

The Trust Deed is a complex document and the following is a summary only. Recipients of this prospectus and all prospective investors should refer to the Trust Deed itself to confirm specific information or for a detailed understanding of HK Electric Investments and the Share Stapled Units. The Trust Deed is available for inspection without charge at the registered office of the Trustee-Manager at 44 Kennedy Road, Hong Kong and can also be accessed and downloaded from the websites of the Company and the Stock Exchange at www.hkei.hk and www.hkexnews.hk, respectively.

INTRODUCTION

HK Electric Investments was constituted as a trust on 1 January 2014 by a Hong Kong law governed Trust Deed entered into between HK Electric Investments Manager Limited, as the trustee-manager of HK Electric Investments, and the Company. The Trustee-Manager is a wholly-owned subsidiary of PAH.

FIXED SINGLE INVESTMENT TRUST AND LIMITED SCOPE OF ACTIVITIES

HK Electric Investments is constituted, upon and subject to the terms and conditions of the Trust Deed, as a fixed single investment trust to engage solely in the Authorised Business. A fixed single investment trust in this context connotes that the trust may only invest in securities and other interests in a single entity, being the Company, and that the trust confers on the registered holders of its Units a beneficial interest in specifically identifiable property held by the trust (in this case, the Ordinary Shares held by HK Electric Investments).

HK Electric Investments may not carry on any activities other than engaging in the Authorised Business in accordance with the Trust Deed. The Trust Deed provides that “**Authorised Business**” of HK Electric Investments means:

- (a) investing in the Company (including, without limitation, investment in securities and other interests in the Company);
- (b) the exercise of the Trustee-Manager’s powers, authorities and rights, and the performance of its duties and obligations, under the Trust Deed; and
- (c) any thing or activity which is necessary or desirable for or in connection with the activities referred to in paragraphs (a) and/or (b) above.

Therefore, in summary, the scope of activity of HK Electric Investments is limited to investing in the Company.

TRUST PROPERTY

The Trust Property will initially comprise:

- (a) all rights arising out of agreements in relation to the Authorised Business entered into by the Trustee-Manager (in its capacity as trustee-manager of HK Electric Investments) after the date of the constitution of HK Electric Investments;
- (b) the Ordinary Shares to be acquired by the Trustee-Manager pursuant to the agreements referred to in paragraph (a) above; and
- (c) the proceeds to be received by the Trustee-Manager from the issue of Share Stapled Units.

Under the Trust Deed, the Trustee-Manager is required to hold the Trust Property for the time being on trust for the benefit of the Registered Holders of Units pursuant to the Trust Deed, *pari passu* according to the number of Units held by each Registered Holder of Units.

TRUST DEED BINDING ON UNITHOLDERS

The terms and conditions of the Trust Deed and all deeds supplemental to it shall be binding on each Unitholder and all persons claiming through such Unitholder as if such Unitholder had been a party to the Trust Deed and all supplemental deeds (if any) and as if the Trust Deed and such supplemental deeds contained covenants on the part of each Unitholder to observe and be bound by all the provisions of the Trust Deed and such supplemental deeds, and an authorisation by each Unitholder to do all such acts and things as the Trust Deed and such supplemental deeds may require the Trustee-Manager and/or the Company to do.

The Trust Deed sets out certain rights, duties and obligations of the Trustee-Manager and Holders of Share Stapled Units.

THE SHARE STAPLED UNITS AND HOLDERS OF SHARE STAPLED UNITS

The rights and interests of Holders of Share Stapled Units are contained in the Trust Deed. Under the Trust Deed, those rights and interests are safeguarded by the Trustee-Manager.

The beneficial interest in HK Electric Investments is divided into Units. Each Unit represents an undivided interest in HK Electric Investments, which confers the rights set out in the Trust Deed.

Each Unit must be:

- (a) matched by and Linked to a specifically identified Ordinary Share issued or to be issued by the Company to the Trustee-Manager (in its capacity as trustee-manager of HK Electric Investments); and
- (b) Stapled to a specifically identified Preference Share issued or to be issued by the Company to the relevant Registered Holder of Share Stapled Units.

Each Unit confers on the Registered Holder of a Unit a beneficial interest, on and subject to the terms and conditions of the Trust Deed, in a specifically identified Ordinary Share registered in the Principal Register of Members in the name of the Trustee-Manager (in its capacity as trustee-manager of HK Electric Investments).

Subject to the provisions of the Trust Deed (including the exercise of the Exchange Right and the termination of HK Electric Investments), a Unitholder is not entitled to have any part of the Trust Property to be transferred to it. The right of a Unitholder is limited to the right to require the due administration of HK Electric Investments in accordance with the provisions of the Trust Deed, including, without limitation, by suit against the Trustee-Manager and the other rights expressly provided under the Trust Deed.

Unless otherwise expressly provided in the Trust Deed, a Unitholder may not interfere or seek to interfere with the administration of HK Electric Investments by the Trustee-Manager.

RELATIONSHIP BETWEEN THE UNITS, THE ORDINARY SHARES AND THE PREFERENCE SHARES

Subject to the exercise of the Exchange Right, at all times:

- (a) the number of Units in issue must be equal to the number of Ordinary Shares in issue (and *vice versa*);
- (b) the number of Units in issue must also be equal to the number of Preference Shares in issue (and *vice versa*); and
- (c) the number of Ordinary Shares in issue must be equal to the number of Preference Shares in issue (and *vice versa*).

Linking Arrangements

Subject to the exercise of the Exchange Right, at all times:

- (a) all of the issued Ordinary Shares must be registered in the Principal Register of Members in the name of the Trustee-Manager (in its capacity as trustee-manager of HK Electric Investments);
- (b) each Unit issued or to be issued by the Trustee-Manager must be matched by and Linked to a specifically identified Ordinary Share issued or to be issued by the Company to the Trustee-Manager (in its capacity as trustee-manager of HK Electric Investments);
- (c) the Trustee-Manager must not issue or sell any Units to any person unless an identical number of specifically identified Ordinary Shares are or have been issued by the Company to the Trustee-Manager (in its capacity as trustee-manager of HK Electric Investments) before, or at substantially the same time as, the issue or sale of the relevant Units; and
- (d) the Company must not issue or sell any Ordinary Shares unless the Ordinary Shares are specifically identified and issued to the Trustee-Manager (in its capacity as trustee-manager of HK Electric Investments) and an identical number of Units in respect of the relevant specifically identified Ordinary Shares are or will be issued by the Trustee-Manager.

Each Unit confers on the Registered Holder of a Unit a beneficial interest, on and subject to the terms and conditions of the Trust Deed, in a specifically identified Ordinary Share registered in the Principal Register of Members in the name of the Trustee-Manager (in its capacity as trustee-manager of HK Electric Investments).

The Trustee-Manager shall distribute the proceeds of any and all dividends, distributions and other payments to be made in respect of the specifically identified Ordinary Shares registered in the Principal Register of Members in the name of the Trustee-Manager to the Registered Holders of the relevant Units which are matched with and Linked to those specifically identified Ordinary Shares, upon and subject to the terms and conditions of the Trust Deed (including, without limitation, those terms and conditions permitting certain payments and other deductions to be made out of the Trust Property).

Each Share Stapled Unit may be exchanged for the specifically identified Ordinary Share which is matched with and Linked to the Unit which is a component of the relevant Share Stapled Unit, in accordance with the Trust Deed.

Stapling Arrangements

In addition to the requirements described above, for each Unit to be matched by and Linked to a specifically identified Ordinary Share held by the Trustee-Manager (in its capacity as trustee-manager of HK Electric Investments), at all times, subject to the exercise of the Exchange Right:

- (a) each Unit issued or to be issued by the Trustee-Manager must be Stapled to a specifically identified Preference Share issued or to be issued by the Company;
- (b) the Trustee-Manager must not issue or sell any Units to any person unless an identical number of specifically identified Preference Shares is or has been issued by the Company and those Preference Shares are issued or transferred to the same persons to whom the Units are issued or sold (and registered in the Principal Register of Members or the Hong Kong Register of Members in the names of the same persons in which the Units are registered in the Units Register), in the ratio of one specifically identified Preference Share for each Unit and on the basis that each specifically identified Preference Share is Stapled to a Unit so that one may not be dealt with without the other; and
- (c) the Company must not issue or sell any Preference Shares unless the Preference Shares are to be Stapled to Units as described above.

Under the Trust Deed, the Trustee-Manager and the Company are required to use all their respective reasonable endeavours to maintain a listing on the Stock Exchange for:

- (a) all the issued Share Stapled Units for the time being; and
- (b) each individual security which is a component of the Share Stapled Units; being all the issued Units, Ordinary Shares and Preference Shares for the time being,

provided that, for as long as the Share Stapled Units remain listed on the Stock Exchange, there shall be a single price quotation for a Share Stapled Unit incorporating the three components described in the definition of "Share Stapled Unit" and there will not be separate published price quotations for the listed Units, listed Ordinary Shares or listed Preference Shares comprising the Share Stapled Units.

UNITS AND ORDINARY SHARES TO REMAIN LINKED AND UNITS AND PREFERENCE SHARES TO REMAIN STAPLED

Under the Trust Deed, the Trustee-Manager and the Company must ensure that, subject to the exercise of the Exchange Right, each Unit remains Linked to a specifically identified Ordinary Share registered in the Principal Register of Members in the name of the Trustee-Manager (in its capacity as trustee-manager of HK Electric Investments) and that each Unit remains Stapled to a specifically identified Preference Share.

The Trust Deed contains provisions prohibiting the Trustee-Manager and the Company from taking any action which would result in the Units and the Ordinary Shares ceasing to be Linked or in the Units and the Preference Shares ceasing to be Stapled; or from refraining from doing any act required to maintain those relationships.

The Trust Deed also contains detailed provisions requiring that Units and Shares may only be offered for subscription and issued by HK Electric Investments and the Company, and may only be transferred by their holders, in the form of Share Stapled Units and not in the forms of the individual components of Units, Ordinary Shares and Preference Shares.

The Trust Deed also provides that, subject to the exercise of the Exchange Right and the redemption of the Preference Shares upon the termination of HK Electric Investments, the Trustee-Manager must not consolidate, sub-divide, cancel, buy-back or redeem any Units and the Company must not consolidate, sub-divide, cancel, buy-back or redeem any Shares unless there is a corresponding consolidation, sub-division, cancellation, buy-back or redemption of the Units and of both the issued specifically identified Ordinary Shares which are Linked to the relevant Units and the issued specifically identified Preference Shares which are Stapled to the relevant Units.

REGISTERS

The Trust Deed requires:

- (a) the Trustee-Manager and the Company to maintain, or ensure the maintenance of, the Share Stapled Units Register, showing details of those holding Share Stapled Units;
- (b) the Trustee-Manager to maintain, or ensure the maintenance of, the Units Register, showing details of those holding Units;
- (c) the Company to maintain, or ensure the maintenance of, the Register of Members (including the Principal Register of Members and the Hong Kong Register of Members); and
- (d) the Trustee-Manager and the Company to maintain, or ensure the maintenance of, the Register of Beneficial Interests, showing details of the beneficial interests of the Registered Holders of Units in the Ordinary Shares Linked to the Units.

Prior to an exercise of the Exchange Right, all the issued Ordinary Shares will be registered in the Principal Register of Members in the name of the Trustee-Manager. The Preference Shares will be registered in the Hong Kong Register of Members in the respective names of the Registered Holders of Share Stapled Units. A single registrar will be appointed as the common registrar to maintain all the registers, except that the Principal Register of Members which is maintained in the Cayman Islands and which will show the Trustee-Manager as the registered holder of all the issued Ordinary Shares may have a different registrar located in Cayman Islands.

The Trust Deed requires that the Trustee-Manager and the Company must ensure that the Share Stapled Units Register, the Units Register, the Hong Kong Register of Members (in so far as it relates to the Preference Shares) and the Register of Beneficial Interests are entirely consistent with one another.

RIGHT TO ISSUE NEW SHARE STAPLED UNITS VESTED IN THE TRUSTEE-MANAGER AND THE COMPANY JOINTLY

Subject to complying with the provisions of the Trust Deed, the Trustee-Manager and the Company, acting jointly by mutual agreement between them, have the right to effect the creation and issue of Share Stapled Units and/or Convertible Instruments in accordance with the Trust Deed.

Units may only be issued in combination with a specifically identified Ordinary Share and Preference Share, as a component of a Share Stapled Unit. The Trustee-Manager and the Company must both agree to the issue of and agree the terms of issue, including the price, of any Share Stapled Units and each of the individual components (Units, Ordinary Shares and Preference Shares), or any Convertible Instruments to be issued, in each case, before any offer to issue or sell the relevant securities is made.

If the Trustee-Manager and the Company jointly agree to issue Share Stapled Units:

- (a) the Trustee-Manager must cause the issue of an agreed number of Units; and
- (b) the Company must cause the issue of an identical number of specifically identified Ordinary Shares to the Trustee-Manager (in its capacity as trustee-manager of HK Electric Investments) and an identical number of specifically identified Preference Shares in accordance with the Trust Deed, so that the specifically identified Preference Shares are issued, or sold or transferred, to (and registered in the respective names of) the same persons to whom the Units are issued.

The above provisions will apply equally to any issue of Units pursuant to any Convertible Instruments.

The Company shall pay the expenses of the issue and delivery of, and all expenses of obtaining listing for, the Shares issued as components of Share Stapled Units. The Trustee-Manager shall pay the expenses of the issue and delivery of, and all expenses of obtaining listing for, the Units issued as components of Share Stapled Units out of the Trust Property. The obligations of the Company and the Trustee-Manager to issue Shares and Units are subject to the requirements of the relevant laws and regulations, the Trust Deed and any consent or other approval from any necessary authority.

Subject to the exercise of the Exchange Right, the Trustee-Manager and the Company must ensure that each Unit remains Linked to a specifically identified Ordinary Share registered in the Principal Register of Members in the name of the Trustee-Manager (in its capacity as trustee-manager of the HK Electric Investments) and each Unit remains Stapled to a specifically identified Preference Share.

NEW ISSUE ON *PRO RATA* BASIS

After the Listing Date, new Share Stapled Units and/or Convertible Instruments may be offered by the Trustee-Manager and the Company acting jointly by mutual agreement between them, on a *pro rata* basis as a Rights Issue (as defined below) without the prior approval of Registered Holders of Units or Registered Holders of Share Stapled Units other than where any such issue together with such Convertible Instruments (assuming their exercise in full), would increase the total number of issued Share Stapled Units by more than 50% (or such other percentage as may, from time to time, be prescribed by the Listing Rules) (on its own or when aggregated with any other *pro rata* issue of Share Stapled Units under the Trust Deed or open offers announced, (a) within the 12 month period

immediately preceding the announcement of the proposed Rights Issue; or (b) prior to such 12 month period where dealing in respect of Share Stapled Units issued pursuant thereto commenced within such 12 month period, together with any Convertible Instruments (assuming their exercise in full) granted or to be granted to Holders of Share Stapled Units as part of such *pro rata* issues or open offers), in which case such issue shall require the prior approval of an Ordinary Resolution of Registered Holders of Units in respect of which any Holder of Share Stapled Units holding not less than 30% of the issued Share Stapled Units, and the associates of any such Holder, or where there is no person holding 30% or more of the issued Share Stapled Units, Directors of the Company and the Trustee-Manager (in each case, excluding independent non-executive Directors), the chief executive of the Company and the associates of those Directors and the chief executive, shall abstain from voting in favour. For such purposes, the effect on the total number of issued Share Stapled Units of any relevant issue under the Trust Deed (and the relevance and effect of any other issue within the relevant preceding 12 month period) shall be estimated and determined by the Trustee-Manager and the Company jointly, in good faith and using their respective best endeavours, having regard to the terms and conditions of the relevant offer(s) or issue(s) under the Trust Deed.

A “**Rights Issue**” means an offer of Share Stapled Units and/or Convertible Instruments to all existing Registered Holders of Share Stapled Units on a *pro rata* basis and an offer of Share Stapled Units and/or Convertible Instruments shall be considered and deemed to be made on a *pro rata* basis notwithstanding that (a) the Trustee-Manager and the Company acting jointly may, after making due enquiry regarding the applicable jurisdiction, determine that Share Stapled Units and/or Convertible Instruments are not to be offered to some or all of the persons whose addresses are outside Hong Kong, and/or that the Share Stapled Units and/or Convertible Instruments shall be offered on a basis, or containing such other terms, providing for any such other exclusions or adjustments determined by the Trustee-Manager and the Company acting jointly, if the Trustee-Manager and the Company by mutual agreement between them consider such exclusions or adjustments to be necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws, or under the requirements of any recognised regulatory body or stock exchange, of any territory or jurisdiction outside Hong Kong and/or (b) where and to the extent that Registered Holders of Share Stapled Units do not accept any offer of Share Stapled Units and/or Convertible Instruments within the applicable period for acceptance (as determined by the Trustee-Manager and the Company acting jointly by mutual agreement between them), such Share Stapled Units and/or Convertible Instruments may be offered or made available to, and taken up by, other persons as determined by the Trustee-Manager and the Company acting jointly by mutual agreement between them, subject to compliance with the relevant laws and regulations (including the applicable Listing Rules).

NEW ISSUE OTHER THAN ON A *PRO RATA* BASIS UNDER GENERAL MANDATE

The Trust Deed provides that, subject to the lock-up provisions applicable under the Listing Rules, any applicable lock-ups agreed with underwriters, any other applicable provisions of the Listing Rules, the provisions of the Trust Deed requiring that Units be Linked to Ordinary Shares and Stapled to Preference Shares, the provisions below and the provisions described in “*New Issue to a Connected Person*” below, Share Stapled Units may be issued or agreed (conditionally or unconditionally) to be issued, after the Listing Date and on or prior to the date of the first annual general meeting of Registered Holders of Units held after the Listing Date (whether directly or pursuant to any Convertible Instrument), without the approval of an Ordinary Resolution of Registered Holders of Units if the total number of new Share Stapled Units issued, or agreed (conditionally or unconditionally) to be issued, under this provision

of the Trust Deed, otherwise than pursuant to (a) a Rights Issue or (b) any distribution reinvestment arrangement providing for the issue of Share Stapled Units in lieu of all or part of a distribution on Share Stapled Units in accordance with the Trust Deed and the Company's Articles, does not increase the number of Share Stapled Units outstanding immediately following the Listing Date by more than 20%.

Any issue of, or any agreement (whether conditional or unconditional) to issue, new Share Stapled Units exceeding the percentage threshold specified above shall require specific prior approval by an Ordinary Resolution of Registered Holders of Units, except that agreements to issue new Share Stapled Units exceeding such percentage threshold which are conditional upon specific prior approval by an Ordinary Resolution of Registered Holders of Units may be entered into without first obtaining such prior approval.

The authority granted under the general mandate described above shall only remain in effect until the conclusion of the first annual general meeting of Registered Holders of Units following the Listing Date, or the expiration of the period within which such annual general meeting is required to be held, or until revoked, renewed or varied by an Ordinary Resolution of Registered Holders of Units, whichever occurs first.

At each subsequent annual general meeting, the Registered Holders of Units may by an Ordinary Resolution of Registered Holders of Units grant a general mandate to the Directors of the Company and the Trustee-Manager to issue Share Stapled Units not exceeding 20% (or such other percentage as may, from time to time, be prescribed by the Listing Rules) of the Share Stapled Units in issue as at the date of passing of such Ordinary Resolution in accordance with the provisions of the Trust Deed, the terms of such Ordinary Resolution and the relevant laws and regulations.

ISSUES OTHER THAN ON A *PRO RATA* BASIS

Any other issue of, or any agreement (whether conditional or unconditional) to issue, new Share Stapled Units and/or Convertible Instruments shall require specific prior approval by an Ordinary Resolution of Registered Holders of Units, except that agreements to issue new Share Stapled Units which are conditional upon specific prior approval of an Ordinary Resolution of Registered Holders of Units may be entered into without first obtaining such prior approval.

NEW ISSUE UNDER A DULY ADOPTED OPTION SCHEME

The Trust Deed enables the Unitholders to adopt a scheme (equivalent to a share option scheme commonly adopted by listed companies) under which options to subscribe for Share Stapled Units may be granted to the management, executives or employees of the Group and other eligible participants falling within defined categories of persons specified in the relevant scheme. The Trust Deed provides that the Trustee-Manager is not permitted to be a participant under any such option scheme.

The Trust Deed provides that such an option scheme may be adopted by an Ordinary Resolution of Registered Holders of Units and subject to compliance with the Listing Rules. In relation to any such scheme so adopted, notwithstanding any other provisions in the Trust Deed, no further approval of Registered Holders of Units will be required for any issue of options to subscribe for new Share Stapled Units (including, if not so prohibited under such option scheme, to any connected person) pursuant to such option scheme (including, if not so prohibited under such option scheme, without any consideration) or any issue of Share Stapled Units pursuant to the exercise of such options (including, if not so prohibited under such option scheme, to any connected person and/or without any consideration).

NEW ISSUE TO A CONNECTED PERSON

An issue or offer of new Share Stapled Units and/or Convertible Instruments to a connected person (other than (i) pursuant to a Rights Issue or as part of any offer made to all Registered Holders of Share Stapled Units on a *pro rata* basis or (ii) where the connected person receives a *pro rata* entitlement to Share Stapled Units and/or Convertible Instruments in its capacity as a Registered Holder of Share Stapled Units) shall require specific prior approval by an Ordinary Resolution of Registered Holders of Units in respect of which the connected person does not vote in favour of the Ordinary Resolution of Registered Holders of Units, except where such issue or offer is made under any of the following circumstances:

- (a) a capitalisation issue (in so far as such issue is offered to the Registered Holders of Share Stapled Units on a *pro rata* basis);
- (b) an issue of Share Stapled Units in respect of reinvestment of distributions to Registered Holders of Share Stapled Units;
- (c) an issue of Share Stapled Units upon the exercise of options granted to a connected person made in accordance with a duly adopted option scheme; or
- (d) an issue of Share Stapled Units and/or Convertible Instruments to a connected person made in accordance with the provisions of the Trust Deed relating to “*Top-Up Placing*” and “*Connected Underwriting*”, as described below.

For the purpose of this provision under the Trust Deed, an offer of Share Stapled Units and/or Convertible Instruments shall be considered and deemed to be made on a *pro rata* basis notwithstanding that (a) the Trustee-Manager and the Company, acting jointly, may, after making due enquiry regarding the applicable jurisdiction, determine that Share Stapled Units and/or Convertible Instruments are not to be offered to some or all of the persons whose addresses are outside Hong Kong, and/or that the Share Stapled Units and/or Convertible Instruments should be offered on a basis, or containing such other terms, providing for any such other exclusions or adjustments determined by the Trustee-Manager and the Company acting jointly, if the Trustee-Manager and the Company by mutual agreement between them consider such exclusions or adjustments to be necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws, or under the requirements of any recognised regulatory body or stock exchange, of any territory or jurisdiction outside Hong Kong; and/or (b) where and to the extent that Registered Holders of Share Stapled Units do not accept any offer of Share Stapled Units and/or Convertible Instruments within the applicable period for acceptance (as determined by the Trustee-Manager and the Company acting jointly by mutual agreement between them), such Share Stapled Units and/or Convertible Instruments may be offered or made available to, and taken up by, other persons as determined by the Trustee-Manager and the Company acting jointly by mutual agreement between them, subject to compliance with the relevant laws and regulations (including the applicable Listing Rules).

TOP-UP PLACING

An issue of new Share Stapled Units and/or Convertible Instruments to a connected person may be made without specific prior approval by an Ordinary Resolution of Registered Holders of Units where the following requirements are complied with:

- (a) new Share Stapled Units and/or that class of Convertible Instruments are issued to a connected person within 14 days after such connected person has executed an agreement to reduce its holding of Share Stapled Units and/or that class of Convertible Instruments by placing such Share Stapled Units and/or class of Convertible Instruments to a third person or third persons who is/are not its associate(s);
- (b) such new Share Stapled Units and/or class of Convertible Instruments must be issued at a price not less than the placing price (which issue price may however be adjusted for the expenses of the placing); and
- (c) the number of new Share Stapled Units and/or that class of Convertible Instruments issued to the connected person must not exceed the number of Share Stapled Units and/or that class of Convertible Instruments placed by it.

CONNECTED UNDERWRITING

An issue of new Share Stapled Units and/or Convertible Instruments to a connected person may be made without specific prior approval by an Ordinary Resolution of Registered Holders of Units where the connected person is acting as underwriter or sub-underwriter of an issue of new Share Stapled Units and/or Convertible Instruments and the following requirements are complied with:

- (a) full disclosure of the terms and conditions of the underwriting or sub-underwriting shall be made in the listing document pursuant to which such new Share Stapled Units and/or Convertible Instruments may be issued;
- (b) if no arrangements or arrangements other than those described in "*Arrangements in Connection with Rights Issue and Open Offer*" below are made for the disposal of Share Stapled Units and/or Convertible Instruments (in the case of a Rights Issue) not subscribed by the allottees under provisional letters of allotment or their renounces or (in the case of an open offer) not validly applied for, then the absence of such arrangements or the making of such other arrangements must be specifically approved by an Ordinary Resolution of Registered Holders of Units and those persons who have a material interest in such other arrangements must abstain from voting on the matter at the meeting and the circular to Registered Holders of Share Stapled Units must contain full details of the terms and conditions of that underwriting and/or sub-underwriting; and
- (c) any applicable provisions of the Listing Rules where a connected person is acting as an underwriter or sub-underwriter of any offer of shares or other securities by a listed company (with necessary changes being made, as if those provisions were applicable to the Share Stapled Units) are complied with.

ARRANGEMENTS IN CONNECTION WITH RIGHTS ISSUE AND OPEN OFFER

In every Rights Issue, the Trustee-Manager and the Company may, by mutual agreement between them, make arrangements to:

- (a) dispose of Share Stapled Units and/or Convertible Instruments not subscribed by allottees under provisional letters of allotment or their renounees by means of excess application forms, in which case such Share Stapled Units and/or Convertible Instruments must be available for subscription by all Registered Holders of Share Stapled Units (provided that the Trustee-Manager and the Company acting jointly may, after making enquiry regarding the applicable law in any applicable jurisdiction other than Hong Kong, in their absolute discretion, elect to exclude those Registered Holders of Share Stapled Units whose addresses are outside Hong Kong if the Trustee-Manager and the Company jointly consider such exclusion to be necessary or expedient on account either of the legal restrictions or requirements of the regulatory bodies or stock exchanges in such jurisdiction(s)) and allocated on a fair basis; or
- (b) dispose of Share Stapled Units and/or Convertible Instruments not subscribed by allottees under provisional letters of allotment in the market, if possible, for the benefit of the persons to whom they were offered by way of rights,

and the offer of such securities must be fully disclosed in the rights issue announcement, listing document and any relevant circular.

In every open offer, the Trustee-Manager and the Company may jointly, by mutual agreement between them, make arrangements to dispose of Share Stapled Units and/or Convertible Instruments not validly applied for by Registered Holders of Share Stapled Units in excess of their assured allotments, in which case such Share Stapled Units and/or Convertible Instruments must be available for subscription by all Registered Holders of Share Stapled Units (provided that the Trustee-Manager and the Company may, after making enquiry regarding the applicable law in any applicable jurisdiction other than Hong Kong, in their absolute discretion, elect to exclude those Registered Holders of Share Stapled Units whose addresses are outside Hong Kong if the Trustee-Manager and the Company jointly consider such exclusion to be necessary or expedient on account either of the legal restrictions or requirements of the regulatory bodies or stock exchanges in such jurisdictions(s)) and allocated on a fair basis, and the offer of such securities must be fully disclosed in the open offer announcement, listing document and any relevant circular.

FRACTIONS, BOARD LOTS AND TIMING OF ISSUE

No fraction or part of a Share Stapled Unit (or any component part thereof) shall be issued whether on an initial issue of Share Stapled Units or any subsequent issue.

If any fraction of a Share Stapled Unit (or any component part thereof) arises, the Trustee-Manager and the Company acting jointly shall, in respect of each Registered Holder of Share Stapled Units' entitlement to Share Stapled Units, round down (and not round up) to the nearest whole Share Stapled Unit and any balance of subscription monies arising from such rounding down of the Share Stapled Unit (or any component part thereof) shall be retained as part of the Trust Property.

The Trustee-Manager and the Company shall not be bound to accept an application for an issue of Share Stapled Units pursuant to an initial public offering of Share Stapled Units giving rise to a holding of fewer than 500 Share Stapled Units (or such other number of Share Stapled Units as may be determined by the Trustee-Manager and the Company jointly by mutual agreement).

Issues of Share Stapled Units shall only be made on a business day unless and to the extent that the Trustee-Manager and the Company otherwise jointly prescribe.

THE SHARE STAPLED UNITS MAY NOT BE REPURCHASED OR REDEEMED

Holders of Share Stapled Units have no right to demand for the repurchase or redemption of their Share Stapled Units.

Except for the repurchase or redemption of Preference Share in accordance with the provisions of the Trust Deed and the Company's Articles, the Trust Deed does not permit the Trustee-Manager to repurchase or redeem any Share Stapled Units on behalf of HK Electric Investments unless and until expressly permitted to do so by the relevant codes and guidelines issued by the SFC from time to time. Thereafter, the Trustee-Manager may repurchase or redeem Share Stapled Units but only to the extent permitted by, and in accordance with the provisions of, the relevant laws and regulations and applicable codes and guidelines as may be issued by the SFC from time to time; and only with the agreement of the Company and in circumstances where the Company repurchases or redeems the Ordinary Shares and the Preference Shares included in any Share Stapled Units to be repurchased or redeemed.

TRANSFERS

If and for so long as the Share Stapled Units are listed on the Stock Exchange, transfers of Share Stapled Units between CCASS Participants shall be effected electronically through CCASS making an appropriate entry in its records in respect of the Share Stapled Units that have been transferred, in accordance with the CCASS Requirements.

In respect of Share Stapled Units which are not deposited with CCASS, every Registered Holder of Share Stapled Units shall be entitled to transfer any of the Share Stapled Units held by him or, in the case of Joint Registered Holders of Share Stapled Units, by them, as follows:

- (a) a transfer of Share Stapled Units shall be effected (i) by an instrument of transfer in writing in such form as the Trustee-Manager and the Company may from time to time approve or in a form prescribed by the Stock Exchange, accompanied by the certificate(s) issued in respect of the relevant Share Stapled Units or (ii) in any other manner as the Trustee-Manager and the Company may from time to time approve; and
- (b) every instrument of transfer relating to Share Stapled Units must be signed by the transferor and the transferee and the transferor shall be deemed to remain the holder of the Share Stapled Units transferred until the name of the transferee is entered in the Share Stapled Units Register in respect thereof. The instrument of transfer need not be a deed. The Trustee-Manager and the Company may also agree, upon request by the transferor or the transferee, to accept mechanically executed transfers. Instruments of transfer executed by machine imprinted signatures of a clearing house shall be acceptable.

Every instrument of transfer must be duly stamped (if required by law) and left with the Registrar (or where there is no Registrar, with the Trustee-Manager) for registration accompanied by the certificate(s) issued in respect of the relevant Share Stapled Units and any necessary declarations or other documents that may be required in consequence of any relevant laws and regulations and by such evidence as the Registrar or the Trustee-Manager or the Company may require to prove the title of the transferor or his right to transfer the Share Stapled Units. The Registrar (or where there is no Registrar, the Trustee-Manager) may dispense with the production of any certificate which shall have become lost, stolen or destroyed upon compliance by the transferor with the like requirements to those arising in the case of an application by him for the replacement thereof.

In respect of Share Stapled Units which are not deposited with CCASS, the Trustee-Manager and the Company shall alter or cause to be altered the Share Stapled Units Register (and the other registers) to record the date of each transfer of Share Stapled Units and the name and address of the transferee.

No Registered Holder of a Share Stapled Unit may require the transfer of a Share Stapled Unit to be registered during any period for which the Share Stapled Units Register is closed. Subject to the relevant laws and regulations, the Share Stapled Units Register may be closed at such times and for such periods as the Trustee-Manager may from time to time determine, provided that the Share Stapled Units Register shall not be closed for more than 30 days in any one year.

Share Stapled Units shall only be transferable:

- (a) in the form of Share Stapled Units and not as the individual components (Unit, beneficial interest in an Ordinary Share and a Preference Share) comprising a Share Stapled Unit; and
- (b) in multiples of one Share Stapled Unit.

No transfer shall be registered if the registration thereof would result in the transferor or the transferee being a registered holder of less than one Share Stapled Unit.

Title to the Share Stapled Units passes only by transfer of Share Stapled Units, or by transmission of Share Stapled Units, and registration of the transferee(s) in the Share Stapled Units Register in accordance with the Trust Deed.

The entries in the Share Stapled Units Register shall (save in the case of manifest error) be conclusive evidence of the number of Share Stapled Units held by each Registered Holder of Share Stapled Units and the title of that Registered Holder of Share Stapled Units to those Share Stapled Units.

EXCHANGE RIGHT

The Registered Holders of Share Stapled Units have the right to exchange all the Share Stapled Units for Ordinary Shares at any time by passing an Extraordinary Resolution of Registered Holders of Units providing for the exchange of Share Stapled Units for Ordinary Shares. Please refer to "*Quorum and Voting at Meetings of Registered Holders of Units*" below on the manner in which a Registered Holder of Share Stapled Units can call for an extraordinary general meeting and move a resolution to exercise the Exchange Right. The right of the Registered Holders of Share Stapled Units to exchange their Share Stapled Units for Ordinary Shares is called the "**Exchange Right**". Any such Extraordinary Resolution of Registered Holders of Units, if duly passed, shall have the effect of exercising the Exchange Right in respect of all the issued and outstanding Share Stapled Units at the relevant time and shall be binding on all the Registered Holders of Share Stapled Units.

Upon the exercise of the Exchange Right by passing an Extraordinary Resolution of Registered Holders of Units in accordance with the Trust Deed, the Units and the Preference Shares comprising the issued and outstanding Share Stapled Units shall be exchanged with the Trustee-Manager and cancelled, and in consideration and in exchange therefor, the Trustee-Manager shall transfer the specifically identified Ordinary Shares held by the Trustee-Manager which are Linked to the Units comprising the Share Stapled Units so cancelled, to the persons registered in the Share Stapled Units Register as the Registered Holders of Share Stapled Units.

The number of Ordinary Shares to be transferred on exchange of Share Stapled Units is one Ordinary Share for each Unit which is a component of the Share Stapled Units. Therefore, because each Share Stapled Unit includes one Unit, the number of Ordinary Shares to be transferred on exchange of Share Stapled Units is one Ordinary Share for each Share Stapled Unit.

The Exchange Right may not be exercised following an Ordinary Resolution of Registered Holders of Units or Extraordinary Resolution of Registered Holders of Units directing the termination of HK Electric Investments having been passed in accordance with the Trust Deed.

SUB-DIVISION AND CONSOLIDATION OF UNITS

Subject to the provisions of the Trust Deed and to the relevant laws and regulations, the Trustee-Manager and the Company may jointly, by mutual agreement between them, with the prior approval of an Ordinary Resolution of Registered Holders of Units, determine that each Unit shall be sub-divided into two or more Units or consolidated with one or more other Units and the Unitholders shall be bound accordingly. The Trustee-Manager and the Company shall procure that the specifically identified Ordinary Shares held by the Trustee-Manager and Linked to the Units and the specifically identified Preference Shares Stapled to the Units shall each be sub-divided or consolidated (as the case may be) on the same terms, *mutatis mutandis*, as the Units which are being sub-divided or consolidated (as the case may be).

The Units Register shall be altered accordingly to reflect the new number of Units held by each Registered Holder of Units as a result of such sub-division or consolidation. Corresponding alterations shall also be made to the Share Stapled Units Register, the Register of Members and the Register of Beneficial Interests to reflect the sub-division or consolidation of the Units, the specifically identified Ordinary Shares and the specifically identified Preference Shares (as applicable).

RIGHTS OF REGISTERED HOLDERS OF UNITS

Registered Holders of Units shall be entitled to enforce the rights of the Registered Holders of Units and the obligations of the Trustee-Manager and the Company to the Registered Holders of Units under this Deed.

For so long as the Share Stapled Units are listed on the Stock Exchange, the Trustee-Manager and the Company shall use their respective reasonable endeavours to ensure that:

- (a) the Share Stapled Units are eligible for admission to CCASS;
- (b) the Trustee-Manager shall record HKSCC Nominees as the registered holder of all Share Stapled Units in issue which are deposited with CCASS and shall record a holder (other than HKSCC Nominees) as the Registered Holder of Share Stapled Units which are held by such holder and not deposited with CCASS;

- (c) a Share Stapled Unit represented by an entry in the Share Stapled Units Register in the name of the Registered Holder of a Share Stapled Unit (other than HKSCC Nominees) can be deposited in CCASS and registered in the Share Stapled Units Register in the name of HKSCC Nominees in accordance with the CCASS requirements and otherwise on terms and conditions as may be prescribed by HKSCC or the Trustee-Manager and the Company acting jointly; and
- (d) a Share Stapled Unit deposited in CCASS can be withdrawn from CCASS and be represented by an entry in the Share Stapled Units Register in the name of a Registered Holder of a Share Stapled Unit (other than HKSCC Nominees) in accordance with the CCASS requirements and otherwise on terms and conditions as may be prescribed by HKSCC or by the Trustee-Manager and the Company acting jointly.

The information specified in the Trust Deed in respect of the Share Stapled Units and transfers of those Share Stapled Units must be entered in the Share Stapled Units Register. The information specified in the Trust Deed in respect of the Units and the Stapled Preference Shares which are components of the Share Stapled Units, and transfers of those Units and Stapled Preference Shares, must also be entered in the Units Register and the Hong Kong Register of Members, respectively; and the beneficial interests in the Linked Ordinary Shares component of the Share Stapled Units and transfers of those beneficial interests must be entered in the Register of Beneficial Interests.

The registered holder(s) of a Share Stapled Unit shown in the Share Stapled Units Register, the registered holder(s) of the Unit which is a component of the relevant Share Stapled Unit, the holder of the beneficial interest in the specifically identified Ordinary Share which is Linked to that Unit and the registered holder(s) of the specifically identified Preference Share which is a component of the relevant Share Stapled Unit must, at all times, be the same person(s).

Certificates in respect of Share Stapled Units will be printed in accordance with all applicable requirements of the Stock Exchange and/or any alternative stock exchange on which the Share Stapled Units are listed from time to time, will be in a form approved by the Trustee-Manager and the Company and shall be *prima facie* evidence of the title of the person named in the certificate to the Share Stapled Units.

DISTRIBUTIONS

The Trust Deed requires the Trustee-Manager to distribute 100% of the dividends, distributions and other amounts received by the Trustee-Manager in respect of the Ordinary Shares from the Company, after deduction of all amounts permitted to be deducted or paid under the Trust Deed (such as operating expenses of HK Electric Investments) (the “**Trust Distributable Income**”).

The distributions received by the Trustee-Manager from the Company will be derived from the Group Distributable Income, which is derived from the Group’s annual financial results.

The Trust Deed and the Company’s Articles state the current intention of the Company Directors to declare and distribute 100% of the Group Distributable Income for (a) the period from the Listing Date to 31 December 2014 and (b) each financial year thereafter. In addition, subject to compliance with all applicable laws of the Cayman Islands and the Company’s Articles, the Company Directors may declare and distribute such additional amounts as the Company Directors in their discretion determine.

If the Group sells any fixed assets or properties, the Company Directors may, at their discretion, retain all or any part of the proceeds (including any realised gains) from such sale (less associated taxes and expenses and associated debt repayments), including any amounts retained for the purpose of servicing future debt repayments and/or for the purpose of complying with covenants in any credit facility agreement (such amounts retained for debt repayment and covenant compliance being “**Excluded Amounts**”), for up to five years following such sale and may utilise the retained proceeds (other than the Excluded Amounts) for the acquisition of other fixed assets or properties and/or capital expenditure. To the extent that all or any part of the retained proceeds (other than the Excluded Amounts) are not utilised for the purposes described above within five years following such sale, the Company will distribute such retained proceeds (other than the Excluded Amounts) to the Trustee-Manager.

The distributions received by the Trustee-Manager from the Company (after deducting the operating expenses of HK Electric Investments) will be used to fund distributions in respect of the Share Stapled Units to be made by the Trustee-Manager (on behalf of HK Electric Investments).

It is the current intention of the Company Directors that the Company will declare and make distributions to the Trustee-Manager on a semi-annual basis, with the interim and final distributions in respect of a financial year being equal, in aggregate, to 100% of the Group Distributable Income in respect of that financial year. The respective proportions of the aggregate annual distribution to be paid as an interim distribution and a final distribution shall be determined by the Company Board in its discretion and the amount of the interim distribution need not be proportionate to the Group Distributable Income in respect of the first six months of the relevant financial year (or other period in respect of which the distribution is made) or proportionate to the Group Distributable Income in respect of the relevant financial year.

The statement in the Trust Deed and the Company’s Articles of the Company Directors’ current intention regarding the declaration and distribution of the Group Distributable Income is a distribution policy only and is a statement of the Company Directors’ current intention only. It is not a legally binding obligation of the Company Directors, the Company, the Trustee-Manager or HK Electric Investments and is subject to change.

Under the Trust Deed, subject to the relevant laws and regulations and the requirement that the Trustee-Manager distribute 100% of the Trust Distributable Income to the Holders of Share Stapled Units, the Trustee-Manager may declare a distribution in cash to the Holders of Share Stapled Units out of the Trust Property in respect of such period, of such amounts and on such dates as it may think fit.

In addition, under the Trust Deed, the Trustee-Manager may also distribute an amount which represents part of the capital of HK Electric Investments and which the Trustee-Manager reasonably determines to be in excess of the financial needs of HK Electric Investments and/or part or all of the unrealised gains.

The form, frequency and amount of future distributions (if any) will depend on the earnings, financial position and results of operations of the Group, as well as contractual restrictions (including limitations on borrowings under the Trust Deed and compliance with financial undertakings imposed under the Group’s loan facilities agreements), provisions of applicable laws and regulations and other factors including, but not limited to, funding requirements with reference to the prevailing business environment and operations, and expansion plans, other capital management considerations, the overall stability of distributions and prevailing industry practice. If the distribution policy were to be changed in the future, the Trustee-Manager and the Company will issue an announcement describing the relevant change.

After HK Electric Investments has been admitted to the Main Board of the Stock Exchange, the Trustee-Manager will make distributions to Holders of Share Stapled Units on a semi-annual basis from the interim and final distributions to be made by the Company to the Trustee-Manager as described above. The Trustee-Manager will pay the interim distribution within four months after 30 June and the final distribution within six months after 31 December of each year.

The Trustee-Manager will inform the Stock Exchange immediately of:

- (a) any decision to declare, recommend or pay any distribution and the rate and amount thereof;
- (b) any decision not to declare, recommend or pay any distribution which would otherwise have been expected to be declared, recommended or paid in due course; and
- (c) any preliminary announcement of profits or losses for any year, half year or other period.

The Trustee-Manager will inform the Registered Holders of Share Stapled Units of any decision referred to above by way of an announcement. The announcement must be made as soon as possible after the decision.

An announcement made in respect of a decision to declare, recommend or pay any distribution must include:

- (a) the amount of the distribution and the distribution entitlement per Unit of the Registered Holders of Units;
- (b) the record date and approximate payment date for the distribution;
- (c) confirmation that the auditor has reviewed and verified the Trustee-Manager's calculation of the distribution entitlement per Unit, in accordance with the Trust Deed; and
- (d) confirmation by the Trustee-Manager Board that, having made all reasonable enquiries, immediately after making the relevant distribution to the Registered Holders of Units, the Trustee-Manager will be able to fulfil, from the Trust Property, the liabilities of HK Electric Investments as they fall due.

All distributions are paid *pro rata* among Registered Holders of Units in proportion to the number of fully paid up Units held by the relevant Registered Holders of Units.

Upon declaration of any distribution per Unit made by the Trustee-Manager (on behalf of HK Electric Investments), HK Electric Investments shall be obliged to pay such distribution per Unit regardless of the number of Units in issue as at the record date for the relevant distribution, save where there is any consolidation or sub-division of Units, in which case appropriate adjustments shall be made accordingly.

If new Units (in the form of Share Stapled Units) are issued after the declaration of a distribution but on or before the record date for such distribution, the total amount to be distributed by HK Electric Investments shall be proportionately increased such that Registered Holders of Units at the record date for the distribution will all receive the distribution per Unit as declared. Notwithstanding the foregoing, where HK Electric Investments does not have sufficient cash flow to meet payments of distributions to Registered Holders of Units as a result of new Units having been issued after the declaration of a

distribution, or if a payment of a distribution to Registered Holders of Units, if made, will breach any applicable covenants to which HK Electric Investments or the Group is subject, such unpaid distribution shall be accrued and shall be paid to the persons entitled thereto as soon as practicable after HK Electric Investments has sufficient cash flow to meet the payment obligations or is able to meet the payment obligations without breaching any applicable covenant (as the case may be), provided that no interest shall be paid on Registered Holders of Units' distributions entitlement accrued but not paid and that Registered Holders of Units shall be notified of the suspension of payments.

The Trustee-Manager may deduct from each Registered Holder of Units' distribution entitlement all amounts which:

- (a) are necessary to avoid distributing a fraction of a cent by rounding down the relevant amount to the nearest cent;
- (b) the Trustee-Manager determines not to be practical to distribute on a distribute date;
- (c) equal any amount of tax which has been paid or which the Trustee-Manager determines is or may be payable by it in respect of the portion of the income of HK Electric Investments attributable to such Registered Holder of Units or the amount of the distribution otherwise distributable to such Registered Holder of Units;
- (d) are required to be deducted by the relevant laws and regulations or the Trust Deed; or
- (e) are payable by the Registered Holder of Units to the Trustee-Manager or the Company.

The Trustee-Manager may, at its absolute discretion and if practicable, cause such sums which represent monies remaining unclaimed for six years after the date on which such unclaimed monies are due to be paid, to be forfeited. For the avoidance of doubt, the monies so forfeited shall revert to HK Electric Investments and form part of the Trust Property and the relevant Registered Holders of Units shall not have any right or claim in respect of such monies against HK Electric Investments or the Trustee-Manager if a period of six years has elapsed from the date such monies are first payable.

NO DEBT

The Trustee-Manager is not permitted under the Trust Deed to, either for itself or for HK Electric Investments, borrow or raise monies or to charge, mortgage or create security over all or any of the assets or rights of HK Electric Investments or issue debentures or other debt securities. HK Electric Investments shall not lend, assume, guarantee, endorse or otherwise become directly or contingently liable for or in connection with any obligation or indebtedness of any person.

QUORUM AND VOTING AT MEETINGS OF REGISTERED HOLDERS OF UNITS

The Trustee-Manager shall at least once in every calendar year convene a general meeting of the Registered Holders of Units as the annual general meeting thereof in addition to any other meetings in that year and shall specify the meeting as such in the notice calling it. The annual general meeting shall be held at such time and place as the Trustee-Manager shall appoint and not less than 21 days' notice (exclusive of the day on which the notice is served or deemed to be served and of the day for which the notice is given) in writing thereof shall be given to the Registered Holders of Units.

The Trustee-Manager may (and the Trustee-Manager shall at the request in writing of the Registered Holders of Units holding not less than 5% of the Units for the time being in issue and outstanding) at any time convene a meeting of Registered Holders of Units at such time or place in Hong Kong (subject as hereinafter provided) as the party convening the meeting may think fit and propose resolutions for consideration at such meeting.

At any meeting of Registered Holders of Units, the Trustee-Manager or a person nominated by the Trustee-Manager shall be the chairman of the meeting. A declaration by the chairman that a resolution has been carried or carried unanimously or by a particular majority or lost shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.

At least 14 days' notice (exclusive of the day on which the notice is served or deemed to be served and of the day for which the notice is given) of every meeting shall be given to the Registered Holders of Units in the manner provided in the Trust Deed, except that at least 21 days' notice (exclusive of the day on which the notice is served or deemed to be served and of the day for which the notice is given) of the meeting shall be given to the Registered Holders of Units where an Extraordinary Resolution of Registered Holders of Units is proposed for consideration at such meeting. The notice shall specify the place, day and time of meeting and the terms of any resolution to be proposed thereat. The accidental omission to give notice to or the non-receipt of notice by any of the Registered Holders of Units shall not invalidate any resolution passed or any proceedings at any meeting.

Notwithstanding that a meeting of Registered Holders of Units is called by shorter notice than that referred to above, it shall be deemed to have been duly called if it is so agreed:

- (a) in the case of a meeting called as an annual general meeting, by all the Registered Holders of Units entitled to attend and vote thereat or their proxies; and
- (b) in the case of any other meeting, by a majority in number of the Registered Holders of Units having a right to attend and vote at the meeting, being a majority together holding not less than 95% in nominal value of the Units giving that right.

At any meeting of Registered Holders of Units, two or more Registered Holders of Units present in person, by corporate representative or by proxy, shall form a quorum for the transaction of business. No business shall be transacted at any meeting unless the requisite quorum is present at the commencement of business. Split proxies (whereby a Registered Holders of Units may vote some of the Units registered in his name in favour of a resolution and some of them against) shall, for the avoidance of doubt, be permitted, provided that the provisions of the Trust Deed must be complied with in relation to a meeting of Registered Holders of Units and a meeting of Shareholders (or a combined meeting characterised as a meeting of Registered Holders of Share Stapled Units (a "**Meeting of Registered Holders of Share Stapled Units**") convened to consider the same, or substantially the same, matter.

A Registered Holder of Units is entitled to attend, speak and vote at any general meeting of the Registered Holders of Units in person or by proxy. A Registered Holder of Units may appoint more than one proxy (who need not be a Unitholder) to attend and vote at the same general meeting and such proxy shall have the same right as the Registered Holder of Units to speak at the general meeting. The instrument appointing a proxy and (if required by the Trustee-Manager) the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority shall be

deposited at the place specified in the notice convening the meeting or in any notice of any adjournment or, in each case, in any document sent therewith (or, if no such place is specified, at the registered office of the Registrar) not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll taken subsequently to the date of a meeting or adjourned meeting, not less than 48 hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of 12 months from the date stated in it as the date of its execution. Delivery of any instrument appointing a proxy shall not preclude a Registered Holder of Units from attending and voting in person at the meeting or poll concerned and, in such event, the instrument appointing a proxy shall be deemed to be revoked. A person appointed to act as a proxy need not be a Registered Holder of Units.

Subject to the circumstances described below, at any meeting a resolution put to the vote of the meeting shall be decided on a poll and the result of the poll shall be deemed to be the resolution of the meeting. A poll shall be taken in such manner (including the use of ballot or voting papers or tickets) as the chairman may direct and the result of the poll shall be deemed to be the resolution of the general meeting at which the poll was demanded. The chairman may (and if so directed by the meeting shall) appoint scrutineers and may adjourn the meeting to some place and time fixed by him for the purpose of declaring the result of the poll. A poll shall be taken at such time and place as the chairman directs. A poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded.

The chairman of a meeting may in good faith allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every Registered Holder of Units present in person, by corporate representative or by proxy shall have one vote, provided that where more than one proxy is appointed by a Registered Holder of Units which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands. For the purposes of this paragraph, procedural and administrative matters are those prescribed under the Listing Rules to be voted on by a show of hands.

Where a show of hands is allowed, before or on the declaration of the result of the show of hands, a poll may be demanded:

- (a) by the chairman; or
- (b) by at least three Registered Holders of Units present in person or by proxy for the time being entitled to vote at the meeting; or
- (c) by any Registered Holder(s) of Units present in person or by proxy and representing not less than one-tenth of the total voting rights of all the Registered Holders of Units having the right to vote at the meeting; or
- (d) by any Registered Holder(s) of Units present in person or by proxy and holding Units conferring a right to vote at the meeting being Units on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the Units conferring that right.

Unless a poll be so demanded and the demand is not withdrawn, a declaration by the chairman that a resolution has on a show of hands been carried or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the book containing the minutes of the proceedings of the meeting, shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution. The demand for a poll may be withdrawn.

On a vote permitted by way of show of hands, every Registered Holder of Units present in person (or in the case of a Registered Holder of Units being a corporation, by its duly authorised representative) shall have one vote and on a poll, every Registered Holder of Units who is present in person, by corporate representative or by proxy shall have one vote for every Unit of which he or she holds or represents provided such Units are fully paid up. Votes cast by a Registered Holder of Units in contravention of the applicable provisions of the Listing Rules shall not be counted.

An instrument of proxy may be in a usual common form or in any other form which the Trustee-Manager shall approve. The use of two-way proxy forms is not precluded.

Where a Registered Holder of Units is a recognised clearing house (within the meaning of the SFO) or its nominee(s), it may authorise such person or persons as it thinks fit to act as its representative(s) or proxy(ies) at any meeting of Registered Holders of Units or any class of Registered Holders of Units, provided that, if more than one person is so authorised, the authorisation or proxy form must specify the number of Units in respect of which each such person is so authorised. Each person so authorised will be entitled to exercise the same power on behalf of the recognised clearing house as that clearing house or its nominee(s) could exercise if it were an individual Registered Holder of Units.

HKSCC Nominees (or any successor thereto) may appoint more than one proxy or corporate representative to attend and vote at any meetings of Registered Holders of Units as if they were individual Registered Holders of Units and such representatives shall not be required to produce any documents of title or notarised authorisation in respect of such appointment.

CO-ORDINATION OF MEETINGS OF REGISTERED HOLDERS OF UNITS AND SHAREHOLDERS

The Trust Deed provides that matters requiring approval by a resolution of Registered Holders of Units under the Trust Deed must also be approved by an equivalent resolution of Shareholders. If a meeting of Registered Holders of Units is convened, a meeting of Shareholders must also be convened and *vice versa*.

To the extent permitted under relevant laws and regulations, meetings of Registered Holders of Units and meetings of Shareholders shall be held on a combined basis as a single Meeting of Registered Holders of Share Stapled Units. If that is not possible under the relevant laws and regulations, the meetings shall be held separately but consecutively, with the meeting of Registered Holders of Units being held immediately prior to the meeting of Shareholders.

A holder of a Share Stapled Unit will be entitled to exercise the following voting rights conferred by the Share Stapled Unit:

- (a) a vote of the Unit which is a component of the Share Stapled Unit, at meetings of Registered Holders of Units convened and held in accordance with the provisions of the Trust Deed; and

- (b) two votes at meetings of Shareholders convened and held in accordance with the provisions of the Company's Articles and the Trust Deed. Those votes are:
 - (i) a vote in respect of the Preference Share which is Stapled to the Unit and registered in the name of the Registered Holder of the Share Stapled Unit in respect of any required resolution of Shareholders; and
 - (ii) a vote in respect of the Ordinary Share which is Linked to the Unit and registered in the name of the Trustee-Manager. The vote conferred by the Ordinary Share which is Linked to the Unit is exercised by the Registered Holder of the Share Stapled Unit giving a direction to the Trustee-Manager to vote that Ordinary Share at meetings of Shareholders, as described in "*Requirements for the Exercise By the Trustee-Manager of the Voting Rights Conferred by the Ordinary Shares*" below.

In relation to a Meeting of Registered Holders of Share Stapled Units, to the extent practicable a single resolution shall be proposed to approve the matter to be considered by the Registered Holders of Units and the Shareholders, which resolution shall be characterised as a resolution of the Registered Holders of Share Stapled Units and shall serve as both a resolution of Registered Holders of Units and a resolution of Shareholders.

In relation to meetings of Registered Holders of Units and Shareholders to be held separately but consecutively in accordance with the Trust Deed, to the extent practicable, the same or a substantially similar resolution (with any modifications which are necessary or desirable to reflect the manner in which the matter being considered affects HK Electric Investments or the Company differently) shall be proposed for consideration at each meeting.

In relation to both Meetings of Registered Holders of Share Stapled Units and meetings of Registered Holders of Units and Shareholders to be held separately but consecutively:

- (a) in respect of each individual Share Stapled Unit, the voting rights conferred by a Unit and the specifically identified Preference Share which is Stapled to it, which are components of the relevant Share Stapled Unit, can only be exercised in the same way (either for or against) in respect of (as the case may be):
 - (i) a single resolution proposed at a meeting characterised as a meeting of Registered Holders of Share Stapled Units; or
 - (ii) a resolution of Registered Holders of Units and a resolution of Shareholders dealing with the same, or substantially the same, matter proposed at separate but consecutive meetings of Registered Holders of Units and Shareholders; and
- (b) a Registered Holder of a Share Stapled Unit shall cast a single vote in respect of that Share Stapled Unit, which shall serve as a vote in respect of both the Unit and the Preference Share constituting that Share Stapled Unit, either for or against in respect of (as the case may be):
 - (i) a resolution proposed at a meeting characterised as a meeting of Registered Holders of Share Stapled Units; or

- (ii) a resolution of Registered Holders of Units and a resolution of Shareholders, which deal with the same, or substantially the same, matter proposed at separate but consecutive meetings of Registered Holders of Units and Shareholders.

A Registered Holder of Share Stapled Units holding more than one Share Stapled Unit may vote some of the Share Stapled Units registered in his name in favour of a resolution proposed at a Meeting of Registered Holders of Share Stapled Units and some of them against the relevant resolution, provided that the provisions of the Trust Deed described in the foregoing paragraph are complied with in respect of each individual Share Stapled Unit registered in his name. Similarly, a Registered Holder of Share Stapled Units holding more than one Share Stapled Unit may vote some of the Share Stapled Units registered in his name in favour of both resolutions dealing with the same, or substantially the same, matter proposed at separate meetings of Registered Holders of Units and Shareholders held consecutively, and some of them against both those resolutions, provided that the provisions of the Trust Deed described in the foregoing paragraph are complied with in respect of each individual Share Stapled Unit registered in his name.

To the extent permitted by the relevant laws and regulations and the Company's Articles, a Meeting of Registered Holders of Share Stapled Units shall constitute:

- (a) a meeting of the Registered Holders of Units; and
- (b) a meeting of Shareholders.

REQUIREMENTS FOR THE EXERCISE BY THE TRUSTEE-MANAGER OF THE VOTING RIGHTS CONFERRED BY THE ORDINARY SHARES

The Trustee-Manager shall exercise the voting rights conferred by the Ordinary Shares held by it in respect of a resolution proposed at a Meeting of Registered Holders of Share Stapled Units in the same way (either for or against the relevant resolution) as the votes conferred by the Units to which those Ordinary Shares are Linked are or have been exercised in respect of the same resolution.

In relation to any resolution to be proposed at a meeting of Shareholders to be held separately but consecutively with a meeting of Registered Holders of Units in accordance with the provisions of the Trust Deed, a corresponding resolution shall first be proposed at a meeting of Registered Holders of Units. This is to enable Registered Holders of Units, by exercising the voting rights conferred by the Units held by them, to give directions to the Trustee-Manager as to how to vote the specifically identified Ordinary Shares held by the Trustee-Manager which are Linked to those Units, in respect of the resolution(s) to be proposed at the meeting of Shareholders.

Subject to the arrangements described above which apply in respect of a Meeting of Registered Holders of Share Stapled Units, the Trustee-Manager shall only exercise the voting rights conferred by the Ordinary Shares held by it in respect of a resolution proposed at a meeting of Shareholders:

- (a) if a meeting of Registered Holders of Units is or has been convened and held to consider the same, or substantially the same, matter (with any modifications which are necessary or desirable to reflect the manner in which the matter being considered affects HK Electric Investments or the Company differently) or to determine how the Trustee-Manager should exercise the voting rights conferred by the Ordinary Shares at a meeting of Shareholders; and

- (b) in the same way (either for or against the relevant resolution) as the votes conferred by the Units to which those Ordinary Shares are Linked are or have been exercised in respect of the resolution of Registered Holders of Units.

In respect of a resolution of Shareholders to be proposed at a Meeting of Registered Holders of Share Stapled Units, the Trustee-Manager shall not exercise the voting rights conferred by the Ordinary Shares held by it which are Linked to Units in respect of which no voting rights are or have been exercised at the relevant Meeting of Registered Holders of Share Stapled Units.

Similarly, in respect of a resolution of Shareholders to be proposed at a separate but consecutive meeting of Shareholders held in accordance with the Trust Deed, the Trustee-Manager shall not exercise the voting rights conferred by the Ordinary Shares held by it which are Linked to Units in respect of which no voting rights have been exercised at a meeting of Registered Holders of Units convened under the Trust Deed to consider the same or substantially the same matter or to determine how the Trustee-Manager should exercise the voting rights conferred by the Ordinary Shares.

FORMS OF PROXY AND VOTING PAPERS

To the extent permitted by the relevant laws and regulations, in the case of a Meeting of Registered Holders of Share Stapled Units, the form of proxy to be provided to Registered Holders of Share Stapled Units, and the form of voting paper, will, in each case, be a single, composite, form. Unless otherwise expressly stated in the form of proxy or the form of voting paper provided for use in respect of the Meeting of Registered Holders of Share Stapled Units, the effect of completing a form of proxy or voting paper (as the case may be) indicating a vote either for or against a resolution characterised in the form of proxy or voting paper as a resolution of Registered Holders of Share Stapled Units to be proposed at a Meeting of Registered Holders of Share Stapled Units shall be that the vote given in respect of the Share Stapled Units in question shall constitute:

- (a) a vote of the Units included in the Share Stapled Units, in respect of any required resolution of Registered Holders of Units;
- (b) a vote of the Preference Shares Stapled to those Units in respect of any required resolution of Shareholders; and
- (c) an instruction to the Trustee-Manager to vote the number of Ordinary Shares Linked to the relevant Units in the same way (either for or against) in respect of any required resolution of Shareholders.

To the extent permitted by the relevant laws and regulations, in the case of meetings of Registered Holders of Units and Shareholders held separately but consecutively to consider the same, or substantially the same, resolution (with any modifications which are necessary or desirable to reflect the manner in which the matter being considered affects HK Electric Investments or the Company differently), the form of proxy and the form of voting paper provided for use in respect of the meeting of Registered Holders of Units shall, unless expressly stated otherwise in the relevant form, have the effect that the vote given in respect of Units either for or against a resolution shall also constitute an instruction to the Trustee-Manager to vote the same number of Ordinary Shares which are “Linked” to the Units in the same way (either for or against) in respect of the resolution dealing with the same, or substantially the same, matter at the separate but consecutive meeting of Shareholders.

The forms of proxy and voting paper provided for use in respect of the meetings referred to above shall contain prominent statements detailing the effect of completing the relevant form indicating a vote either for or against the relevant resolution(s).

MATTERS REQUIRING THE APPROVAL OF REGISTERED HOLDERS OF UNITS

The Trust Deed requires that the following matters may only be effected with prior approval by an Ordinary Resolution of Registered Holders of Units:

- (a) the listing of the Share Stapled Units on an alternative stock exchange;
- (b) offers of new Share Stapled Units and/or Convertible Instruments on a *pro rata* basis as a Rights Issue where any such issue together with such Convertible Instruments (assuming full conversion), would increase the total number of issued Share Stapled Units by more than 50% (or such other percentage as may, from time to time, be prescribed by the Listing Rules);
- (c) the grant of a general mandate to the Directors of the Company and the Trustee-Manager to issue new Share Stapled Units (whether directly or pursuant to any Convertible Instrument) other than on a *pro rata* basis not exceeding 20% (or such other percentage as may, from time to time, be prescribed by the Listing Rules) of the Share Stapled Units in issue as at the date of the passing of such Ordinary Resolution;
- (d) any issue of or any agreement to issue new Share Stapled Units or Convertible Instruments other than on a *pro rata* basis (a limited general mandate to issue Share Stapled Units was conditionally approved prior to the Listing Date);
- (e) adoption of a Share Stapled Units option scheme, pursuant to which Share Stapled Units and/or Convertible Instruments are to be issued;
- (f) any issue of Share Stapled Units or Convertible Instruments to a connected person (other than (i) pursuant to a Rights Issue on a *pro rata* basis or (ii) where the connected person receives a *pro rata* entitlement to Share Stapled Units and/or Convertible Instruments in its capacity as a Registered Holder of Share Stapled Units) which does not fall within the exempted issues under the Trust Deed;
- (g) issue of new Share Stapled Units at an issue price that is at a discount of more than 20% (or such other percentage as may, from time to time, be prescribed by the Listing Rules) to the market price of the Share Stapled Units;
- (h) sub-division or consolidation of Units and Preference Shares;
- (i) declaration by the Trustee-Manager of a distribution to the Registered Holders of Units other than in cash (for the avoidance of doubt, distributions are only declared in respect of the Units and no distributions may be declared in respect of the Preference Shares except in the case of the winding up of the Company);
- (j) the appointment and removal of an auditor;
- (k) the fixing of the auditor's remuneration;

- (l) the removal and appointment of the Trustee-Manager;
- (m) the termination of HK Electric Investments in the event that any law is passed which renders HK Electric Investments illegal or, in the reasonable opinion of the Trustee-Manager, impracticable or inadvisable to continue HK Electric Investments;
- (n) a transaction which is a connected transaction for HK Electric Investments or the Company under the Listing Rules and which is not exempt from independent shareholders' approval requirements under the Listing Rules; and
- (o) a transaction which is a major transaction, very substantial disposal or very substantial acquisition under the Listing Rules,

provided that in the case of paragraphs (n) and (o) above, if the Listing Rules permit approval for the transaction to be given by written shareholders' approval from a shareholder or closely allied group of shareholders who together hold more than 50% in nominal value of the securities giving the right to attend and vote at a general meeting to approve the transaction (in lieu of holding a general meeting of shareholders), the transaction can be effected with the written approval from a Registered Holder of Units or a closely allied group of Registered Holders of Units together holding more than 50% of the total number of Units in issue at the relevant time, provided further that any other applicable requirements imposed under the Listing Rules in order for the transaction to be approved in that manner are also satisfied.

The Trust Deed requires that the following matters may only be effected with prior approval by an Extraordinary Resolution of Registered Holders of Units:

- (a) change of name of HK Electric Investments;
- (b) exchange of Share Stapled Units for Ordinary Shares pursuant to the Exchange Right;
- (c) termination of HK Electric Investments by the Trustee-Manager; and
- (d) modification of the Trust Deed as described below.

MODIFICATION OF CLASS RIGHTS

If at any time the Units are divided into different classes of Units, rights attached to any class of Units may only be modified with prior approval by an Extraordinary Resolution of the Registered Holders of Units of the relevant class passed at a separate meeting of the Registered Holders of Units of that class. The rights conferred upon the Registered Holders of Units of any class shall not, unless otherwise expressly provided in the rights attaching to or the terms of issue of such Units, be deemed to be varied by the creation or issue of further Units ranking *pari passu* therewith.

Notwithstanding anything to the contrary in the Trust Deed, the quorum for a separate meeting of Registered Holders of Units is the holders of at least one-third of the issued Units of that class.

POWER TO COMPULSORILY ACQUIRE SHARE STAPLED UNITS OF REGISTERED HOLDERS OF SHARE STAPLED UNITS**(a) In Respect of a General Offer**

Where a scheme or contract involving the transfer of Share Stapled Units to another person (the “**Transferee**”) has, within four months after the making of the offer in that behalf by the Transferee, been approved by the holders of not less than 90% in value of Share Stapled Units affected, the Transferee may, at any time within two months after the expiration of the said four months, give notice to any Registered Holder of Share Stapled Units who has not assented to the scheme or contract and any Registered Holder of Share Stapled Units who has failed or refused to transfer his Share Stapled Units to the Transferee in accordance with the scheme or contract (each, a “**Dissenting Holder**”) that the Transferee desires to acquire the Dissenting Holder’s Share Stapled Units, and where such notice is given, the Transferee shall, unless on application made to the courts in Hong Kong (in respect of the Units) and/or the courts in the Cayman Islands (in respect of the Preference Shares) by the Dissenting Holder within one month from the date on which the notice was given, the relevant court thinks fit to order otherwise, be entitled and bound to acquire those Share Stapled Units on the terms on which under the scheme or contract the Share Stapled Units of the approving Registered Holders of Share Stapled Units are to be transferred to the Transferee.

Where a notice has been given by the Transferee in accordance with the Trust Deed and the relevant court(s) has or have not, on an application made by Dissenting Holders, ordered to the contrary, the Transferee shall, on the expiration of one month from the date on which the notice was given or, if an application to the court(s) by the Dissenting Holder is then pending, after that application has been disposed of, transmit a copy of the notice to the Company and the Trustee-Manager and pay or transfer to the Trustee-Manager the amount or other consideration representing the price payable by the Transferee for the Share Stapled Units which by virtue of this provision the Transferee is entitled to acquire, and the Company and the Trustee-Manager shall thereupon register the Transferee as the Registered Holder of those Share Stapled Units.

Any sums received by the Trustee-Manager under this provision shall be paid into a separate bank account, and any such sums and other consideration so received shall be held by the Trustee-Manager on trust for the several persons entitled to the Share Stapled Units in respect of which the said sum or other consideration was respectively received.

(b) In Respect of a Scheme of Arrangement

Where a scheme of arrangement proposed between the Company and the Shareholders (a) has been approved by a majority in number representing 75% in value (or such other approval as may be required by the Cayman Companies Law from time to time) of the Shareholders and sanctioned by the Grand Court of the Cayman Islands in accordance with the Cayman Companies Law and (b) has been approved by an Extraordinary Resolution of Registered Holders of Units, subject to compliance with the provisions of the relevant laws and regulations and the Takeovers Code, such scheme of arrangement shall, upon delivery to the Registrar of Companies in the Cayman Islands of a copy of the order sanctioning the same, be binding on all Shareholders and Unitholders (including the Registered Holders of Share Stapled Units) and also on the Company and the relevant Ordinary Shares, Preference Shares and Units (as components of the Share Stapled Units) shall be transferred to the Transferee, cancelled or otherwise dealt with (as the case may be) in accordance with the terms of such scheme of arrangement.

LIMITATION OF LIABILITY OF THE HOLDERS OF SHARE STAPLED UNITS

The Trust Deed contains provisions that are designed to limit the liability of a Holder of a Share Stapled Unit to the amount paid or payable for any Share Stapled Unit. The provisions seek to ensure that if the issue price of the Share Stapled Unit held by a Holder of Share Stapled Units has been fully paid, no such Holder of Share Stapled Units, by reason alone of being a Holder of Share Stapled Units or a Unitholder, will be personally liable to indemnify the Trustee-Manager in the event that the Trust Property is insufficient for the purposes of indemnifying the Trustee-Manager as provided in the Trust Deed.

POWERS OF THE TRUSTEE-MANAGER TO ADMINISTER HK ELECTRIC INVESTMENTS

The Trustee-Manager has the necessary powers under the Trust Deed to perform its function of administering HK Electric Investments.

POWERS OF THE TRUSTEE-MANAGER IN RELATION TO THE LISTING

Under the Trust Deed, the Trustee-Manager has been granted the powers necessary for the Listing and the issue and sale of the Share Stapled Units pursuant to the Global Offering.

DUTIES OF THE TRUSTEE-MANAGER UNDER THE TRUST DEED

The Trustee-Manager shall at all times act honestly and exercise the degree of care and diligence required of the Trustee-Manager under Hong Kong law and the Trust Deed in relation to the administration of HK Electric Investments.

The Trustee-Manager shall:

- (a) act honestly and in good faith in the best interest of all the Registered Holders of Units as a whole;
- (b) give priority to the interests of all the Registered Holders of Units as a whole over its own interests in the event of a conflict between the interests of all the Registered Holders of Units as a whole and its own interests;
- (c) treat all Registered Holders of Units fairly and equally;
- (d) ensure that the Trust Property is properly accounted for and be answerable to the Registered Holders of Units for the application or misapplication of any Trust Property;
- (e) act for proper purpose;
- (f) avoid actual and potential conflicts of interest and duty; and
- (g) disclose fully to the Registered Holders of Units its interests in contracts with HK Electric Investments and/or the Group.

The Trustee-Manager shall not make improper use of any information acquired by virtue of its position as trustee or manager of HK Electric Investments to gain, directly or indirectly, an advantage for itself or for any other person to the detriment of the Registered Holders of Units.

The Trustee-Manager shall have the fiduciary duty to hold the Trust Property on trust for the benefit of the Registered Holders of Units and to comply with the Trust Deed and the relevant laws and regulations.

SEGREGATED ACCOUNTS

The Trustee-Manager shall be responsible for the safe custody of the Trust Property and shall comply with the following provisions:

- (a) **Distributions Account:** all or any amount of cash received by the Trustee-Manager from the Group for the purpose of making distributions to the Unitholders shall be deposited in a segregated distributions account pending the relevant distribution to Unitholders. Amounts standing to the credit of the distributions account shall be held on trust for the Registered Holders of Units upon and subject to the terms and conditions of the Trust Deed. The distribution account shall be opened and maintained with a licensed bank in Hong Kong in the joint names of the Trustee-Manager and the Company and shall be operated by joint authorised signatories, at least one of whom shall be designated by the Trustee-Manager and at least one of whom shall be designated by the Company;
- (b) **Custody Account:** all of the Ordinary Shares held by the Trustee-Manager under the Trust Deed shall be held in a segregated securities custody account opened and maintained with a licensed bank in Hong Kong in the joint names of the Trustee-Manager and the Company. The custody account shall be operated by joint authorised signatories, at least one of whom shall be designated by the Trustee-Manager and at least one of whom shall be designated by the Company. Securities held in the custody account shall be held on trust for the Registered Holders of Units upon and subject to the terms and conditions of the Trust Deed; and
- (c) **Subscriptions Account:** all or any amount of cash received by the Trustee-Manager as the proceeds of subscriptions for the issue and/or sale of Share Stapled Units shall be deposited in a segregated subscriptions account pending the issue of the Share Stapled Units subscribed for by investors and completion of the relevant investment in the Company as part of the Authorised Business. The subscriptions account shall be opened and maintained with a licensed bank in Hong Kong in the joint names of the Trustee-Manager and the Company and operated by joint authorised signatories, at least one of whom shall be designated by the Trustee-Manager and at least one of whom shall be designated by the Company. Amounts standing to the credit of the subscriptions account shall be held on trust for the Registered Holders of Units pending the acceptance of their subscription applications for Share Stapled Units and the issue of their Share Stapled Units and thereafter shall be held on trust for the Company, in each case, upon and subject to the terms and conditions of the Trust Deed.

LIABILITY IN RELATION TO THE DISTRIBUTIONS ACCOUNT, THE CUSTODY ACCOUNT AND THE SUBSCRIPTIONS ACCOUNT

Save where the Trustee-Manager is fraudulent, in wilful default or negligent, the Trustee-Manager shall not incur any liability to the Unitholders in respect of or be responsible for losses incurred through the insolvency of, or any act or omission of, any of the licensed banks in Hong Kong with which the distributions account, the custody account and/or the subscriptions account is opened.

OTHER DUTIES OF THE TRUSTEE-MANAGER

The duties of the Trustee-Manager specified in the Trust Deed include, among other things, duties to:

- (a) ensure that the Trust Property is properly segregated and held for the benefit of the Unitholders in accordance with the provisions of the Trust Deed;
- (b) give priority to the interests of the Unitholders as a whole over its own interests in the event of a conflict of interest of Unitholders as a whole and its own interest;
- (c) manage HK Electric Investments and engage in any Authorised Business in a proper and efficient manner in accordance with the relevant laws and regulations and the Trust Deed;
- (d) send to Registered Holders of Share Stapled Units such reports, within the time limits and disclosing the matters, as required by the Trust Deed and the relevant laws and regulations;
- (e) keep or cause to be kept such books as will sufficiently explain the transactions and financial position of HK Electric Investments and of the Trustee-Manager and enable true and fair accounts to be prepared from time to time and in such manner as will enable such books to be conveniently and properly audited;
- (f) ensure that the Trust Deed and the Company's Articles are made available for inspection by the public in Hong Kong, free of charge, at all times during business hours at the place of business of the Trustee-Manager and ensure that copies of such documents are available upon request by any person upon the payment of a reasonable fee; and
- (g) keep or cause to be kept such books that accurately record and minute the proceedings of all general meetings of Registered Holders of Units and the resolutions passed at those general meetings of Registered Holder of Units.

FINANCIAL STATEMENTS AND REPORTS

The Trustee-Manager shall prepare and publish (at the expense of HK Electric Investments):

- (a) annual reports and financial statements of HK Electric Investments to be published and distributed to Registered Holders of Share Stapled Units within the period prescribed by the Listing Rules for the publication of the annual reports and financial statements of HK Electric Investments;
- (b) semi-annual reports and financial statements of HK Electric Investments to be published and distributed to Registered Holders of Share Stapled Units within the period prescribed by the Listing Rules for the publication of the semi-annual reports and financial statements of HK Electric Investments; and
- (c) the financial statements, preliminary announcements of results and other reports, circulars and information required to be provided under the Listing Rules applicable to HK Electric Investments and other relevant laws and regulations, within any relevant prescribed time periods.

The Trustee-Manager and the Company shall prepare and publish (at the expense of the Company):

- (a) annual reports and financial statements of the Company to be published and distributed to Registered Holders of Share Stapled Units within the period prescribed by the Listing Rules for the publication of the annual reports and financial statements of the Company;
- (b) semi-annual reports and financial statements of the Company to be published and distributed to Registered Holders of Share Stapled Units within the period prescribed by the Listing Rules for the publication of the semi-annual reports and financial statements of the Company; and
- (c) the financial statements, preliminary announcements of results and other reports, circulars and information required to be provided under the Listing Rules applicable to the Company and other relevant laws and regulations, within any relevant prescribed time periods.

The financial statements of HK Electric Investments and the Company referred to above shall be prepared on a consolidated basis and will be published in the form of a combined document which will be sent to Registered Holders of Share Stapled Units within the applicable period(s) referred to above.

The Trustee-Manager shall prepare and publish (at the expense of HK Electric Investments):

- (a) annual financial statements of the Trustee-Manager to be published and distributed to Registered Holders of Share Stapled Units within the period prescribed by the Listing Rules for the publication of the annual reports and financial statements of HK Electric Investments;
- (b) semi-annual financial statements of the Trustee-Manager to be published and distributed to Registered Holders of Share Stapled Units within the period prescribed by the Listing Rules for the publication of the semi-annual reports and financial statements of HK Electric Investments; and
- (c) the financial statements, preliminary announcements of results and other reports, circulars and information required to be provided under the Listing Rules applicable to the Trustee-Manager and other relevant laws and regulations, within any relevant prescribed time periods.

The financial statements of the Trustee-Manager referred to above shall be prepared on an unconsolidated basis, unless the Trustee-Manager has any subsidiaries, in which case those financial statements shall be prepared on a consolidated basis. The combined document referred to above will also include the financial statements of the Trustee-Manager in respect of the relevant period.

The financial statements of HK Electric Investments, the Company and the Trustee-Manager referred to above shall include:

- (a) a statement of financial position, statement of profit or loss and cash flow statement;
- (b) a distributions statement;
- (c) comparative figures for each of the foregoing for the corresponding previous year/period;

- (d) accounting principles and explanatory notes;
- (e) in respect of the annual financial statements for a full financial year, an auditor's report; and
- (f) such other information as may be prescribed by the Listing Rules, including, but not limited to, any and all corporate governance reports required by the Listing Rules.

The Trustee-Manager's corporate governance report referred to in paragraph (f) above shall include a description of the policies and measures taken by the Trustee-Manager to manage conflicts and potential conflicts of interest between (1) HK Electric Investments and (2) any Unitholder holding 30% or more of the Units in issue, or any director or shareholder of the Trustee-Manager holding 30% or more of the issued shares in the Trustee-Manager.

The Trustee-Manager Board will confirm in the annual report that:

- (a) the charges paid or payable out of the Trust Property of HK Electric Investments to the Trustee-Manager are in accordance with the Trust Deed;
- (b) the connected transactions are entered into (i) in the ordinary and usual course of business of the Group and (ii) either on normal commercial terms or on terms no less favourable to the Group than terms available to or obtained from the independent third parties, with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Holders of Share Stapled Units as a whole; and
- (c) the Trustee-Manager Board is not aware of any violation of duties of the Trustee-Manager which would have a material adverse effect on the business of HK Electric Investments or on the interests of all the Holders of Share Stapled Units as a whole.

Subject to relevant laws and regulations and unless otherwise agreed by the Trustee-Manager and the Company, the Trustee-Manager and the Company shall procure that the financial statements of HK Electric Investments, the Company and the Trustee-Manager are prepared under the same accounting standards and using substantially the same accounting policies. The financial statements of HK Electric Investments, the Company and the Trustee-Manager referred to above shall each be prepared in accordance with the relevant laws and regulations and either generally accepted accounting principles in Hong Kong or International Financial Reporting Standards as promulgated from time to time by the International Accounting Standards Board.

The annual financial statements of HK Electric Investments, the Company and the Trustee-Manager, covering a full financial year, shall:

- (a) each be audited by the same auditor and shall be accompanied by a report of the auditor; and
- (b) be laid before the Registered Holders of Units in each annual general meeting of Registered Holders of Units and accompanied by a copy of the report of the auditor thereon and a report made by the directors of the Trustee-Manager.

ANNOUNCEMENTS, CIRCULARS AND OTHER DOCUMENTS

The Trustee-Manager and the Company shall ensure that Registered Holders of Share Stapled Units are sent:

- (a) all circulars and other documents required to be issued (including, but not limited to, those required to be issued under the Listing Rules) to Shareholders or which are otherwise issued to Shareholders for any reason; and
- (b) all circulars and other documents required to be issued (including, but not limited to, those required to be issued under the Listing Rules) to Registered Holders of Units, or which are otherwise issued to Registered Holders of Units for any reason.

The Trustee-Manager and the Company shall inform Registered Holders of Share Stapled Units by way of announcement as soon as reasonably practicable of any inside information (as defined in the SFO) in relation to HK Electric Investments and/or the Company as required by the SFO and any other information required to be disclosed pursuant to the Listing Rules or other relevant laws and regulations.

TRUSTEE-MANAGER BOARD AND COMPANY BOARD TO BE THE SAME

The board of directors of the Trustee-Manager shall at all times comprise the same individuals who serve as Company Directors. No person shall serve as a Trustee-Manager Director unless he also serves as a Company Director at the same time. No person shall serve as a Company Director unless he also serves as a Trustee-Manager Director at the same time. The office of a Trustee-Manager Director shall be vacated if he ceases to be a Company Director. The office of a Company Director shall be vacated if he ceases to be a Trustee-Manager Director.

No person shall be appointed or serve as an alternate in respect of a Trustee-Manager Director unless he is also appointed and serves as an alternate of the same person in his capacity as a Company Director. No person shall be appointed or serve as an alternate in respect of a Company Director unless he is also appointed and serves as an alternate of the same person in his capacity as a Trustee-Manager Director.

The Trustee-Manager's Articles and the Company's Articles shall each contain provisions to the effect of the applicable provisions set out above.

DUTIES OF THE TRUSTEE-MANAGER DIRECTORS UNDER THE TRUST DEED

A Trustee-Manager Director shall:

- (a) act honestly and in good faith and exercise such degree of skill, care and diligence as may reasonably be expected of a person of his knowledge and experience holding his office with the Trustee-Manager in the discharge of the duties of his office and, in particular, shall take all reasonable steps to ensure that the Trustee-Manager discharges its duties under the Trust Deed;
- (b) give priority to the interest of all the Registered Holders of Units as a whole over the interest of the Trustee-Manager in the event of a conflict between the interest of all the Registered Holders of Units as a whole and the interest of the Trustee-Manager;

- (c) act for proper purpose;
- (d) be answerable to the Trustee-Manager and the Registered Holders of Units for the application or misapplication of any Trust Property;
- (e) avoid actual and potential conflicts of interest and duty; and
- (f) disclose fully and fairly his interest in contracts with the Trustee-Manager and/or the Group.

An officer or agent of the Trustee-Manager shall not make improper use of any information acquired by virtue of his position as an officer or agent of the Trustee-Manager to gain, directly or indirectly, an advantage for himself or for any other person to the detriment of the Registered Holders of Units.

The duty of a Trustee-Manager Director under the Trust Deed shall be paramount and override any conflicting duty of such director to the shareholders of the Trustee-Manager. The memorandum and articles of association of the Trustee-Manager shall contain provisions to that effect and a company shall not be eligible to be appointed, or to continue, as a trustee-manager of HK Electric Investments if either its memorandum or articles of association do not contain those provisions.

EXPENSES OF HK ELECTRIC INVESTMENTS

Subject to the relevant laws and regulations, the Trustee-Manager is entitled to apply, or to be reimbursed from, the Trust Property (at such times and over such periods as the Trustee-Manager may determine in any particular case) for all liabilities (save in the case of fraud, wilful default or negligence), fees, costs, charges and expenses that may be properly and reasonably suffered or incurred by the Trustee-Manager in the performance of its obligations or the exercise of its powers under the Trust Deed, or otherwise arising out of or in connection with the Trust Deed, including, but not limited to, the amounts specified in schedule 2 to the Trust Deed, which include applicable taxes and other costs payable in respect of the acquisition, holding and realisation of any Trust Property and expenses in connection with the management and trusteeship of HK Electric Investments authorised by the Trust Deed.

DISPOSAL OF ORDINARY SHARES HELD BY THE TRUSTEE-MANAGER PROHIBITED

Subject to the Exchange Right and the termination provisions in the Trust Deed, the Trustee-Manager shall not be permitted to accept any offer to sell the Ordinary Shares which are held by the Trustee-Manager upon and subject to the terms and conditions of the Trust Deed, or otherwise dispose of those Ordinary Shares.

Any offer made under the Takeovers Code in respect of the securities of HK Electric Investments and/or the Company must be made, and may only be accepted, in respect of the Share Stapled Units and (if applicable) any Convertible Instruments (and shall not be made, or accepted, only in respect of the Ordinary Shares).

CIRCUMSTANCES UNDER WHICH THE TRUSTEE-MANAGER MAY BE INDEMNIFIED OUT OF THE TRUST PROPERTY

In general, subject to any express provision under the Trust Deed and without prejudice to any right of indemnity at law given to the Trustee-Manager (or to any director, employee, servant, agent or delegate of the Trustee-Manager), the Trustee-Manager and any director, employee, servant, agent and delegate of the Trustee-Manager shall be indemnified out of, and shall be entitled for the purpose of indemnity to have recourse to, the Trust Property or any part thereof against any actions, costs, claims, damages, expenses, penalties or demands to which it or he/she may be put as trustee-manager of HK Electric Investments and as director, employee, servant, agent or delegate of the Trustee-Manager, save where such action, cost, claim, damage, expense, penalty or demand is occasioned by the fraud, wilful default or negligence by the Trustee-Manager or any director, employee, servant, agent or delegate of the Trustee-Manager.

CIRCUMSTANCES UNDER WHICH THE TRUSTEE-MANAGER MAY EXCLUDE LIABILITY IN RELATION TO CARRYING OUT OF ITS DUTIES WITH RESPECT TO HK ELECTRIC INVESTMENTS

In the absence of fraud, wilful default, negligence or breach of the Trust Deed by the Trustee-Manager (including its directors, employees, servants, agents and delegates), the Trustee-Manager (including its directors, employees, servants, agents and delegates), shall not be in any way responsible to HK Electric Investments, the Unitholders, the Holders of Share Stapled Units or any other person for any loss, costs, damage or inconvenience that may result from the exercise or non-exercise of its powers.

Save to the extent where the resulting loss or damage arises out of or is caused by or is attributable to the fraud, wilful default, negligence or breach of the Trust Deed, the Trustee-Manager (including its directors, employees, servants, agents and delegates) shall have no liability for any act or omission of the Registrar (including its directors, employees, servants, agents and delegates), provided that any such liability of the Trustee-Manager shall not exculpate the Registrar or any of its directors, employees, servants, agents or delegates from their own liabilities to HK Electric Investments for any act or omission.

In the absence of fraud, wilful default or negligence by the Trustee-Manager (including its directors, employees, servants, agents and delegates), any liability incurred and any indemnity to be given by the Trustee-Manager shall be limited to the Trust Property over which the Trustee-Manager has recourse.

In the absence of fraud, wilful default or negligence by the Trustee-Manager (including its directors, employees, servants, agents and delegates), the Trustee-Manager shall not incur any liability by reason of any error of judgment or any matter or thing done or suffered or omitted to be done by it in good faith under the Trust Deed.

Subject to the provisions of the Trust Deed, the Trustee-Manager shall not incur any liability in respect of or be responsible for losses incurred through the insolvency of or any act or omission of any depository or clearing system with which Trust Property may be deposited or of the Hong Kong licensed banks with which the distribution account, the custody account and the subscriptions account are opened pursuant to the Trust Deed, or any broker, financial institution or other person with whom Trust Property is deposited, except where such broker, financial institution or other person is an associated company of the Trustee-Manager.

APPOINTMENT, REMOVAL OR RESIGNATION OF THE TRUSTEE-MANAGER**(a) Procedures for Appointment and Removal of the Trustee-Manager**

The Trust Deed provides that appointment and removal of the Trustee-Manager shall only be in accordance with the Trust Deed and applicable laws and regulations. Under the Listing Rules, the Stock Exchange would normally expect the Trustee-Manager to be a company which has not carried on any business other than the management and operation of HK Electric Investments as its trustee-manager.

The Registered Holders of Units may remove the Trustee-Manager only by an Ordinary Resolution of Registered Holders of Units. A replacement trustee-manager may be appointed by an Ordinary Resolution of Registered Holders of Units.

The Registered Holders of Units may requisition a meeting to vote on a resolution to remove the Trustee-Manager if the Registered Holders of Units requisitioning the meeting hold at the date of the requisition not less than 5% of the total voting rights of all Registered Holders of Units having on that date a right to vote. Within 7 days of receiving a requisition, the incumbent original trustee-manager shall give to the Registered Holders of Units notice of the requisition (the “**Requisition Notice**”) and, in that notice, inform the Registered Holders of Units of their right to nominate a replacement trustee-manager in accordance with the Trust Deed.

Registered Holders of Units may nominate a company which has consented in writing to serve as the replacement trustee-manager for appointment by the Registered Holders of Units by an Ordinary Resolution of Registered Holders of Units to be proposed at a meeting of Registered Holders of Units to be convened pursuant to the Trust Deed, if those Registered Holders of Units hold, at the date of nomination, not less than 5% of the total voting rights of all Registered Holders of Units having on that date a right to vote, and the nomination by those Registered Holders of Units is served on the incumbent trustee-manager not more than 21 days after the date of the Requisition Notice.

Upon the expiry of 21 days of the date of the Requisition Notice, the incumbent trustee-manager shall call a general meeting of Registered Holders of Units within 28 days and give to Registered Holders of Units notice of the meeting and any resolution(s) to be proposed at that meeting not less than 14 days before the meeting. The resolutions to be proposed shall include resolution(s) for the appointment as the replacement trustee-manager of HK Electric Investments of one of the eligible candidates for appointment nominated for appointment by the Registered Holders of Units under the Trust Deed. All of the eligible candidates so nominated shall be included in the list of candidates to be specified in the resolution(s) to be proposed at the meeting of Registered Holders of Units.

If, within 21 days of receipt of a Requisition Notice, the incumbent trustee-manager has not received a nomination of a company to serve as trustee-manager, Registered Holders of Units representing not less than 5% of the total voting rights of all Registered Holders of Units may apply to the court to make an order under Section 42 of the Trustee Ordinance appointing a company to act as trustee-manager with effect from the date fixed for the meeting to be convened in accordance with the Trust Deed, provided that the resolution to remove the original trustee-manager is passed as an Ordinary Resolution of Registered Holders of Units at such meeting.

Any resolution to remove the incumbent trustee-manager shall not take effect until a replacement trustee-manager is appointed and a replacement trustee-manager shall only be appointed by an Ordinary Resolution of the Registered Holders of Units. The removal of the Trustee-Manager shall only be effective upon the incumbent Trustee-Manager which is being removed having taken all necessary steps to transfer legal title to all Trust Property to the replacement trustee-manager, including, but not limited to, the Ordinary Shares. The responsibilities and obligations of the Trustee-Manager which is being removed will only cease, and the responsibilities and obligations of the replacement trustee-manager will only commence, on all those necessary steps having been completed.

(b) Procedures for Resignation of Trustee-Manager

The Trustee-Manager (the “**Resigning Trustee-Manager**”) may resign by giving notice (the “**Resignation Notice**”) of its intention to all Registered Holders of Units and shall nominate another company, which has consented in writing to serve as the replacement trustee-manager. The resignation of the Trustee-Manager shall only be effective upon the appointment of another corporation as the trustee-manager of HK Electric Investments and subject to such corporation entering into a supplemental trust deed providing for such appointment. The resignation of the Resigning Trustee-Manager shall only be effective upon the Resigning Trustee-Manager having taken all necessary steps to transfer legal title to all Trust Property to the replacement Trustee-Manager, including, but not limited to, the Ordinary Shares. The responsibilities and obligations of the Resigning Trustee-Manager will only cease, and the responsibilities and obligations of the replacement trustee-manager will only commence, on all those necessary steps having been completed.

The Resigning Trustee-Manager shall also inform the Registered Holders of Units of their right to nominate a company as the replacement trustee-manager in accordance with the Trust Deed. The Registered Holders of Units may nominate a company which has consented in writing to serve as the replacement trustee-manager for approval to be appointed by the Registered Holders of Units, by an Ordinary Resolution of Registered Holders of Units to be proposed at a meeting of Registered Holders of Units to be convened as described below, if those Registered Holders of Units hold, at the date of nomination not less than 5% of the total voting rights of all Registered Holders of Units having on that date a right to vote, and the nomination by those Registered Holders of Units is served on the Resigning Trustee-Manager not more than 21 days after the date of the Resignation Notice.

Upon the expiry of 21 days of the date of the Resignation Notice, the Resigning Trustee-Manager shall call a general meeting within 28 days and give to Registered Holders of Units notice of the meeting and any resolutions to be proposed at that meeting not less than 14 days before the meeting. The resolutions to be proposed shall include resolutions for the appointment as the replacement trustee-manager of HK Electric Investments of one of the candidates nominated for appointment by the Registered Holders of Units as stated above. All of the eligible candidates so nominated shall be included in the list of candidates to be specified in the resolution(s) to be proposed at the meeting of Registered Holders of Units.

If, within 21 days of the date of the Resignation Notice, no nomination of a company to serve as the replacement Trustee-Manager has been made, Registered Holders of Units representing not less than 5% of the total voting rights of all Registered Holders of Units may apply to the court to make an order under Section 42 of the Trustee Ordinance appointing a company to act as Trustee-Manager with effect from the date fixed for the meeting to be convened in accordance with the Trust Deed. Except in the case of a trustee-manager appointed by the court, a replacement trustee-manager shall only be appointed with the approval of the Registered Holders of Units by an Ordinary Resolution of Registered Holders of Units.

The Resignation Notice shall (a) state the reasons for resignation, (b) nominate a company to replace the Resigning Trustee-Manager as trustee-manager of HK Electric Investments and (c) inform the Registered Holders of Units of their right to nominate a new Trustee-Manager of their choice.

Any costs and expenses incurred in connection with the appointment, removal or resignation of the Trustee-Manager under the Trust Deed may be paid out of the Trust Property. For the avoidance of doubt, such costs and expenses may include the costs and expenses of organising a general meeting of Registered Holders of Units or applying for a court order in connection with the appointment, removal or resignation of the Trustee-Manager, but shall not include (a) the costs and expenses incurred in connection with the winding up of the Trustee-Manager and (b) any remuneration or compensation payable upon the termination of the service contract of any officer of the Trustee-Manager.

OWNERSHIP OF THE TRUSTEE-MANAGER

The Trust Deed and the articles of association of the Trustee-Manager provide that for so long as the Trustee-Manager acts as the trustee-manager of HK Electric Investments, it must remain a wholly-owned subsidiary of PAH.

INSOLVENCY OF THE TRUSTEE-MANAGER

If the Trustee-Manager goes into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved by an Ordinary Resolution of Registered Holders of Units) or if a receiver is appointed over any of its assets or if a judicial manager is appointed in respect of the Trustee-Manager (or any such analogous process occurs or any analogous person is appointed in respect of the Trustee-Manager) or if the Trustee-Manager ceases to carry on business, the Trustee-Manager must immediately give a Resignation Notice and the above provisions shall apply.

If the Trustee-Manager fails to give a Resignation Notice within 5 business days of the relevant event referred to above having occurred, any Registered Holder of Units may make an application to the court to make an order pursuant to Section 42 of the Trustee Ordinance to appoint a temporary trustee-manager who will act as trustee-manager until a trustee-manager is appointed by an Ordinary Resolution of Registered Holders of Units.

EFFECTS OF CHANGE OF THE TRUSTEE-MANAGER

The removal or resignation of the Trustee-Manager shall only be effective upon the incumbent trustee-manager which is being removed or the Resigning Trustee-Manager (as the case may be) having taken all necessary steps to transfer legal title to all Trust Property to the incoming trustee-manager, including, but not limited to, the Ordinary Shares. The responsibilities and obligations of the Trustee-Manager which is being removed or is resigning will only cease, and the responsibilities and obligations of the incoming trustee-manager will only commence, on all those necessary steps having been completed.

On removal or resignation or retirement, the removed or resigning or retiring trustee-manager shall vest the Trust Property in the new trustee-manager, and give the new trustee-manager all books, documents, records and any other property held by or on behalf of the removed or resigning or retiring trustee-manager relating to HK Electric Investments. All costs and expenses reasonably incurred in vesting the Trust Property in any new Trustee-Manager shall be borne out of the Trust Property by HK Electric Investments.

On effective removal or retirement pursuant to the Trust Deed, the Resigning Trustee-Manager (or the Trustee-Manager being removed or retiring) shall be discharged and shall no longer be liable in any matter under the Trust Deed except as to acts or occasions occurring prior to such removal, resignation or retirement and except as provided below, and the new trustee-manager shall thereupon undertake and perform all duties and be entitled to all rights and compensations as the Trustee-Manager under the Trust Deed or any other supplemental trust deed. The successor trustee-manager shall not be under any liability hereunder for any default by the predecessor and shall be indemnified out of the Trust Property against all such liability.

The Resigning Trustee-Manager (or the Trustee-Manager being removed or retiring) shall assign or novate to the new trustee-manager on terms reasonably acceptable to the successor trustee-manager (and obtain the written consent of the counterparties thereto) all agreements of which it, as trustee and/or manager, is a party concerning HK Electric Investments.

Upon the removal, resignation or retirement of the Trustee-Manager:

- (a) all obligations entered into and liabilities incurred by the Trustee-Manager in its capacity as trustee and/or manager or otherwise for the account of HK Electric Investments shall survive the removal, resignation or retirement of the Trustee-Manager as obligations and liabilities enforceable against the successor trustee-manager and/or the Trust Property, as the case may be;
- (b) any claims (actual or contingent) which any person may have against the Trust Property howsoever arising shall not in any way be prejudiced or otherwise affected by the removal, resignation or retirement of the Trustee-Manager; and
- (c) the successor trustee-manager shall be under the same obligations with respect to the performance and discharge of any obligations entered into or liabilities incurred by the Resigning Trustee-Manager (or the Trustee-Manager being removed or retiring) in its capacity as trustee and/or manager or otherwise for the account of HK Electric Investments as the Resigning Trustee-Manager (or the Trustee-Manager being removed or retiring) was or would have been but for its resignation, removal or retirement.

Any Trust Property and other rights and obligations entered into by the Trustee-Manager in its capacity as trustee and/or manager of HK Electric Investments not otherwise transferred to and assumed by a newly appointed Trustee-Manager shall vest in the new trustee-manager as if Section 41 of the Trustee Ordinance applied to such Trust Property and other rights and obligations.

The following rights and obligations shall remain with the Trustee-Manager which has been removed or is retiring, or the Resigning Trustee-Manager, as the case may be:

- (a) any right to be indemnified for expenses it had incurred before it ceased to be the Trustee-Manager; and
- (b) any liability in respect of which it would have no claim of indemnification out of the Trust Property if it had remained the Trustee-Manager.

The Trustee-Manager which is being removed or is retiring, or the Resigning Trustee-Manager, as the case may be, shall provide reasonable assistance to an incoming trustee-manager to enable it to assume its role as trustee-manager of HK Electric Investments. The provision on indemnity given to the Trustee-Manager shall continue to be in full force and effect as regards to the Trustee-Manager notwithstanding the retirement, resignation or removal of the Trustee-Manager.

TERMINATION OF HK ELECTRIC INVESTMENTS

HK Electric Investments may, without prejudice to the provisions of relevant laws and regulations, be terminated by the Trustee-Manager:

- (a) in the event that any law is passed which renders it illegal or, in the reasonable opinion of the Trustee-Manager, impracticable or inadvisable to continue HK Electric Investments and approval for the winding up has been given by way of an Ordinary Resolution of Registered Holders of Units duly passed in accordance with the Trust Deed; or
- (b) at any time if approval for the termination has been given by way of an Extraordinary Resolution of Registered Holders of Units duly passed in accordance with the Trust Deed.

HK Electric Investments shall terminate upon completion of the exercise of the Exchange Right by Registered Holders of Share Stapled Units in accordance with the Trust Deed.

In addition, in the event that the Trustee-Manager is removed under the Trust Deed and no new trustee-manager is willing to take the place of the existing Trustee-Manager within 60 days of the removal of the Trustee-Manager (or such longer period as the Trustee-Manager considers appropriate), any Registered Holder of Units may apply to the court to make an order under the Trustee Ordinance or under the court's inherent jurisdiction to either appoint a company to act as trustee-manager or terminate HK Electric Investments.

The Trustee-Manager shall have no liabilities for any consequence arising out of any termination of HK Electric Investments which has been approved by an Ordinary Resolution of Registered Holders of Units under paragraph (a) above or an Extraordinary Resolution of Registered Holders of Units under paragraph (b) above or which results from completion of the exercise of the Exchange Right, in each case in the absence of fraud, wilful default or negligence.

In the event that HK Electric Investments is to be terminated, the Trustee-Manager shall, subject to authorisations or directions (if any) given to it by an Ordinary Resolution of Registered Holders of Units referred to above or an Extraordinary Resolution of Registered Holders of Units referred to above (as the case may be), proceed as follows:

- (a) the Trustee-Manager shall distribute the Ordinary Shares to the Registered Holders of Units *in specie* and distribute the remaining Trust Property (if any) to the Registered Holders of Units in proportion to the number of fully paid up Units held by each of them, provided that, the Trustee-Manager shall be entitled to retain out of any monies in its hands as part of the Trust Property full provision for all fees, costs, charges, expenses, claims and demands incurred, made or apprehended by the Trustee-Manager in connection with or arising out of the termination of HK Electric Investments and the distribution and/or realisation of the Trust Property and out of the monies so retained to be indemnified and saved harmless against any such costs, charges, expenses, claims and demands; and

- (b) the Trustee-Manager shall effect the distribution referred to above in such manner and within such period after the termination of HK Electric Investments as the Trustee-Manager in its absolute discretion deems advisable and shall ensure the proper discharge of any obligations and liabilities of HK Electric Investments and adequate provisions for such obligations and liabilities, provided that such period may not exceed six months.

In the event that HK Electric Investments is to be terminated:

- (a) the Company shall redeem all the issued Preference Shares in accordance with the Company's Articles (the redemption price payable by the Company on the redemption of the Preference Shares as a result of the termination of HK Electric Investments is an amount per Preference Share equal to the par value of the Preference Share); and
- (b) following completion of the distribution to be made to the Registered Holders of Units referred to in paragraph (a) of the last paragraph of the preceding page, the Units shall be cancelled.

Upon the completion of the liquidation of HK Electric Investments, the following shall be prepared:

- (a) the Trustee-Manager's review and comment on the performance of HK Electric Investments and an explanation as to how the Trust Property had been disposed of;
- (b) financial statements of HK Electric Investments which shall be distributed to Registered Holders of Units within three months of completion of the liquidation of the assets of HK Electric Investments; and
- (c) an auditor's report in relation to those financial statements.

Upon completion of the liquidation of HK Electric Investments, the Trust Deed shall terminate and HK Electric Investments will cease to exist.

The Trust Deed shall also terminate, and HK Electric Investments will cease to exist, upon completion of the exercise of the Exchange Right under the Trust Deed.

MODIFICATION OF THE TRUST DEED

The Trustee-Manager and the Company shall jointly, by mutual agreement between them and, subject to the relevant laws and regulations, be entitled by a supplemental deed to modify, amend, alter or add to the provisions of the Trust Deed if and to the extent that such modification, amendment, alteration or addition:

- (a) either does not prejudice the interests of the Unitholders or any prejudice is immaterial; and does not operate to release to any material extent the Trustee-Manager from any responsibility to the Unitholders; and does not increase the costs or charges payable from the Trust Property (other than charges, fees and expenses incurred in connection with the supplemental deed); or
- (b) is necessary in order to comply with applicable fiscal, statutory or official requirements (whether or not having the force of law), including without limitation, requirements under the relevant laws and regulations; or

- (c) is made to correct a manifest error; or
- (d) is made to reflect any changes made to the relevant laws and regulations after the Listing Date and the relevant modification, amendment, alteration or addition is consistent with the changes made to the relevant laws and regulations and is approved by an Extraordinary Resolution of Registered Holders of Units. This provision would permit the Trustee-Manager and the Company, acting jointly by mutual agreement between them and subject to prior approval by an Extraordinary Resolution of Registered Holders of Units, to modify, amend, alter or add to the provisions of the Trust Deed to change the arrangements set out in the Trust Deed to make them consistent with a structure which complies with any future relevant laws and regulations which are introduced in Hong Kong to specifically govern the listing, operation and management of listed trusts which hold an operating business (including holding such a business by holding shares in one or more companies conducting an operating business) as the sole or principal asset of the trust (the “**New Specific Regulations**”). If such New Specific Regulations are introduced in the future, the Trustee-Manager and the Company would have the authority, subject to prior approval by an Extraordinary Resolution of Registered Holders of Units, to change the arrangements set out in the Trust Deed to a structure which is authorised under, and fully compliant with, the New Specific Regulations and to dispense with those aspects of the arrangements set out in the Trust Deed which are not required under such New Specific Regulations, provided that the New Specific Regulations are fully complied with in respect of any changed structure and any modifications, amendments, alterations or additions to the provisions of the Trust Deed.

The Trustee-Manager shall certify in writing that, in its opinion, the relevant modification, amendment, alteration or addition falls within one or more of the descriptions above.

The Trust Deed provides that, subject to the foregoing, no modification, amendment, alteration or addition of or to any of the following provisions of the Trust Deed shall be made:

- (a) **Clause 2 (Constitution of the Trust)**, which deals with, among other things, the declaration of trust in respect of the Trust Property; the establishment of HK Electric Investments as a fixed investment trust with activities limited to engaging in the Authorised Business; appointment of the Trustee-Manager; application of the Trustee Ordinance; and certain duties of the Trustee-Manager;
- (b) **Clause 3 (Units Linked to Underlying Ordinary Shares and Stapled to Preference Shares)**, which deals with the matters described in “*The Share Stapled Units and Holders of Share Stapled Units*” above;
- (c) **Clause 4 (Co-operation and Consultation)**, which deals with, among other things, the requirement for the Trustee-Manager and the Company to co-operate in order to give effect to the provisions of the Trust Deed, including the Linking and Stapling provisions, and the provisions relating to the coordination of meetings of Registered Holders of Units and Shareholders;
- (d) **Clause 5.11 (Repurchase or Redemption of Share Stapled Units)**, which deals with the matters summarised in “*The Share Stapled Units May Not Be Repurchased or Redeemed*” above;

- (e) **Clause 7 (Compliance with the Listing Rules and Other Relevant Laws and Regulations)**, which provides, among other things, that the Trustee-Manager and the Company must co-operate to ensure compliance by HK Electric Investments and the Company with the Listing Rules respectively applicable to them;
- (f) **Clause 9 (Share Stapled Units Register and Transfers of Share Stapled Units)**, which deals with, among other things, the obligations of the Trustee-Manager and the Company to maintain the Share Stapled Units Register and provisions in respect of transfers of Share Stapled Units described in “*Transfers*” above;
- (g) **Clause 10 (Units Register and Transfers of Units)**, which deals with, among other things, the obligation of the Trustee-Manager to maintain the Units Register and provisions in respect of transfers of Units;
- (h) **Clause 11 (Register of Members, Transfers of Beneficial Interests in Ordinary Shares and Register of Beneficial Interests)**, which deals with, among other things, the maintenance of the Register of Members and the Register of Beneficial Interests and provisions in respect of transfers of beneficial interests in Ordinary Shares;
- (i) **Clause 12 (Exchange)**, which deals with the Exchange Right summarised in “*Exchange Right*” above;
- (j) **Clause 13 (Object and Purpose of the Trust)**, which deals with, among other things, the scheme of investment of HK Electric Investments and restrictions on the Trustee-Manager’s scope of business;
- (k) **Clause 14.1(b) (Cash Distributions)**, which provides that the Trustee-Manager shall ensure that all amounts distributed or paid to the Trustee-Manager by the Company in respect of the Ordinary Shares are distributed to the Registered Holders of Units, subject to the deduction of any and all amounts permitted to be deducted or paid from the Trust Property under the Trust Deed but excluding (for the avoidance of doubt) all other provisions of Clause 14 of the Trust Deed;
- (l) **Clauses 18.1 to 18.5 (Custody of Trust Property and Segregated Accounts)**, which deals with the safe custody of the Trust Property and the segregated accounts described in “*Segregated Accounts*” above, but excluding (for the avoidance of doubt) all the other provisions of Clause 18 of the Trust Deed;
- (m) **Clause 20.1 (Announcements, Circulars and Other Documents)**, providing that Registered Holders of Share Stapled Units will receive all circulars and other documents in respect of both HK Electric Investments and the Company, but excluding (for the avoidance of doubt) all the other provisions of Clause 20 of the Trust Deed;
- (n) **Clause 23 (Appointment, Removal or Resignation of Trustee-Manager)**, which deals with, among other things, the provisions summarised in “*Appointment, Removal or Resignation of the Trustee-Manager*”, “*Insolvency of the Trustee-Manager*” and “*Effects of Change of the Trustee-Manager*” above;

- (o) **Clause 26 (Modification of Trust Deed)**, which deals with the circumstances in which the Trust Deed can be modified and the requirements for making, and restrictions in respect of, such modifications, as described in “*Modification of the Trust Deed*” above;
- (p) **Clause 29 (Directors of the Trustee-Manager)**, which deals with, among other things, the requirement that the boards of directors of the Trustee-Manager and the Company be the same, the duties of the Trustee-Manager Directors and the prohibition of loans by the Trustee-Manager to its directors;
- (q) **Clause 32 (No Acceptance of an Offer for the Ordinary Shares or Other Disposal of Ordinary Shares)**, providing that the Trustee-Manager shall not be permitted to accept any offer to sell the Ordinary Shares held by the Trustee-Manager or to otherwise dispose of those Ordinary Shares; and
- (r) **Clause 36 (Governing Law)**, which provides that the Trust Deed shall be governed by, and construed in accordance with, the laws of Hong Kong.

In addition, the Trust Deed provides that there can be no modification, amendment or alteration to Clause 23.1(i) of the Trust Deed which provides that for as long as the Trustee-Manager acts as the trustee-manager of HK Electric Investments, it must remain a wholly-owned subsidiary of PAH. Subject to the above, any other modification, amendment, alteration or addition to the provisions of the Trust Deed may only be made with the sanction of an Extraordinary Resolution of Registered Holders of Units.

No modification, amendment, alteration or addition to the provisions of the Trust Deed shall impose upon:

- (a) any Unitholder any obligation to make further payments in respect of the Units included in his holding of Share Stapled Units (where the issue price of such Units has already been fully paid) or to accept any liability in respect thereof; or
- (b) any holder of Preference Shares or Ordinary Shares any obligation to make further payments in respect of the Shares included in his holding of Share Stapled Units (where the issue price of such Shares has already been fully paid).

The Trustee-Manager shall as soon as practicable after any modification, amendment, alteration or addition to the provisions of the Trust Deed give notice of the relevant modification, amendment, alteration or addition to the Registered Holders of Units, unless the relevant modification, amendment, alteration or addition is not, in the opinion of the Trustee-Manager, of material significance. All fees, costs and expenses incurred by the Trustee-Manager in connection with any such document supplemental to the Trust Deed (including expenses incurred in the holding of a meeting of Registered Holders of Units, if necessary) shall be charged against the Trust Property.

The Trust Deed also requires that the Linked and Stapled structure be disclosed in the listing documents and annual reports to be issued by HK Electric Investments and the Company and that any proposed changes to the structure be disclosed by way of announcement published in accordance with the Listing Rules.