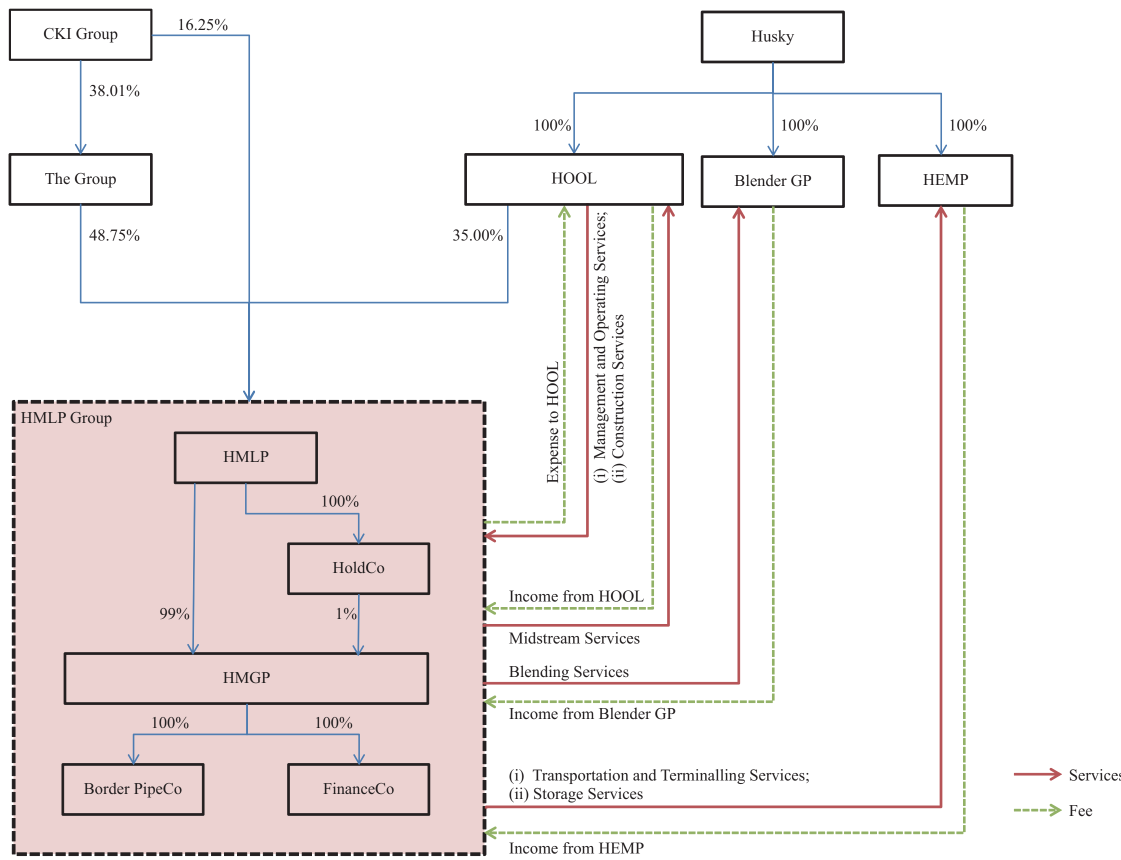
The monthly service fee was negotiated on an arm's length basis and on normal commercial terms with reference to the estimated costs of providing the relevant services plus a margin.

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.

5. Reasons for and benefits of the Transactions

Set out below the graph shows the simplified shareholding structure of HMLP Group and the transactions that are or will be conducted between HMLP Group and Husky related companies under the Services Agreements and the Midstream Services Agreement.



5.1. The Services Agreements and the Revised Annual Cap Agreement

The Services Agreements

We have discussed with the management of the Company and understand that the formation of joint venture in HMLP provides a platform to the Company to contribute its experience in energy and non-energy infrastructure projects and the opportunity to leverage on Husky's expertise in heavy oil operations. The investment in the HMLP Assets is consistent with the Company's long term development strategy to expand its portfolio globally.

We note that owing to the unique nature of businesses with oil and gas midstream operations, it is a normal business practice to enter into contractual agreements to determine the terms and conditions in different aspect of operations such as construction, maintenance and management, processing, transaction and storage.

In respect of the Management and Operating Services Agreement, we understand that 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. 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. We note that the provision of management and operating services by HOOL is on cost basis and the intention of members of HMLP Group is that HOOL will neither make a profit nor suffer a loss from the provision of such services. In this regard, we consider the entering into of the Management and Operating Agreement is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

In respect of the Construction Services Agreement, we understand that 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. 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. The costs and expenses reimbursable by HOOL are determined with reference to, among others, labour costs, procurement expenses, etc. on a costs basis, and any target costs applicable to a Project are set with reference to primarily the estimated number of man hours of HOOL's employees plus other estimated costs and expenses expected to be required for a Project, following assessment and agreement by HMGP taking into account the size and nature of the Project. However, 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, and 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 cost for that Project. We note that the entering into the Construction Services Agreement allows the Company to eliminate the risk of construction cost by fixing a pre-determined target cost with HOOL and we understand from the management of the Company that the target costs for a Project was determined after arm's length negotiation between HOOL and HMLP Group with reference to the unique nature of the Project and such target cost has to be approved by the management of HMLP Group in advance. We consider this charging basis allows HMLP Group to assure the target cost before the commencement of the construction and the pre-approval mechanism ensures the target cost is reviewed by the management of HMLP Group and arrived on a fair basis, therefore we consider this charging basis is fair and reasonable. In this regard, we consider the entering into of the Construction Services Agreement is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

In respect of the Blending Services Agreement, we understand that the 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 diluents 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. In addition, 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. Given that the blending services is essential for such oil and gas midstream operations (including oil and gas pipeline and all related infrastructures), we consider the entering into of the Blending Services Agreement is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

In respect of the Husky TSA, we note that 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. We have discussed with the management of the Company and note that 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. We note that pursuant to the Husky TSA, 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, and 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. We consider such terms is in the interest of the Company due to the fact that it provides a guaranteed revenue to HMGP, and should the actual annual throughput and tariffs is less than the pre-agreed amount, HMGP will still receive the pre-agreed annual revenue amount. On the other hand, in the event that the actual annual throughput exceeds the pre-agreed amount, HMGP can receive the additional revenue from HEMP by providing a discount (i.e. 25% in this case) to HEMP. As such, we consider the entering into of the Husky TSA is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

In respect of the Storage Agreement, we understand that 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). Similar to the Husky TSA, the entering into of the Storage Agreement with HEMP provides a guaranteed utilisation of the storage facilities and the related revenue to the Company regardless of the actual volume of product to be stored in the facilities. As such, we are of the view that the entering into of the Storage Agreement is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

The Revised Annual Cap Agreement

As discussed with the management of the Company, we understand that the management of the HMLP Group has been developing business plans to enhance the existing income streams, explore new project opportunities for growth and optimise the service requirement. In this regard, the amount of services required to support the development has been reassessed by the management of HMLP Group, and hence necessitating the Annual Caps Revision.

As it is common practice for businesses with oil and gas midstream operations (including oil and gas pipelines and all related infrastructure), contractual agreements are entered into on determine the terms and conditions under which the various products are transported, blended and stored. In addition, contractual arrangements are also entered into to determine the terms and conditions under which the pipeline infrastructure is operated, managed, maintained and potentially extended. As such, we consider the entering into each of the Services Agreements are in the ordinary and usual course of business of the Company and the entering into of the contractual arrangements can protect and safeguard the interest of the Company and Shareholders as a whole.

A summary of the annual caps comparison between the Existing Annual Caps and the Revised Annual Caps is set out as below.

Annual Caps Comparison

Year Ending 31 December	Expense-nature Services Agreements				Income-nature Services Agreements					
	Management and Operating Services Agreement		Construction Services Agreement		Blending Services Agreement		Husky TSA		Storage Agreement	
	Existing (in CAD million)	*Revised (in CAD million)*	*Existing (in CAD million)*	*Revised (in CAD million)*	*Existing (in CAD million)*	*Revised (in CAD million)*	*Existing (in CAD million)*	*Revised (in CAD million)*	*Existing (in CAD million)*	*Revised (in CAD million)*
2018	130.0	43.1	119.0	71.4	30.0	30.0	138.0	177.0	28.1	31.0
2019	140.0	50.0	46.0	21.4	30.0	30.0	150.8	188.3	28.7	31.6
2020	150.0	55.5	28.0	21.5	30.0	30.0	198.2	238.0	26.8	33.8
2021	150.0	57.0	32.0	21.6	50.0	50.0	192.1	296.4	27.4	40.2
2022	150.0	58.5	48.0	21.7	50.0	50.0	191.9	335.5	27.9	43.5
2023	170.0	60.6	14.0	21.7	50.0	50.0	197.1	361.6	28.5	44.3
2024	170.0	62.7	6.0	21.8	50.0	50.0	199.8	398.1	26.4	45.2
2025	170.0	64.8	7.0	21.9	50.0	50.0	197.9	440.5	28.3	46.2
2026	180.0	67.0	7.0	22.0	50.0	50.0	192.5	451.1	29.7	47.1
2027	180.0	69.3	7.0	22.1	50.0	50.0	192.6	497.4	30.2	48.0
2028	180.0	71.6	10.0	22.2	50.0	50.0	195.9	561.8	30.9	48.9
2029	190.0	74.0	28.0	22.3	50.0	50.0	176.6	574.1	31.5	49.9
2030	210.0	76.4	48.0	22.5	50.0	50.0	175.8	560.5	32.1	49.5
2031	205.0	78.9	28.0	22.6	50.0	50.0	181.0	564.6	32.7	50.5
2032	205.0	81.4	9.0	22.7	50.0	50.0	175.3	540.2	34.0	53.1
2033	205.0	84.0	6.0	22.8	50.0	50.0	176.2	493.0	34.7	54.1
2034	210.0	86.7	12.0	23.0	50.0	50.0	181.8	483.2	35.4	55.2
2035	225.0	89.4	9.0	23.1	50.0	50.0	182.7	472.8	36.1	56.2
2036	235.0	92.2	9.0	23.3	50.0	50.0	183.0	449.7	36.8	57.3
Total	**3,455.0**	**1,323.1**	**473.0**	**471.6**	**890.0**	**890.0**	**3,479.2**	**8,083.8**	**586.2**	**885.6**

We note from the above table that there will be decreases in the annual caps for the Expense-nature Services Agreements (i.e. the Construction Services Agreement and the Management and Operating Services Agreement) and increases in the Income-nature Services Agreements (i.e. the Blending Services Agreement, the Husky TSA and the Storage Agreement). We consider the entering into the Revised Annual Cap Agreement allows HMLP Group to better use of its facilities and capture the potential business growth of Husky by providing higher amount of services to Husky, and therefore providing HMLP Group an opportunity to enhance its income streams.

Given the fact that the entering into each of the Services Agreements are fair and reasonable for the Company and the Annual Caps Revision is essential due to business expansion of HMLP, we consider the entering into the Revised Annual Cap Agreement is fair and reasonable for the Company.

5.2. MSA CCT

We note that pursuant to the Midstream Services Agreement entered into between HMGP and HOOL on 16 March 2018, HMGP agrees to retain HOOL as contractor in relation to the design, engineering, construction and commissioning of a natural gas processing facility near Edson, Alberta, and the outlet residue pipelines and related ancillary facilities in accordance with the specifications and requirements under the Construction Services Agreement for the purpose of facilitating HMGP's provision of services as contemplated under the Midstream Services Agreement. The term of the Midstream Services Agreement commences on the date when 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. The long duration of the Midstream Services Agreement is due to the unique business nature and the long term nature of the investment in the Facility, with payback periods well in excess of three years.

HOOL is entitled to terminate the Midstream Services Agreement (i) by written notice and payment of a compensation amount for the unexpired portion of the term determined with reference to the then present value of service fees payable, or (ii) upon occurrence of a force majeure event affecting HMGP's ability to provide services at the Facility for a continuous period, or (iii) upon HMGP being in material default (other than a breach of HMGP's payment obligation) of the terms of the Midstream Services Agreement. On the other hand, HMGP is entitled to terminate the Midstream Services Agreement upon HOOL being in default of the terms of the Midstream Services Agreement.

Under the MSA CCT, HMGP shall provide services in connection with (i) receiving, processing and handling the Inlet Substances in the Facility; (ii) delivering substances processed from the Inlet Substances to specified delivery points; and (iii) handling, transporting and disposing of all associated waste substances removed from Inlet Substances.

In addition, 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.

We understand from the management of the Company that 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 steady cash flow to be generated under the long term take or pay obligations of HOOL under the Midstream Services Agreement for up to a maximum of 30 years. The engagement of HOOL as contractor for development of the Facility is consistent with the Company's investment strategy to leverage on Husky's expertise in heavy oil operations as originally contemplated during its participation in the joint venture of HMLP in 2016, whereas the long duration of the Midstream Services Agreement ensures that HMLP Group is able to maximise the service capability of the Facility and the service income receivable under the Midstream Services Agreement. Furthermore, Husky will from time to time consider whether to carry out expansion plans and the entering into the Midstream Services Agreement allows HMLP Group to capture the potential business growth in future. Meanwhile, we understand from the management of the Company that if the Transactions are not approved by the Independent Shareholders, the Services Agreements will continue to be effective in accordance with their current terms and service levels, however, the Existing Annual Caps would limit HMLP Group's ability to grow its business and to take benefit from additional incomes arising from the Midstream Services Agreement or any other planned business developments of HMLP Group. As such, we consider the entering into of the MSA CCT is in the ordinary and usual course of business of the Company and is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Justification for a longer duration for the Midstream Services Agreement

The terms of the Midstream Services Agreement will have a term of 20 years, and HOOL shall have the right to extend the term for two successive 5-year periods, resulting in the maximum term of 30 years.

Since the duration of the Midstream Services Agreement is more than three years, we are required under Rule 14A.52 of the Listing Rules to opine on whether the duration of the Midstream Services Agreement is justifiable and necessary, and to confirm that it is in the normal business practice for contracts of this type to be of such duration.

Similar to the Services Agreements, we consider the long term duration of the Midstream Services Agreement is due to the unique business nature and the long term nature of the investment required to complete the required infrastructure, with payback periods usually well in excess of three years.

In determining the long term duration of the Midstream Services Agreement, we note that the contractual agreements ancillary to the product transportation service agreement (e.g. the Midstream Services Agreement in this case) have terms that normally replicate the duration of the product transportation service agreement. As such, we have conducted our own research on terms and conditions related to 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.

Set out below a list of the contracts with long term duration that were entered into by oil pipeline companies listed on the Toronto Stock Exchange in the last 15 years.

Oil pipeline company		Ticker	Tenure	Date of contract	Counter party	Pipeline systems
1.	Inter Pipeline Ltd.	TSX:IPL	20 years	January 2015	FCCL Partnership, Canadian Natural Resources and Imperial Oil Limited	Coke Lake Pipeline; Alberta, Canada
2.	Inter Pipeline Ltd.	TSX:IPL	25 years	May 2003 *(Note 1)*	Shell Canada Energy, Chevron Corporation and Marathon Oil Corporation	Corridor Pipeline System; Fort McMurray, Canada
3.	Inter Pipeline Ltd.	TSX:IPL	25 years	August 2012	Imperial Oil Limited	Polaris Pipeline System; Edmonton, Canada
4.	Enbridge Inc.	TSX:ENB	10 years	March 2015 *(Note 2)*	Various committed shippers *(Note 3)*	Spearhead Pipeline System; Alberta, Canada
5.	Pembina Pipeline Corp.	TSX:PPL	25+ years	August 2008	Canadian Oil Sands Limited, Imperial Oil Limited, Suncor Energy Inc., Sinopec Corp., Nexen Inc., Murphy Oil Company Ltd., Mocal Energy Limited	Syncrude Pipeline System; Alberta, Canada
6.	Pembina Pipeline Corp.	TSX:PPL	25+ years	November 2006	Canadian Natural Resources and Imperial Oil Limited	Horizon Pipeline System; Alberta, Canada
7.	Pembina Pipeline Corp.	TSX:PPL	25+ years	October 2006	ConocoPhilips Surmont Partnership, Total E&P Canada Ltd., Nexen Inc. and OPTI Long Lake L.P.	Cheecham Pipeline System; Alberta, Canada
8.	Pembina Pipeline Corp.	TSX:PPL	10+ years	August 2008	Canadian Natural Resources and EnCana Corporation	Nipisi and Mitsue Pipeline System; Alberta, Canada
9.	Pembina Pipeline Corp.	TSX:PPL	5 – 10 years	September 2015	Various committed shippers *(Note 3)*	Peace and Northern Conventional Pipeline System; Alberta, Canada
10.	Pembina Pipeline Corp.	TSX:PPL	20 – 30 years	March 2016	Paramount Resources Ltd.	Kakwa Pipeline System; Alberta Canada

Source: Annual reports and public information of the respective companies

Note:

1. *Corridor Pipeline System commenced commercial operations in May 2003. However, Inter Pipeline Ltd. acquired Corridor Pipeline System from an affiliate of Kinder Morgan Inc. in 2007 and the acquisition was embedded with a service agreement which included an initial contract term of 25 years, extending through 2028.*

2. *The pipeline was originally placed into service in 2006 with a 10-year contract. In March 2015, the service contract was further extended for another 10 years.*

3. *Details of the counter parties were not disclosed.*

The above list of comparable contracts has been selected exhaustively based on the above criteria, which have been identified, to the best of our endeavours, in our research through public information.

As illustrated in the table above, the term of duration of the Midstream Services Agreement falls within the range of the tenures of the comparable contracts. Meanwhile, it is not unusual and it is of normal business practice for businesses with oil and gas midstream operations to enter into long term contracts. As such, we are of the view that the duration of the Midstream Services Agreement is justifiable, and in line with the market practice.

6. Internal control and pricing mechanism

We have discussed with the management of the Company and understand that the HMLP Group has established a series of internal control measures for the transactions under the Services Agreements:

i. For the Management and Operating Services Agreement, fees that are based on labour work by HOOL are charged by reference to staff time allocated to the relevant services as multiplied by a fully burdened hourly rate. Time is required to be recorded by staff of HOOL and reviewed for approval by their supervisory staff monthly before billing. There are internal control measures following the Sarbanes-Oxley Act ("SOX") in place to ensure the reviews are occurring on a timely and thorough basis, and adherence to the review control is tested annually for compliance. For other costs and expenses under the Management and Operating Services Agreement, they are allocated to the relevant project or work of the HMLP Group. Invoices presented by HOOL are reviewed by the finance team of HMLP for verification before settlement.

ii. For the Construction Services Agreement, fees that are charged by reference to staff time allocated to the relevant services as multiplied by a fully burdened hourly rate, up to the agreed maximum amount, if any, provided under the agreement. Time is required to be recorded by staff of HOOL and reviewed for approval by their supervisory staff monthly before billing. Invoices presented by HOOL are reviewed by the finance team of HMLP for verification before settlement.

iii. For the Blending Services Agreement, fees are invoiced monthly based on the pre-agreed annual fee, pro-rated monthly, and invoices are reviewed by the finance team of HMLP at the month end.

iv. For the Husky TSA, the revenue process is monitored by SOX internal control measures.

v. For the Storage Agreement, fees are invoiced monthly based on the pre-agreed fee and agreed tolls, and invoices are reviewed by the finance team of HMLP at month end.

In addition, the Company regularly keeps track of the service fees levels to ensure that they are within the annual caps, and reviews the records on a yearly basis. The Company's auditor is engaged, pursuant to Rule 14A.56 of the Listing Rules, to report on the continuing connected transactions yearly and provide a letter to the Board containing their findings and conclusions, and it is provided access to the records for the purpose.

The Independent Non-executive Directors also review, pursuant to Rule 14A.55 of the Listing Rules, the continuing connected transactions on a yearly basis and confirm in the annual report whether these transactions have been entered into (i) in the ordinary course and usual business of the Group; (ii) on normal commercial terms or better; and (iii) in accordance to the agreement governing them on terms that are fair and reasonable and are in the interests of the Company and its shareholders as a whole.

The above internal control measures will also be adopted, as applicable, to the future fees under the Midstream Services Agreement.

We have enquired the management of the Company and confirmed that the above internal control measures have been carried out. We have obtained and reviewed four samples for each of the Services Agreements on random basis and confirmed that the Company has adopted the aforementioned review and checking procedures to ensure the internal control system has been followed and the amount invoiced to the Company and the payments are made in accordance to the payment terms as stated in the Services Agreements. We have also reviewed the relevant section in the SOX and confirmed that the Company has followed such internal control requirements for the transactions contemplated under the Management and Operating Services Agreement and Husky TSA. Upon our review of the samples of the Blending Services Agreement and Storage Agreement, we note that no adjustments to the invoice amount have been recorded which is consistent with the payment terms as stated above. The samples were selected on a random basis taking into account different types of services and that the transactions were entered into during different periods under the Services Agreements.

We have discussed with the management of the Company and understand that the pricing mechanisms for the transactions under the Services Agreements and the Midstream Services Agreement are as follows:

i. For the Management and Operating Services Agreement, the principle of the pricing mechanism is that HOOL will neither make a profit nor suffer a loss from the provision of services and the services fees payable by GPCo are equivalent to the costs incurred by HOOL in providing such services.

ii. For the Construction Services Agreement, the amount of services fees to be paid by HMGP are on a cost basis, and any target costs applicable to a Project are determined based on the size and nature of the Project, and taking into account the required labour costs and other expenses that are required for that Project. The estimation of labour costs were made with reference to primarily the required man hours of HOOL's employees. Meanwhile, HMLP Group will review the proposed target cost by a group of internal experienced technical experts in terms of the fairness and reasonableness on the target cost formulation based on the nature of the Project and where appropriate, will engage external technical consultants to assist in the assessment, before confirming any target costs for the Project.

iii. For the Blending Services Agreement, the pre-agreed fee was determined with reference to the current operating capacity of the HMGP System and the expected increase in the operating capacity of the HMGP System with effect from about 2021, taking into account the estimated costs of granting access of the HMGP System to Blender GP for carrying out blending activities plus a margin derived with reference to the market rate for similar transactions involving independent third parties. We noted that the services fees for granting access of the HMGP System to Blender GP are fixed annual fees, we are advised by the management of the Company that unlike the services under Husky TSA and Storage Agreement, which are subject to the costs of labour and the usage of terminals and storage facilities, the operation of blending services relies on the management of the purchase and the use of different diluents for blending and is therefore subject to commodity price risk. In order to eliminate the commodity price fluctuation in providing blending services, HMLP Group granted the access of HMGP System to Blender GP for carrying out blending activities with fixed annual services fees. In determining the level of annual services fees in 2016, the management conducted a 5-year market review of blending services. The annual services fees were determined after arm's length negotiation with Blender GP with reference to the aforementioned market review. To assess the fairness of the level of market rate, we have reviewed the market review prepared by the management and noted that the annual services fees agreed by HMGP and Blender GP are in line with the market average. The increase of annual services fees to CAD50 million since 2021 is in line with the expected increase in operating capacity of the HMGP System with effect from about 2021. In addition, we have conducted our own research by comparing the services rate charged by other blending services providers in Canada and noted that the services rate charged by HMGP to Blender GP for providing the blending services is in line with the market range. As such, we consider the pricing mechanism of the Blending Services Agreement is fair and reasonable.

iv. For Husky TSA, the pre-agreed fee was determined with reference to the expected volume throughput and tariffs at various connection points in the HMGP, taking into account the volume requirements projected by HEMP. The tariffs were determined based on the estimated costs of providing the transportation and terminalling services under the Husky TSA plus a margin derived with reference to the market rate at the time of entering into Husky TSA for similar transactions involving independent third parties and also subject to an inflation adjustment of 2% per annum. To assess the fairness of the level of market rate, we have reviewed the toll rate charged by HMGP to other independent customers for providing transportation and terminalling services and noted that the toll rate charged by HMGP to HEMP for providing the transportation and terminalling services is in line with the toll rate charged by HMGP to other independent customers. Meanwhile, we have conducted our own research on the inflation rate of Canada by making reference to the consumer-price index of Canada for a period of 20 years (i.e. from 1998 to 2017) and noted that the average inflation rate of Canada during the period was approximately 1.9% per annum. Based on the above, we consider the toll rate charged by HMGP under Husky TSA is fair and reasonable. Further, we noted that the toll rate is derived based on the above mechanism which we consider is fair and reasonable and the management of HMGP will review the actual monthly volume of throughput used by HEMP to determine the total fees. As such, we consider the pricing mechanism of the Husky TSA is fair and reasonable.

v. For the Storage Agreement, the pre-agreed fee was determined with reference to the estimated costs of provision of the dedicated and non-dedicated storage facilities plus a margin derived with reference to the market rate at the time of entering into the Storage Agreement for similar transactions involving independent third parties and also subject to an inflation adjustment of 2% per annum. To assess the fairness of the level of market rate, we have reviewed the services fee charged by HMGP to other independent customers and noted that the services fees charged by HMGP to HEMP for providing the oil storage services is in line with the services fees charged by HMGP to other independent customers. Based on the above together with our own research in relation to the annual inflation rate in Canada stated in paragraph (iv) above, we consider the services fees charged by HMGP under the Storage Agreement is fair and reasonable. Further, we noted that the rate of storage is derived based on the above mechanism which we consider is fair and reasonable and the management of HMGP will review the actual monthly volume of non-dedicated storage facilities used by HEMP plus the volume of dedicated storage facilities to determine the total fees. As such, we consider the pricing mechanism of the Storage Agreement is fair and reasonable.

vi. For the Midstream Services Agreement, the service fees payable by HOOL to HMGP include (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. The services fees to be charged by HMGP were determined with reference to the cost of providing the aforementioned services plus a margin derived with reference to the market rate at the time of entering into the Midstream Services Agreement for similar services being offered to other independent customers and also subject to an inflation adjustment of 2% per annum. Based on the above together with our own research in relation to the annual inflation rate in Canada stated in paragraph (iv) above, we consider the services fees to be charged by HMGP under the Midstream Services Agreement is fair and reasonable. Further, we noted that the management of HMGP the service rate of providing the Inlet Substances processing services is derived based on the above mechanism which we consider is fair and reasonable and management of HMGP will review the actual monthly volume of Inlet Substances processed to determine the monthly services fees. In the event that the actual processing amount is less than the fixed amount of Inlet Substances which HMGP commits to process monthly for HOOL, the committed fixed volume will be used to calculate the services fees. In addition, HMGP will charge HOOL's share of the operating cost based on the monthly cost budget. As such, we consider the pricing mechanism of the Midstream Services Agreement is fair and reasonable.

In light of the above, we are of the view that the Company has implemented adequate internal control measures for the transactions under the Services Agreements and the Midstream Services Agreement and the pricing mechanism of the Services Agreements and the Midstream Services Agreement are fair and reasonable.

7. Determination of the Revised Annual Caps and the annual caps for MSA CCT

7.1. Historical transaction amounts of Services Agreements

Management and Operating Services Agreement

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).

Construction Services Agreement

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).

Blending Services Agreement

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 approximately HK$180.22 million respectively).

Husky TSA

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).

Storage Agreement

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

7.2. Basis of determination of Revised Annual Caps

	Revised Annual Caps									
	Expense-nature Services Agreements				Income-nature Services Agreements					
Year Ending 31 December	Management and Operating Services Agreement		Construction Services Agreement		Blending Services Agreement		Husky TSA		Storage Agreement	
	(in CAD million)	*(equivalent to approximately HK$ million)*	*(in CAD million)*	*(equivalent to approximately HK$ million)*	*(in CAD million)*	*(equivalent to approximately HK$ million)*	*(in CAD million)*	*(equivalent to approximately HK$ million)*	*(in CAD million)*	*(equivalent to approximately 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
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.

Management and Operating Services Agreement

We have discussed with the management of the Company and understand that the revised annual caps under the Management and Operating Services Agreement have been determined with reference to the expected operating costs of HMLP Group.

In determining the revised annual caps of the Management and Operating Services Agreement, the management of HMLP based on the current development plan of HMLP Group to estimate the operating costs of HMLP Group such as utilities expenses, labour costs, rental expenses, IT expenses, procurement expenses, etc. We have reviewed the estimation of the aforementioned cost components and compared with the historical figures, and we noted that the increase in cost estimation from 2018 to 2036 is in line with the ongoing development plan of HMLP Group. Pursuant to the development plan of HMLP Group, there will be new headcounts in the coming few years due to the sales expansion and also for the operation of new growth projects. Also, the rental expenses and IT expenses are also increased in the cost estimation due to the increase in headcounts. Based on our review, we consider the cost estimation is fair and reasonable and therefore we are of the view that the revised annual caps for the Management and Operating Services Agreement are also fair and reasonable.

Construction Services Agreement

We have discussed with the management of the Company and understand that the revised annual caps under the Construction Services Agreement have been determined with reference to the construction plan of HMLP Group and the related cost estimation.

We have reviewed the cost estimation prepared by the management of HMLP and noted that in determining the revised annual caps of the Construction Services Agreement, the management of HMLP conducted cost estimation by referring to the historical figures for projects with similar nature and also considering the related capital expenditure such as workforce and equipment required for the new projects based on the construction plan of HMLP Group. Meanwhile, we noted that the revised annual cap under the Construction Services Agreement in 2018 is higher than the figures in other years, and we understand from the Company that the reason of such difference is due to the higher level of service fees scheduled to be payable upon completion of certain projects in that year. After the completion of such project, the construction services cost is expected to remain at the level around CAD20 million above. We consider the construction services cost estimation is fair and reasonable and therefore we are of the view that the revised annual caps for the Construction Services Agreement are also fair and reasonable and in the interest of the Company and Shareholders as a whole.

Blending Services Agreement

We have discussed with the management of the Company and understand that the annual caps under the Blending Services Agreement are based on the pre-determined annual fees set out in the Blending Services Agreement and there is no change in annual caps comparing to the Existing Annual Caps under the Blending Services Agreement. Pursuant to the Blending Services Agreement, HMGP granted Blender GP the sole and exclusive right to conduct ancillary blending activities on the HMGP System during the term until 31 December 2036. Blender GP is required to pay the annual fee of CAD30 million for the 5 years ending 31 December 2020 and CAD50 million for the 16 years ending 31 December 2036.

In addition, we have discussed with the management of the Company in relation to the determination of annual fee and understand that the annual fee was determined based on the arm's length negotiation between HMGP and Blender GP with reference to the operating capacity of the HMGP System. Moreover, the increase in annual fee from CAD30 million to CAD50 million since 2021 is due to the upgrade in the HMGP System and hence increasing its operating capacity. We consider the determination of annual caps based on the capacity of HMGP System is fair and reasonable and therefore we are of the view that the Revised Annual Caps for the Blending Services Agreement are fair and reasonable and in the interest of the Company and Shareholders as a whole.

Husky TSA

We have discussed with the management of the Company and understand that the annual caps under the Husky TSA are based on the pre-determined annual fees based on expected volume throughput and tariffs.

In addition, we have discussed with the management of the Company in relation to the determination of pre-determined annual fees and understand that the annual fees was determined based on the expected transportation volume and toll rate to be charged upon. We have reviewed the projections prepared by HMLP on volume and compared to that of the project development schedule and we are of the view that the expected transportation volume is in line with the project development schedule. Furthermore, we have reviewed the projected toll rate adopted in the calculation of annual caps and we note that the toll rate was determined based on the estimated costs of providing the transportation and terminalling services under Husky TSA plus a margin and such margin was derived with reference to the market rate. We have discussed with the management of the Company and understand that the estimation of annual fees under this approach is in line with the usual market practice. Also, we have reviewed the calculation and note that the inflation factor throughout the projection period and a buffer margin to cater any over-performance have been taken into consideration when determining the annual caps. We are of the view that the determination of the annual caps is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Furthermore, as stated in the "Letter from the Board" in the Circular, 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.

In light of above, we consider the determination of annual caps based on the expected transportation volume and toll rate is fair and reasonable and therefore we are of the view that the annual caps under the Husky TSA are fair and reasonable and in the interest of the Company and Shareholders as a whole.

Storage Agreement

We have discussed with the management of the Company and understand that the annual caps under the Storage Agreement are based on (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; and (ii) agreed tolls in respect of non-dedicated storage facilities. We also note that the monthly pre-agreed fee and agreed tolls were negotiated on an arm's length basis and normal commercial terms and determined with reference to the estimated costs of provision of the dedicated and non-dedicated storage facilities plus a margin.

We have discussed with the management of the Company in relation to the determination of annual fees and understand that the annual fees was determined based on the expected storage to be used. We have reviewed the HMLP's projections on the utilisation of storage capacity in storage tanks for HEMP's use as well as the agreed tolls in respect of non-dedicated storage facilities. Based on our review of the projections, we understand that the increase in annual caps are mainly due to the anticipated increase in volume of products to be supplied by HEMP. We note from the management of the Company that HEMP has requested additional tanks based on its current development plan. As a result, HMGP will receive higher fees for increased storage requirements from HEMP. In addition, we have reviewed the calculation and note that the inflation factor throughout the projection period and a buffer margin to cater any over-performance have been taken into consideration when determining the annual caps. We are of the view that such expectation is fair and reasonable and in the interest of the Company and Shareholders as a whole.

In light of above, we consider the determination of annual caps based on the expected storage capacity to be used is fair and reasonable and therefore we are of the view that the annual caps under the Storage Agreement are fair and reasonable.

7.3. Basis of determination of annual caps for MSA CCT

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 to cater for fluctuation due to operational needs:

For the 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
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 renewal options are exercised by HOOL*

We have reviewed the calculation of MSA CCT Annual Caps and understand that it is derived by (i) the estimated annual volume of Inlet Substances to be processed by HMGP; and (ii) the unit rate of the processing services.

We noted from our review that the annual processing volume of Inlet Substances is derived by the number of days in operation multiple by the daily volume to be processed by the processing plant. We have discussed with the management of the Company and note that the daily processing volume is determined based on the estimated amount of Inlet Substances to be supplied by HOOL (including Inlet Substances produced from HOOL and third parties). We note that there will be an increase in the annual processing volume from 2020 and it is due to the potential expansion of HOOL with a new facility which is expected to commence its operation in second-half of 2020.

For the unit rate of the processing service adopted in the calculation of annual caps, we note that such unit rate was derived after arm's length negotiation between HMGP and HOOL and on normal commercial terms with reference to the estimated costs of service to be provided plus a margin. We have discussed with the management of the Company and understand that the level of margin was derived with reference to the market rate. We consider the determination of the unit rate adopted in the calculation of annual caps is fair and reasonable.

We consider the determination of annual caps from the above basis is fair and reasonable and therefore we are of the view that the MSA CCT Annual Caps for the Midstream Services Agreement are also fair and reasonable.

RECOMMENDATION

In summary, we have considered the following principal factors and reasons in arriving at our opinion:

(a) the entering into of the Revised Annual Cap Agreement and the Midstream Services Agreement are in the ordinary and usual course of business of the Company;

(b) the entering into of the Revised Annual Cap Agreement and the Midstream Services Agreement are in the interest of the Company and the Shareholders as a whole; and

(c) the Revised Annual Caps and the MSA Annual Caps under the Midstream Services Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Having considered the principal factors and reasons above, we are of the view that the Transactions are on normal commercial terms and in the ordinary and usual course of business of the Group, and the terms of the Revised Annual Cap Agreement and the Midstream Services Agreement are fair and reasonable so far as the Independent Shareholders are concerned and that the Transactions are in the interests of the Company and the Shareholders as a whole.

Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the AGM to approve the Transactions.

Yours faithfully,
For and on behalf of
Platinum Securities Company Limited

Liu Chee Ming	**Li Lan**
Managing Director	*Director and Co-head of Corporate Finance*

Both Mr. Liu Chee Ming and Mr. Li Lan are licensed persons registered with the Securities and Futures Commission and as responsible officers of Platinum Securities Company Limited to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO. Mr. Liu Chee Ming and Mr. Li Lan have over thirty years and eleven years of experience in corporate finance industry, respectively.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. INTERESTS OF DIRECTORS

(a) Interests in shares, underlying shares and debentures of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company in the shares or underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions, if any, which they were taken or deemed to have under such provisions of the SFO); (b) to be entered in the register kept by the Company under Section 352 of the SFO; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") of the Listing Rules were as follows:

(1) Long Positions in the Shares

Name of Director	Capacity	Nature of Interests	Number of Shares Held	Approximate % of Shareholding
Tsai Chao Chung, Charles	Beneficial owner	Personal	4,022	≃ 0%

(2) Long Positions in the Shares of Associated Corporation HK Electric Investments and HK Electric Investments Limited

Name of Director	Capacity	Nature of Interests	Number of Share Stapled Units Held	Approximate % of Issued Share Stapled Units
Li Tzar Kuoi, Victor	Interest of controlled corporations	Corporate	7,870,000 *(Note 1)*	0.08%
Fok Kin Ning, Canning	Interest of controlled corporation	Corporate	2,000,000 *(Note 2)*	0.02%
Tsai Chao Chung, Charles	Beneficial owner	Personal	880	≃ 0%

Notes:

(1) Such share stapled units of HK Electric Investments and HK Electric Investments Limited ("**HKEI**") comprise:

(a) 2,700,000 share stapled units of HKEI held by Lankford Profits Limited, a wholly-owned subsidiary of Li Ka Shing (Overseas) Foundation ("**LKSOF**"). By virtue of the terms of the constituent documents of LKSOF, Mr. Li Tzar Kuoi, Victor may be regarded as having the ability to exercise or control the exercise of one-third or more of the voting power at general meetings of LKSOF; and

(b) 5,170,000 share stapled units of HKEI held by Li Ka Shing Foundation Limited ("**LKSF**"). By virtue of the terms of the constituent documents of LKSF, Mr. Li Tzar Kuoi, Victor may be regarded as having the ability to exercise or control the exercise of one-third or more of the voting power at general meetings of LKSF.

(2) Such share stapled units of HKEI are held by a company which is equally owned by Mr. Fok Kin Ning, Canning and his wife.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executives of the Company had any interests or short positions in the shares or underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); (b) to be entered in the register kept by the Company under Section 352 of the SFO; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code.

(b) Interests in assets, contracts or arrangements of the Group

As at the Latest Practicable Date, none of the Directors had any direct or indirect interests in any assets which had been acquired or disposed of by, or leased to, or which were proposed to be acquired or disposed of by, or leased to, any member of the Group since 31 December 2017, being the date to which the latest published audited consolidated financial statements of the Group were made up.

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group subsisting at the date of this circular and which is significant in relation to the business of the Group taken as a whole.

(c) Directors' Interests in Competing Businesses

As at the Latest Practicable Date, the interests of Directors in businesses which may compete with the Group's business of development, investment and operation of power generation, transmission and distribution and other energy related infrastructure facilities (the "**Business**") were as follows:

Name of Director	Name of Company	Nature of Interest
Fok Kin Ning, Canning	CK Hutchison Holdings Limited	Group Co-Managing Director
	CK Infrastructure Holdings Limited	Deputy Chairman
	Husky Energy Inc.	Co-Chairman
Chan Loi Shun	CK Infrastructure Holdings Limited	Executive Director and Chief Financial Officer
Andrew John Hunter	CK Infrastructure Holdings Limited	Deputy Managing Director
Li Tzar Kuoi, Victor	CK Asset Holdings Limited	Managing Director and Deputy Chairman
	CK Hutchison Holdings Limited	Group Co-Managing Director and Deputy Chairman
	CK Infrastructure Holdings Limited	Chairman
	Husky Energy Inc.	Co-Chairman
Neil Douglas McGee	Husky Energy Inc.	Director

The Board is of the view that the Group is capable of carrying on the Business independent of, and at arm's length from the businesses of the above companies. When making decisions on the Business, the above Directors, in the performance of their duties as Directors, have acted and will continue to act in the commercial best interest of the Group and all its Shareholders.

As at the Latest Practicable Date, save as disclosed above, none of the Directors, proposed Directors or their respective close associates (as if each of them was treated as a controlling shareholder under Rule 8.10 of the Listing Rules) had any interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

(d) Common directors

As the Latest Practicable Date, the following Directors are also directors of certain companies which have an interest or short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO (the "**Relevant Companies**"):

Name of Director	Relevant Companies in which the Director is also a director
Fok Kin Ning, Canning	CK Infrastructure Holdings Limited CK Hutchison Global Investments Limited CK Hutchison Holdings Limited
Li Tzar Kuoi, Victor	Hyford Limited CK Infrastructure Holdings Limited CK Hutchison Global Investments Limited CK Hutchison Holdings Limited
Chan Loi Shun	Interman Development Inc. Venniton Development Inc. Univest Equity S.A. Monitor Equities S.A. CK Infrastructure Holdings Limited
Andrew John Hunter	CK Infrastructure Holdings Limited
Neil Douglas McGee	Hutchison Infrastructure Holdings Limited
Wong Chung Hin	CK Hutchison Holdings Limited

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group (excluding contracts expiring or determinable by the relevant member of the Group within one year without payment of compensation (other than statutory compensation)).

4. EXPERTS

(a) Qualification of experts

The following is the name and qualification of the expert who have given advice which are contained in this circular:

Name	Qualification
Platinum Securities Company Limited	Licensed under the SFO to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities

(b) Interests of expert

As at the Latest Practicable Date, Platinum Securities Company Limited was not interested in any securities of any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of the Group, and Platinum Securities Company Limited did not have any direct or indirect interest in any assets which had been, since 31 December 2017 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by, or leased to, or were proposed to be acquired or disposed of by, or leased to, any member of the Group.

5. CONSENT

Platinum Securities Company Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and/or references to its name in the form and context in which they respectively appear in this circular.

6. MATERIAL ADVERSE CHANGES

The Directors confirm that there has been no material adverse change in the financial or trading position of the Group since 31 December 2017, being the date to which the latest published audited consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date.

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the registered office of the Company at Rooms 1913-1914, 19th Floor, Hutchison House, 10 Harcourt Road, Hong Kong on any weekday, except Saturdays, Sundays and public holidays, during the period of 14 days from the date of this circular:

(a) the Revised Annual Cap Agreement;

(b) the Midstream Services Agreement; and

(c) the Services Agreements.

Power Assets Holdings Ltd.
電能實業有限公司

Incorporated in Hong Kong with limited liability
Stock Code: 6

Reference is made to the notice of the annual general meeting of Power Assets Holdings Limited (the "**Company**") dated 4 April 2018 (the "**Former AGM Notice**") which sets out the resolutions to be considered by the shareholders of the Company at the annual general meeting to be held at the Grand Ballroom, 1st Floor, Harbour Grand Kowloon, 20 Tak Fung Street, Hung Hom, Kowloon, Hong Kong on Wednesday, 9 May 2018 (*see Note 7*) at **2:15 p.m.** (the "**AGM**").

SUPPLEMENTAL NOTICE IS HEREBY GIVEN that the AGM, which will be held as originally scheduled, will consider and, if thought fit, pass with or without modification the following ordinary resolution in addition to the resolutions set out in the Former AGM Notice:

ORDINARY RESOLUTION

8. To consider and, if thought fit, pass the following resolution as an **Ordinary Resolution**:

"THAT:

(a) the Transactions as defined in the circular of the Company dated 11 April 2018 (the "**Circular**") (a copy of the Circular marked "**A**" has been tabled before the meeting and initialled by the Chairman of the Meeting for identification purposes) and the proposed annual caps of the Transactions as set out in the Circular be and are hereby approved; and

(b) the directors of the Company, acting collectively and individually, be and are hereby authorised to take all such steps, do all such acts and things and to sign, execute, seal (where required) and deliver all such documents which he/they may in his/their absolute discretion consider necessary, appropriate, desirable or expedient in connection with or to implement or give effect to the Transactions."

By Order of the Board
Alex Ng
Company Secretary

Hong Kong, 11 April 2018

Notes:

1. *Unless otherwise defined in this notice or the context otherwise requires, terms defined in the Circular shall have the same meanings when used in this supplemental notice of AGM.*

2. *At the AGM, the Chairman of the Meeting will exercise his power under article 81 of the Company's articles of association to put the above resolution to the vote by way of a poll. The poll results will be published on the website of the Company at www.powerassets.com and the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk as soon as possible in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.*

3. *Save for the inclusion of the newly proposed resolution in this supplemental notice of AGM, there are no other changes to the resolutions set out in the Former AGM Notice. Please refer to the Former AGM Notice for the other resolutions to be passed at the AGM.*

4. ***A member of the Company is entitled to appoint another person (whether a member or not) as a proxy to exercise all or any of the member's rights to attend and to speak and vote at the AGM in his/her stead, and may appoint separate proxies to represent respectively the number of shares held by the member that is specified in their instruments of appointment.** Since the proxy form sent together with the Former AGM Notice (the "**Original Proxy Form**") does not contain the proposed additional resolution as set out in this supplemental notice of AGM, a revised proxy form (the "**Revised Proxy Form**") is enclosed with this supplemental notice of AGM.*

5. *If a Shareholder wishes to appoint a proxy to attend and to speak and vote at the AGM on his/her behalf and if he/she **has not yet returned the Original Proxy Form to the Company**, he/she should complete, sign and return the Revised Proxy Form, together with the power of attorney or other authority (if any) under which it is signed (or a notarially certified copy of such power or authority) (the "**Authority Documents**"), to the Company's registered office at Rooms 1913-1914, 19th Floor, Hutchison House, 10 Harcourt Road, Hong Kong no later than 48 hours before the time appointed for holding the AGM or any adjournment thereof (as the case may be) (the "**Closing Time**"). In this case, the Original Proxy Form should not be lodged with the Company.*

   *Any Shareholder who wishes to appoint a proxy to attend and to speak and vote at the AGM on his/her behalf and **who has already duly completed and lodged the Original Proxy Form, together with the Authority Documents (if any), with the Company by the Closing Time** should note that:*

   *(i) **if no Revised Proxy Form is lodged with the Company,** the Original Proxy Form will be treated as a valid proxy form lodged by him/her but the proxy so appointed will not be entitled to vote on resolution no. 8 to approve the Transactions;*

   *(ii) **if the Revised Proxy Form is duly completed and is lodged, together with the Authority Documents (if any), with the Company by the Closing Time,** the Revised Proxy Form will revoke and supersede the Original Proxy Form lodged by him/her. Such Revised Proxy Form will be treated as a valid proxy form lodged by such Shareholder; and*

   *(iii) **if the Revised Proxy Form is lodged, together with the Authority Documents (if any), with the Company after the Closing Time,** the Revised Proxy Form will be invalid and the validity of the Original Proxy Form duly lodged by such Shareholder will not be affected but the proxy appointed under the Original Proxy Form will not be entitled to vote on resolution no. 8 to approve the Transactions.*

Shareholders are reminded that completion and return of the Original Proxy Form and/or the Revised Proxy Form will not preclude them from attending and voting in person at the AGM or at any adjourned meeting should they so wish and, in such event, the relevant proxy form(s) lodged shall be deemed to be revoked.

6. *For the purpose of ascertaining members who are entitled to attend and vote at the AGM (or any adjournment thereof), the register of members of the Company will be closed from Friday, 4 May 2018 to Wednesday, 9 May 2018, both days inclusive. In order to qualify for the right to attend and vote at the AGM (or any adjournment thereof), all transfers accompanied by the relevant share certificates should be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited, no later than 4:30 p.m. on Thursday, 3 May 2018. The address of Computershare Hong Kong Investor Services Limited is Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.*

7. *If tropical cyclone warning signal no. 8 or above is hoisted or a black rainstorm warning signal is in force at 9:00 a.m. on Wednesday, 9 May 2018, the AGM will not be held on that day but will automatically be postponed and, by virtue of the Former AGM Notice and this supplemental notice of AGM, be held at the same time and place on Tuesday, 15 May 2018. Members may call the Company at (852) 2122 9122 during business hours from 9:00 a.m. to 5:00 p.m. on Monday to Friday, excluding public holidays or visit the website of the Company at www.powerassets.com for details of alternative meeting arrangements. The AGM will be held as scheduled even when tropical cyclone warning signal no. 3 or below is hoisted, or an amber or red rainstorm warning signal is in force in Hong Kong.*

   Shareholders should make their own decision as to whether they would attend the AGM under bad weather conditions bearing in mind their own situation and if they should choose to do so, they are advised to exercise care and caution.

8. *In the case of inconsistency between the Chinese translation and the English text of this supplemental notice of AGM, the English text shall prevail.*