

Project Summary List

2017 Project

(In reverse chronological order, with the latest project on top)

For details, please refer to past meeting minutes/project notes/research reports.

Infrastructure

1. **Monkey Island LNG: LNG export terminal project.**

Held multiple meetings with Monkey Island LNG project company owner and manager, assessed investment merits on various aspects, but given the long investment time horizons, high financial leverage, and high operating risks involved, our team is optimistically cautious on the project, and would prefer to err on the side of conservatism, especially given the deal size involved for this early stage project. Furthermore, the regulatory approval process is very complicated for large scale LNG export terminal projects like that of Monkey Island/Magnolia, with over 30 agencies, at local, state, and federal levels involved. The permitting process is costly and onerous.

A summary of Monkey Island LNG export terminal proposal:

- Project is at pre-FID stage (“Pre-Final Investment Decision Stage” signals that a project is at a very early stage and is looking for a significant amount of funding).
- Project requires between \$6.7 – 8.0 billion to complete.
- Project requires 7 – 8 years from now to complete.
- Based on current regulation, project received DOE permit, but have not received FERC pre-filing approval. It takes over 2 years to receive FERC permit.
- Monkey Island is asking for \$350 – 1,500 million equity investment from HW. \$1.5 billion is the amount of funding necessary to complete FERC permitting process and move the project forward to FID-ready stage.

2. **Magnolia LNG: LNG export terminal project.**

Like Monkey Island LNG, Magnolia is another one of the LNG export terminal projects competing for funding and competing for off-taker contract. In comparison to Monkey Island LNG, Magnolia is a relatively smaller project that requires slightly less capital and slightly shorter time to complete. Unlike the situation of Monkey Island, where HW would become its first investor, Magnolia has secured investment from a private equity fund prior to engaging HW. However, our team felt that the same assessments given to Monkey Island, especially on timing and investment risk management, are also applicable to Magnolia.

A summary of Magnolia LNG export terminal proposal:

- Project is at pre-FID stage (“Pre-Final Investment Decision Stage” signals that a project is at a very early stage and is looking for a significant amount of funding).
- Project requires between \$5.0 – 6.0 billion to complete.
- Project requires 6 – 7 years from now to complete.
- Project received both DOE and FERC permits; the project is shovel ready.
- Magnolia seeks HW as its off-taker (first buyer for its LNG cargos). A caveat is that the buyer’s contract is a 15-year take-or-pay, legally binding commitment.

3. **Port Cameron: commodity export port project.**

Port Cameron is a short-term infrastructure project for the construction of a deepwater port in Louisiana. The purpose of the port is for commodity trading and oil export through the Gulf of Mexico. Even though the nearest deepwater port has become obsolete, the region's industry dynamic has changed over the years, how relevant of an infrastructure asset will this proposed Port Cameron become remains a question. Therefore, we remained cautious on this potential opportunity.

A summary of Port Cameron Proposal:

- Project expects to receive all permits soon, as of November 2017.
- Project requires between \$1.7+ billion to complete.
- Project requires 1 – 2 years from now to complete.
- Project seeks either \$0.5 billion equity investment or \$1.25 billion debt investment from HW as its first investor.

4. **Thornhill Infrastructure: energy infrastructure/commodity trading port infrastructure proposal.**

Held an initial discussion with Thornhill Energy to learn about its energy / commodity trading related infrastructure proposals, primarily associated with oil distribution and trading ports. However, given the quality of the pitch, our team felt that Thornhill's proposed projects were at a rather primitive stage, not ideal to weight our consideration.

Oil and Gas Trading

Due diligence and transaction assessment on various oil and natural gas trading transaction opportunities.

5. **Monkey Island Project Company: natural gas trading discussion.**

Discussed various opportunities in natural gas / LNG trading, but our team did not choose to further expand the conversation. This decision was reached for the following 2 reasons: 1). Monkey Island team was more interested in pitching its LNG export terminal infrastructure project, which eventually become the sole focus of the subsequent meetings, 2). Monkey Island introduced potential deals, but such deals did not match with our preference for transaction-readiness (executable for the upcoming winter-season).

6. **Fenet & Fenet: Louisiana oil and natural gas trading opportunities.**

Discussed both oil and LNG trading/exporting opportunities. Our team was more interested in pursuing the LNG spread trading opportunities, due to the timing of upcoming winter peak usage season and the spiking natural gas price in China.

After multiple rounds of meetings to explore LNG trading opportunities with the counterparty, our team chose not to pursue the proposed deal with Fenet & Fenet associates. This decision is due to team consensus on the following factors: 1). Lack of transparency from the counterparty leads to our

team members' concern on the synergy and trust level associated with the counterparty, especially given our conservative approach; 2). Even though the proposed term is a fair deal, it is still not the best price range and service combination we were aiming for.

A summary of Fenet & Fenet's LNG trading proposal:

- 5-year contract, start on as soon as January 2018
- for 5-8 MTPA LNG per year
- at a price of (Henry Hub Index x1.15 + Liquefaction + Transportation / Logistics).
- At this proposed price, based on the market condition at the time, LNG unit price is estimated at \$3.39/mmBtu, which translates to a transaction size of approximately \$ 0.8 – 1.4 billion. If factor in transportation/logistics cost, the destination LNG unit price is estimated at \$6.79/mmBtu, which translates to a transaction size of approximately \$1.6 – 2.8 billion.

7. Thornhill Energy: various oil trading opportunities.

Visited Louisiana to meet with Thornhill Group, discussed oil trading opportunities in different classes of U. S. oil products through partnership with Thornhill Group, but did not reach a deal due to disagreement on deal terms, profit split, and logistic arrangements for export delivery.

8. Trade Group: oil spread trading proposal.

In addition to conventional commodity trading operation, Trade Group's business model involves the support and nurturing of minority business and commodity brokers. Trade Group uses its special license that oil company granted to reputable minority ethnicity business owners to gain further discount and better service terms from its oil major partners.

The pricing terms were attractive, and the negotiation process was productive. However, driven by our conservative approach, we scrutinized this proposal even harsher, given the fear of "too good to be true". Our team unexpectedly discovered exaggeration and fraudulent statements made by the counterparty. Given the intricacies of this niche market, the counterparty assumed it would be easy to swing investors as it did in the past. As such, we did not continue further conversation with Trade Group.

2017 Deal Evaluation Summary and Takeaways:

Within a brief period of 3 months, the team has assessed over 8 major deals, conducted thorough industry research, completed extensive due diligence on target companies, and analyzed peer companies. More importantly, based on the discoveries and observations from the deals assessed, the team has become exposed to a bountiful of other potential opportunities and worthy ideas in the related space, and conducted fruitful brainstorming sessions to set investment strategies going forward (as reflected in the 2018 potential project list).

HW Overarching Goal - Doing well by doing good | Financial and social benefits:

Doing well by doing good, our goal is to engage in financially sound and socially responsible investment opportunities with the spirit of foster win-win relationship that will benefit both the U. S. and international

communities, while optimize the financial and operational potentials of each invested business/enterprise based on stellar investment and operational management.

2018 Potential Project

(In chronological order and based on planned order of work)

LNG

1. Ongoing assessment and monitoring of 2017 deals/deal-related ideas.
2. Negotiate with leading U. S. LNG vendors (including Cameron LNG and Freeport LNG) to secure natural gas/LNG trading deals.
3. Explore U. S. natural gas industry midstream investment opportunities (including natural gas pipeline projects with international and U. S.-based financial institutions).

Energy/Commodity/Infrastructure

4. Explore potential investment opportunity in distressed international energy company affiliates (for example, the Noble Group and affiliates).
5. Establish dialogue and explore potential cross-border investment themes (U. S. – Middle East, U. S. – Latin America) with HSBC and explore U. S. inbound domestic investment opportunities with international and U. S.-based financial institutions.

Energy +

Energy + Technologies

6. Explore potential U. S. domestic and cross-border investment opportunities (U. S. – Latin America) with the theme of “Energy + Technology”: rare earth metal, lithium mineral assets that are vital to empower technology product manufacturing.
7. Identify potential opportunities in “Energy + Technologies” theme investment and partnership opportunities related to pollution control and energy sector related technologies and its application Energy + Manufacturing/Production.

Energy + Manufacturing

8. Explore potential investment opportunities in the petrochemical and energy production space.

Energy + Agriculture

9. Explore potential investment opportunities in the production of agriculture-commodity / agriculture-energy interface. “Energy” broadly defined, including biofuel and agricultural commodity, as vital energy/fuel source for everyday life.

Infrastructure +

Infrastructure + Energy

10. Continue to monitor and explore deal opportunities related to logistic/transportation infrastructure to support energy production and distribution (including LNG/natural gas, oil, utilities).

Infrastructure + Real Estate

11. Explore infrastructure development and investment opportunities 1). that will benefit local communities, enrich real estate return or gain concessions and government grants in other local investments (primarily in the form of real estate related concessions), and 2) infrastructure and real estate combo project linked to lucrative real estate development/regional development.

Other opportunities/ideas

12. Transaction readiness program / credit management
Foreign companies, such as in the case of Chinese companies, must face their own governments' currency / capital control rules. Unless they are investing in a worthy project with reputable foreign partners, they would not be able to transfer money out of the country. However, for the purpose of diversification, oversea deal-making and expansion opportunities, it is important for them to have funds to execute deals in the overseas market. Therefore, it is necessary to have a trust worthy fund, account manager to help facilitate the smooth flow of cross-border capital and coordinate deal flow of potential acquisitions.
13. Industry research & company research consulting support
Though they might be leaders in their domestic market, many foreign companies face the challenge of understanding American business culture, the customs and mentalities of their American peers, while others need help with identify and connect with the appropriate American business/potential partners in their relevant industry. As such, there is a need to seek pundit advice and reference to establish contact with American counterpart, research on the business structure and industry landscape within the context of the U. S. market.