

**A. SUMMARY OF THE CONSTITUTION OF THE COMPANY**

Set out below is a summary of certain provisions of the Memorandum of Association of the Company and the Company's Articles and of certain aspects of Cayman company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 23 September 2013 under the Cayman Companies Law. The Memorandum of Association and the Company's Articles comprise its constitution.

**1. Memorandum of Association**

- (a) The Memorandum of Association states, *inter alia*, that the liability of members of the Company is limited to the amount, if any, unpaid on the Shares respectively held by them and that the objects for which the Company is established are unrestricted (including acting as an investment company), and that the Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided in Section 27(2) of the Cayman Companies Law and in view of the fact that the Company is an exempted company that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.
- (b) The Company may by special resolution alter its Memorandum of Association with respect to any objects, powers or other matters specified therein.

**2. Articles of Association**

The Company's Articles were adopted on 1 January 2014. The following is a summary of certain provisions of the Company's Articles:

**2.1 Classes of Shares**

The share capital of the Company consists of Ordinary Shares and Preference Shares. The authorised share capital of the Company as at the date of adoption of the Company's Memorandum of Association and the Company's Articles is HK\$20,000,000 divided into 20,000,000,000 Ordinary Shares of HK\$0.0005 each and 20,000,000,000 Preference Shares of HK\$0.0005 each.

**2.2 Directors****(a) Power to Allot and Issue Shares**

The Company's Articles contain provisions that require that, subject to the Exchange Right, at all times while the Trust Deed remains in force, the number of Units, Ordinary Shares and Preference Shares in issue must at all times be equal to each other. Subject to the Exchange Right, at all times while the Trust Deed remains in force:

- (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 Ordinary Share issued or to be issued by the Company must be matched by and Linked to a Unit issued or to be issued by the Trustee-Manager, in its capacity as trustee-manager of HK Electric Investments, under the Trust Deed; and
- (c) 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 and Linked to the specifically identified Ordinary Shares, in accordance with the provisions of the Trust Deed.

Each Unit in HK Electric Investments confers on the registered holder of the relevant 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 Register of Members in the name of the Trustee-Manager in its capacity as trustee-manager of HK Electric Investments.

While the Trust Deed remains in force:

- (a) subject to the Exchange Right, 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; and
- (b) the Company must not issue or sell any Preference Shares to any person unless an identical number of Units in HK Electric Investments is or will be issued by the Trustee-Manager under the Trust Deed and the 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 in accordance with the provisions of the Trust Deed, so that one may not be dealt with without the other. The Preference Shares may be issued by the Company, at the request of the Trustee-Manager, directly to the subscribers for, or purchasers of, Share Stapled Units issued or to be issued under the Trust Deed. Alternatively, the Preference Shares may be issued by the Company to the Trustee-Manager upon terms that the Trustee-Manager must Staple each Preference Share to a Unit and transfer the Preference Shares to the subscribers for, or purchasers of, Share Stapled Units together with (and Stapled to) the Units (Preference Shares issued by the Company to the Trustee-Manager under this provision are only issued for the purpose of transferring to the subscribers or purchasers of the Share Stapled Units and for Stapling the Preference Shares to Units, and not for the Trustee-Manager to hold as part of the Trust Property).

While the Trust Deed remains in force, but subject to the Exchange Right, the Company must ensure that each Ordinary Share is specifically identified and remains Linked to a Unit, and that each Preference Share is specifically identified and remains Stapled to a Unit, in accordance with the provisions of the Trust Deed.

The Company's Articles contain detailed provisions:

- (a) prohibiting the Company from taking any action which would result in the Ordinary Shares ceasing to be Linked to the Units or in the Preference Shares ceasing to be Stapled to the Units, or from refraining from doing any act required to maintain those relationships; and
- (b) requiring that Shares may only be offered for subscription and issued by the Company, and may only be transferred by their holders, as part of Share Stapled Units, and not in the forms of the individual components of Ordinary Shares and Preference Shares.

Subject to the foregoing provisions of the Company's Articles, the provisions of the Cayman Companies Law and the Memorandum of Association of the Company, the unissued shares in the Company (whether forming part of its original or any increased capital) shall be at the disposal of the Company Board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration, and upon such terms, as the Company Board shall determine.

Subject to the foregoing provisions of the Company's Articles, the applicable provisions of the Trust Deed and to any direction that may be given by the Company in general meeting and without prejudice to any special rights conferred on the holders of any existing shares or attaching to any class of shares, any share may be issued with or have attached thereto such preferred, deferred, qualified or other special rights or restrictions, whether in regard to dividend, voting, return of capital or otherwise, and to such persons at such times and for such consideration as the Company Board may determine. Subject to the Cayman Companies Law and to any special rights conferred on any Shareholders or attaching to any class of shares, any share may, with the sanction of a special resolution (as defined in paragraph 2.6 below), be issued on terms that it is, or at the option of the Company or the holder thereof is, liable to be redeemed. No shares shall be issued to bearer.

**(b) Power to Dispose of the Assets of the Company or Any Subsidiary**

The management of the business of the Company shall be vested in the Company Board which, in addition to the powers and authorities by the Company's Articles expressly conferred upon it, may exercise all such powers and do all such acts and things as may be exercised or done or approved by the Company and are not by the Company's Articles or the Cayman Companies Law expressly directed or required to be exercised or done by the Company in general meeting, but subject nevertheless to the provisions of the Cayman Companies Law and of the Company's Articles and to any regulation from time to time made by the Company in general meeting not being inconsistent with such provisions or the Company's Articles, provided that no regulation so made shall invalidate any prior act of the Company Board which would have been valid if such regulation had not been made.

**(c) Compensation or Payment for Loss of Office**

Payment to any Company Director or past Company Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Company Director is contractually entitled) must first be approved by the Company in general meeting.

**(d) Loans to Directors**

There are provisions in the Company's Articles prohibiting the making of loans to Company Directors and associates which are equivalent to the restrictions imposed by the Companies Ordinance.

**(e) Disclosure of Interest in Contracts with the Company or Any of its Subsidiaries**

No Company Director or proposed Company Director shall be disqualified by his office from contracting with the Company either as vendor, purchaser or otherwise nor shall any such contract or any contract or arrangement entered into by or on behalf of the Company with any person, company or partnership of or in which any Company Director shall be a member or otherwise interested be capable on that account of being avoided, nor shall any Company Director so contracting or being any member or so interested be liable to account to the Company for any profit so realised by any such contract or arrangement by reason only of such Company Director holding that office or the fiduciary relationship thereby established, provided that such Company Director shall, if his interest in such contract or arrangement is material, declare the nature of his interest at the earliest meeting of the Company Board at which it is practicable for him to do so, either specifically or by way of a general notice stating that, by reason of the facts specified in the notice, he is to be regarded as interested in any contracts of a specified description which may subsequently be made by the Company.

A Company Director shall not be entitled to vote on (nor shall he be counted in the quorum in relation to) any resolution of the Company Board in respect of any contract or arrangement or any other proposal whatsoever in which the Company Director or any of his associates has any material interest, and if he shall do so his vote shall not be counted (nor is he to be counted in the quorum for the resolution), but this prohibition shall not apply to any of the following matters, namely:

- (i) the giving of any security or indemnity to such Company Director or any of his associates in respect of money lent or obligations incurred by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;
- (ii) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Company Director or any of his associates has himself/themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (iii) any proposal concerning an offer of shares, debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase where the Company Director or any of his associates is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (iv) any proposal or arrangement concerning the benefit of employees of the Company or any of its subsidiaries including the adoption, modification or operation of any employees' share scheme or any share incentive scheme or share option scheme under which the Company Director or any of his associates may benefit; or the adoption, modification or operation of a pension or provident fund or retirement, death or disability benefits scheme which relates both to Company Directors, their associates and employees of the Company or any of its

subsidiaries and does not provide in respect of any Company Director or any of his associates as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and

- (v) any contract or arrangement in which the Company Director or any of his associates is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his interest in shares or debentures or other securities of the Company.

**(f) Remuneration**

The Company Directors shall be entitled to receive by way of remuneration for their services such sum as shall from time to time be determined by the Company in general meeting or by the Company Board, as the case may be, such sum (unless otherwise directed by the resolution by which it is determined) to be divided amongst the Company Directors in such proportions and in such manner as they may agree, or failing agreement, equally, except that in such event any Company Director holding office for less than the whole of the relevant period in respect of which the remuneration is paid shall only rank in such division in proportion to the time during such period for which he has held office. Such remuneration shall be in addition to any other remuneration to which a Company Director who holds any salaried employment or office in the Company may be entitled by reason of such employment or office.

The Company Directors shall also be entitled to be paid all expenses, including travel expenses, reasonably incurred by them in or in connection with the performance of their duties as Company Directors including their expenses of travelling to and from Company Board meetings, committee meetings or general meetings or otherwise incurred whilst engaged on the business of the Company or in the discharge of their duties as Company Directors.

The Company Board may grant special remuneration to any Company Director who shall perform any special or extra services at the request of the Company. Such special remuneration may be made payable to such Company Director in addition to or in substitution for his ordinary remuneration as a Company Director, and may be made payable by way of salary, commission or participation in profits or otherwise as may be agreed.

Notwithstanding the above provisions, the remuneration of a president, vice-president, managing director, joint managing director, deputy managing director or other executive Company Director or a Company Director appointed to any other office in the management of the Company shall from time to time be fixed by the Company Board and may be by way of salary, commission or participation in profits or otherwise or by all or any of those modes and with such other benefits (including share option and/or pension and/or gratuity and/or other benefits on retirement) and allowances as the Company Board may from time to time decide. Such remuneration shall be in addition to such remuneration as the recipient may be entitled to receive as a Company Director.

**(g) Retirement, Appointment and Removal**

The number of Company Directors shall not be less than two. While the Trust Deed remains in force (a) the Company Board shall at all times comprise the same individuals who serve as Trustee-Manager Directors; and (b) no person shall serve as a Company Director unless he also serves as a Trustee-Manager Director at the same time.

Subject to the foregoing provisions, the Company Board shall have power from time to time and at any time to appoint any person as a Company Director, either to fill a casual vacancy or as an addition to the Company Board. Any Company Director appointed to fill a casual vacancy shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election at that meeting, subject to compliance with the provisions described above. Any Company Director appointed as an addition to the Company Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election at that meeting, subject to compliance with the provisions described above.

The Company may by ordinary resolution (as defined in paragraph 2.6 below) at any time remove any Company Director (including a managing Company Director or other executive Company Director) before the expiration of his period of office notwithstanding anything in the Company's Articles or in any agreement between the Company and such Company Director (but without prejudice to any claim for compensation or damages payable to him in respect of the termination of his appointment as Company Director or of any other appointment or office as a result of the termination of his appointment as Company Director). Subject to compliance with the Company's Articles, the Company may by ordinary resolution elect another person in his place. Any Company Director so elected shall hold office during such time only as the Company Director in whose place he is appointed would have held the same if he had not been removed. The Company may also by ordinary resolution elect any person to be a Company Director, either to fill a casual vacancy or as an addition to the existing Company Board. Any Company Director so appointed shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. No person shall, unless recommended by the Company Board, be eligible for election to the office of Company Director at any general meeting unless during the period, which shall be at least seven days, commencing no earlier than the day after the despatch of the notice of the meeting appointed for such election and ending no later than seven days prior to the date of such meeting, there has been given to the Company Secretary notice in writing by a member of the Company (not being the person to be proposed) entitled to attend and vote at the meeting for which such notice is given, of his intention to propose such person for election and also notice in writing signed by the person to be proposed of his willingness to be elected.

Where proposals are under consideration concerning the appointment (including fixing or varying the terms of or terminating the appointment) of two or more Company Directors to offices or employments with the Company or any company in which the Company is interested, such proposals shall be divided and considered in relation to each Company Director separately and in such case each of the Company Directors concerned, if not prohibited from voting under the Company's Articles, shall be entitled to vote (and be counted in the quorum) in respect of each resolution except that concerning his own appointment.

There is no shareholding qualification for Company Directors nor is there any specified age limit for Company Directors.

The office of a Company Director shall be vacated:

- (i) if he resigns his office by notice in writing to the Company at its registered office or its principal office in Hong Kong;

- (ii) if an order is made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs and the Company Board resolves that his office be vacated;
- (iii) if, without leave, he is absent from meetings of the Company Board (unless an alternate Company Director appointed by him attends in his place) for a continuous period of 12 months, and the Company Board resolves that his office be vacated;
- (iv) if he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;
- (v) if he ceases to be or is prohibited from being a Company Director by law or by virtue of any provision in the Company's Articles;
- (vi) if he ceases to be a Trustee-Manager Director;
- (vii) if he shall be removed from office by notice in writing served upon him signed by not less than three-fourths in number (or, if that is not a round number, the nearest lower round number) of the Company Directors (including himself) then in office; or
- (viii) if he shall be removed from office by an ordinary resolution of the members of the Company under the Company's Articles.

At each annual general meeting of the Company, one-third of the Company Directors for the time being (including Company Directors appointed for a specific term, and Company Directors who may be required to retire at the same annual general meeting under other provisions of the Company's Articles), or if their number is not three or a multiple of three, then the number nearest to but no less than one-third, shall retire from office by rotation provided that every Company Director shall be subject to retirement by rotation at least once every three years. The Company Directors to retire by rotation shall include (so far as necessary to ascertain the number of Company Directors to retire by rotation) any Company Director who wishes to retire and not offer himself for re-election. Any further Company Directors so to retire shall be those of the other Company Directors who have been longest in office since their appointment or last election but as between persons who became Company Directors on the same day those to retire shall (unless they otherwise agree between themselves) be determined by lot. The number of Company Directors to retire on each occasion shall be determined by reference to the composition of the Company Board at the date of the notice convening the relevant annual general meeting and no Company Director shall be required to retire by rotation pursuant to the Company's Articles or be relieved from retiring by reason of a change in the number of Company Directors after the date of such notice but before the close of the relevant annual general meeting. A retiring Company Director shall be eligible for re-election and shall continue to act as a Company Director throughout the meeting at which the Company Director retires.

#### **(h) Borrowing Powers**

The Company Board may from time to time at its discretion exercise all the powers of the Company to raise or borrow or to secure the payment of any sum or sums of money for the purposes of the Company and to mortgage or charge its undertaking, property and assets (present and future) and uncalled capital or any part thereof. The rights of the Company Board to exercise these powers may only be varied by a special resolution.

**(i) Proceedings of the Company Board**

The Company Board may meet together for the despatch of business, adjourn and otherwise regulate its meetings and proceedings as it thinks fit in any part of the world and may determine the quorum necessary for the transaction of business. Unless otherwise determined, two Company Directors shall be a quorum. Questions arising at any meeting of the Company Board shall be decided by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have a second or casting vote.

A resolution in writing signed by all the Company Directors except such as are temporarily unable to act through ill-health or disability, and all the alternate Company Directors, if appropriate, whose appointors are temporarily unable to act as aforesaid shall (provided that such number is sufficient to constitute a quorum and further provided that a copy of such resolution has been given or the contents thereof communicated to all the Company Directors for the time being entitled to receive notices of Company Board meetings in the same manner as notices of meetings are required to be given by the Company's Articles) be as valid and effectual as if a resolution had been passed at a meeting of the Company Board duly convened and held. Such resolution may be contained in one document or in several documents in like form each signed by one or more of the Company Directors or alternate Company Directors and for this purpose a facsimile signature of a Company Director or an alternate Company Director shall be treated as valid. Notwithstanding the foregoing, a resolution in writing shall not be passed in lieu of a meeting of the Company Board for the purposes of considering any matter or business in which a substantial shareholder of the Company or a Company Director has a conflict of interest and the Company Board has determined that such conflict of interest to be material.

**2.3 Alteration to Constitutional Documents**

No alteration or amendment to the Memorandum of Association or the Company's Articles may be made except by special resolution provided that while the Trust Deed remains in force the provisions of the Memorandum of Association and the Company's Articles must be consistent with the provisions of the Trust Deed.

**2.4 Variation of Rights of Existing Shares or Classes of Shares**

If at any time the share capital of the Company is divided into different classes of shares, all or any of the rights attached to any class of shares for the time being issued (unless otherwise provided for in the terms of issue of the shares of that class) may, subject to the provisions of the Cayman Companies Law, be varied or abrogated with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class. To every such separate meeting all the provisions of the Company's Articles relating to general meetings shall *mutatis mutandis* apply, but so that the quorum for the purposes of any such separate meeting and of any adjournment thereof shall be persons present in person (or by proxy or duly authorised representative) being registered holders of at least one-third of the issued shares of that class at the date of the relevant meeting.

The special rights conferred upon the holders of shares of any class shall not, unless otherwise expressly provided in the rights attaching to or the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.



## 2.5 Alteration of Capital

The Company in general meeting may, from time to time, whether or not all the shares for the time being authorised shall have been issued and whether or not all the shares for the time being issued shall have been fully paid up, by ordinary resolution, increase its share capital by the creation of new shares, such new capital to be of such amount and to be divided into shares of such respective amounts as the resolution shall prescribe.

Subject to the applicable provisions of the Trust Deed, including but not limited to Clause 8.2 (*Sub-division and Consolidation of Units*) of the Trust Deed, the Company may from time to time by ordinary resolution:

- (a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares. On any consolidation of fully paid shares and division into shares of larger amount, the Company Board may, subject to complying with the provisions of the Trust Deed, settle any difficulty which may arise as it thinks expedient;
- (b) cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled subject to the provisions of the Cayman Companies Law; and
- (c) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association of the Company, subject nevertheless to the provisions of the Cayman Companies Law, and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred or other special rights, over, or may have such deferred rights or be subject to any such restrictions as compared with the others as the Company has power to attach to unissued or new shares.

The Company may by special resolution reduce its share capital or any capital redemption reserve in any manner authorised and subject to any conditions prescribed by the Cayman Companies Law and the applicable provisions of the Trust Deed.

## 2.6 Special Resolution and Ordinary Resolution — Respective Majorities Required

A “**special resolution**” is defined in the Company’s Articles to mean a resolution proposed and passed as such by a majority consisting of 75% or more of the total number of votes of those members of the Company present and entitled to vote and voting in person or by proxy at a meeting of members held in accordance with the Company’s Articles and includes a special resolution approved in writing (in one or more counterparts) signed by all members of the Company for the time being entitled to receive notice of and to attend and vote at general meetings of the Company. Any such resolution shall be deemed to have been passed at a meeting held on the date on which it was signed by the last member to sign.

In contrast, an “**ordinary resolution**” is defined in the Company’s Articles to mean a resolution proposed and passed as such by a simple majority of the total number of votes of those members of the Company present and entitled to vote and voting in person or by proxy, at a general meeting of the members held in accordance with the Company’s Articles and includes an ordinary resolution approved in writing by all the members of the Company aforesaid.

The “**members**”, as defined in the Company’s Articles, are the persons who are duly registered as the holders from time to time of shares in the Register of Members including persons who are jointly so registered.

## 2.7 Voting Rights

### *Voting Rights Conferred By the Ordinary Shares and the Preference Shares*

Subject to any special rights, privileges or restrictions as to voting for the time being attached to any class or classes of shares, at any general meeting, shares in the Company shall carry votes as follows:

- (i) **Ordinary Shares:** one vote per Ordinary Share for every registered holder of Ordinary Shares present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy; and
- (ii) **Preference Shares:** one vote per Preference Share for every registered holder of Preference Shares present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

For as long as the Trust Deed remains in force, 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 members, 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 members.

For as long as the Trust Deed remains in force, in relation to meetings of Registered Holders of Units and members to be held separately but consecutively in accordance with the Company’s Articles, 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.

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

*Combined Meetings of Registered Holders of Units and Members under the Trust Deed Characterised as Meetings of Registered Holders of Share Stapled Units*

For as long as the Trust Deed remains in force, in relation to both Meetings of Registered Holders of Share Stapled Units and meetings of Registered Holders of Units and members to be held separately but consecutively in accordance with the Company's Articles:

- (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 of Registered Holders of Units and members proposed at a Meeting of Registered Holders of Share Stapled Units or (ii) a resolution of Registered Holders of Units and a resolution of members dealing with the same, or substantially the same, matter proposed at separate but consecutive meetings of Registered Holders of Units and members referred to in the Company's Articles; and
- (b) a Registered Holder of a Share Stapled Unit shall cast a single vote in respect of that Share Stapled Unit, either for or against the relevant resolution(s), 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 (as the case may be) in respect of (as the case may be) (1) a single resolution of Registered Holders of Share Stapled Units proposed at a Meeting of Registered Holders of Share Stapled Units, or (2) a resolution of Registered Holders of Units and a resolution of members which deal with the same, or substantially the same, matter proposed at meetings of Registered Holders of Units and members held separately but consecutively in accordance with Company's Articles.

*Voting of Ordinary Shares Held by the Trustee-Manager*

The Trust Deed requires that, subject to the immediately following paragraph, 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 members:

- (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 the meeting of members; 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 referred to in the Company's Articles.

For as long as the Trust Deed remains in force, the Trustee-Manager is required by the Trust Deed to 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 respect of a resolution of

members 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.

*Exercise of Voting Rights*

A Registered Holder of Share Stapled Units holding more than one Share Stapled Unit (and, therefore, holding more than one Preference Share and having the right to direct the Trustee-Manager how to vote in respect of more than one Ordinary Share) may vote some of the Share Stapled Units (and, therefore, vote the Preference Shares Stapled to those Share Stapled Units and direct the Trustee-Manager how to vote in respect of the Ordinary Shares Linked to those 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 Company's Articles 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 members held consecutively under the Company's Articles and some of them against both resolutions, provided that the provisions of the Company's Articles are complied with in respect of each individual Share Stapled Unit registered in his name (and, therefore, the Preference Share Stapled to the relevant Share Stapled Unit and the Ordinary Share Linked to the relevant Share Stapled Unit).

*Effect of Completing Composite Form of Proxy or Voting Paper*

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 members; 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) the relevant resolution in respect of any required resolution of members.

To the extent permitted by relevant laws and regulations, in the case of meetings of Registered Holders of Units and members held separately but consecutively under the Company's Articles 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 members.

#### *General*

Subject to the provisions described above, a member entitled to more than one vote is under no obligation to cast all his votes in the same way. For the avoidance of doubt, where more than one proxy is appointed by a recognised clearing house (or its nominee(s)), each such proxy is, subject to the applicable provisions of the Company's Articles, under no obligation to cast all his votes in the same way.

Where any member is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member (the "**Abstaining Member**") in contravention of such requirement or restriction shall not be counted. For the avoidance of doubt, where any Preference Share(s) held by an Abstaining Member is/are not entitled to vote under the Listing Rules, the Trustee-Manager shall abstain from exercising any voting right in respect of the relevant specifically identified Ordinary Share(s) held by the Trustee-Manager for and on behalf of such Abstaining Member.

#### *Joint Registered Holders*

Where there are joint registered holders of any share, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at any meeting personally or by proxy, that one of the said persons so present being the most or, as the case may be, the more senior shall alone be entitled to vote in respect of the relevant joint holding and, for this purpose, seniority shall be determined by reference to the order in which the names of the joint holders stand on the Register of Members in respect of the relevant joint holding. Several executors or administrators of a deceased member in whose name any share stands shall for the purposes of the Company's Articles be deemed joint holders thereof.

#### *Votes of Members of Unsound Mind*

A member of the Company in respect of whom an order has been made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs may vote by any person authorised in such circumstances to do so and such person may vote by proxy.

#### *Qualification for Voting*

Save as expressly provided in the Company's Articles or as otherwise determined by the Company Board, no person other than a member of the Company duly registered and who shall have paid all sums for the time being due from him payable to the Company in respect of his shares shall be entitled to be present or to vote (save as proxy for another member of the Company), or to be reckoned in a quorum, either personally or by proxy at any general meeting of members.

*Voting By Poll*

At any general meeting of members 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, save that the chairman of the 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 member of the Company present in person (or being a corporation, is present by a duly authorised representative), or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a member of the Company which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands. For purposes of the Company's Articles, procedural and administrative matters are those that (i) are not on the agenda of the general meeting or in any supplementary circular that may be issued by the Company to its members; and (ii) relate to the chairman's duties to maintain the orderly conduct of the meeting and/or allow the business of the meeting to be properly and effectively dealt with, whilst allowing all members of the Company a reasonable opportunity to express their views.

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 (i) by the chairman; (ii) by at least three members of the Company present in person or in the case of a member being a corporation by its duly authorised representative or by proxy for the time being entitled to vote at the meeting; or (iii) by a member or members present in person or in the case of a member being a corporation by its duly authorised representative or by proxy and representing not less than one-tenth of the total voting rights of all members having the right to vote at the meeting; or (iv) by a member or members present in person or in the case of a member being a corporation by its duly authorised representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right.

*Recognised Clearing House*

If a recognised clearing house (or its nominee(s)) is a member of the Company it may authorise such person or persons as it thinks fit to act as its representative(s) at any general meeting of the Company or at any general meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. The person so authorised will be deemed to have been duly authorised without the need of producing any documents of title, notarised authorisation and/or further evidence for substantiating the facts that it is duly authorised. A person so authorised pursuant to this provision shall be entitled to exercise the same rights and powers on behalf of the recognised clearing house (or its nominee(s)) which he represents as that recognised clearing house (or its nominee(s)) could exercise as if such person were an individual member of the Company holding the number and class of shares specified in such authorisation including, where a show of hands is allowed, the right to vote individually on a show of hands, notwithstanding any contrary provision contained in the Company's Articles.

**2.8 Annual General Meetings**

The Company shall in each year hold a general meeting as its annual general meeting in addition to any other meeting in that year and shall specify the meeting as such in the notice calling it; and not more than 15 months shall elapse (or such longer period as the Stock Exchange may authorise) between the date of one annual general meeting of the Company and that of the next.

**2.9 Accounts and Audit**

The Company Board shall cause to be kept such books of account as are necessary to give a true and fair view of the state of the Company's affairs and to show and explain its transactions and otherwise in accordance with the Cayman Companies Law. The Company Board shall from time to time determine whether, and to what extent, and at what times and places and under what conditions or regulations, the accounts and books of the Company, or any of them, shall be open to the inspection of members of the Company (other than officers of the Company) and no such member shall have any right of inspecting any accounts or books or documents of the Company except as conferred by the Cayman Companies Law or any other relevant law or regulation or as authorised by the Company Board or by the Company in general meeting. However, an exempted company shall make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2009 Revision) of the Cayman Islands.

The Company Board shall, commencing with the first annual general meeting, cause to be prepared and to be laid before the members of the Company at every annual general meeting a profit and loss account for the period, in the case of the first account, since the incorporation of the Company and, in any other case, since the preceding account, together with a balance sheet as at the date at which the profit and loss account is made up and a Company Director's report with respect to the profit or loss of the Company for the period covered by the profit and loss account and the state of the Company's affairs as at the end of such period, an auditor's report on such accounts and such other reports and accounts as may be required by law. Copies of those documents to be laid before the members of the Company at an annual general meeting shall not less than 21 days before the date of the meeting, be sent in the manner in which notices may be served by the Company as provided in the Company's Articles to every member of the Company and every holder of debentures of the Company provided that the Company shall not be required to send copies of those documents to any person of whose address the Company is not aware or to more than one of the joint holders of any shares or debentures.

The Company shall at any annual general meeting appoint an auditor or auditors of the Company who shall hold office until the next annual general meeting. The members of the Company may, at any general meeting convened and held in accordance with the Company's Articles, by ordinary resolution remove the auditor of the Company any time before the expiration of his term of office and shall by ordinary resolution at that meeting appoint another auditor in his stead for the remainder of his term. The remuneration of the auditors shall be fixed by the Company at the annual general meeting at which they are appointed provided that in respect of any particular year the Company in general meeting may delegate the fixing of such remuneration to the Company Board.

For as long as the Trust Deed remains in force, the auditors of the Company and the auditors of HK Electric Investments and the Trustee-Manager shall, at all times, be the same person or firm.

**2.10 Notice of Meetings and Business to be Conducted Thereat**

An annual general meeting and any extraordinary general meeting called for the passing of a special resolution shall be called by not less than 21 days' notice in writing and any other extraordinary general meeting shall be called by not less than 14 days' notice in writing. Subject to the requirements under the Listing Rules, the notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and shall specify the time, place and agenda of the meeting,

particulars of the resolutions to be considered at the meeting and, in the case of special business, the general nature of that business. The notice convening an annual general meeting shall specify the meeting as such, and the notice convening a meeting to pass a special resolution shall specify the intention to propose the resolution as a special resolution. Notice of every general meeting shall be given to the auditors and all members of the Company (other than such as, under the provisions of the Company's Articles or the terms of issue of the shares they hold, are not entitled to receive such notice from the Company).

Notwithstanding that a meeting of the Company is called by shorter notice than that mentioned 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 members of the Company 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 members having a right to attend and vote at the meeting, being a majority together holding not less than 95% in nominal value of the shares giving that right.

To the extent permitted under the relevant laws and regulations, meetings of members and meetings of Registered Holders of Units shall be held on a combined basis as a single meeting characterised as a Meeting of Registered Holders of Share Stapled Units. If that is not possible under the relevant laws and regulations, the meetings convened under Article 12.10 (as described above) shall be held separately and consecutively, with the meeting of Registered Holders of Units being held immediately prior to the meeting of members. The meeting of Registered Holders of Units is required to be held immediately prior to the meeting of members in order to enable the 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 members.

All business shall be deemed special that is transacted at an extraordinary general meeting and also all business shall be deemed special that is transacted at an annual general meeting with the exception of the following, which shall be deemed ordinary business (a) the declaration and sanctioning of dividends; (b) the consideration and adoption of the accounts and balance sheets and the reports of the Company Directors and the auditors and other documents required to be annexed to the balance sheet; (c) the election of Company Directors in place of those retiring; (d) the appointment of auditors; and (e) the fixing of, or the determining of the method of fixing of, the remuneration of the Company Directors and of the auditors.

## **2.11 Transfer of Shares**

While the Trust Deed remains in force, (a) Preference Shares may only be transferred as components of Share Stapled Units in accordance with the provisions of Clause 9 (*Share Stapled Units Register and Transfer of Share Stapled Units*) of the Trust Deed and the Company's Articles; and (b) Ordinary Shares can only be held by the Trustee-Manager upon and subject to the terms and conditions of the Trust Deed and, subject to the Exchange Right, cannot be transferred by the Trustee-Manager.

While the Trust Deed remains in force and 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 and the applicable provisions of the Company's Articles shall not apply to such transfers.



While the Trust Deed remains in force, 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 (including the Preference Shares which are components of those Share Stapled Units) or, in the case of Joint Registered Holders of Share Stapled Units, by them, as follows:

- (a) a transfer of Share Stapled Units (including the Preference Shares which are components of those Share Stapled Units) shall be effected (i) by an instrument of transfer in writing in such form as the Company and the Trustee-Manager may from time to time approve accompanied by the certificate(s) issued in respect of the relevant Share Stapled Units or (ii) in any other manner as the Company and the Trustee-Manager may from time to time approve; and
- (b) every instrument of transfer referred to in (a) above relating to Share Stapled Units (including the Preference Shares which are components of those 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 Company and the Trustee-Manager 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.

While the Trust Deed remains in force, every instrument of transfer relating to Share Stapled Units 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 Company or the Trustee-Manager may require to prove the title of the transferor or his right to transfer those Share Stapled Units (including the Preference Shares which are components of those 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.

While the Trust Deed remains in force, in respect of Share Stapled Units which are not deposited with CCASS, the Company and the Trustee-Manager shall alter or cause to be altered the Share Stapled Units Register (and the Register of Members and the Register of Beneficial Interests) to record the date of each transfer of Share Stapled Units (including the Preference Shares which are components of those Share Stapled Units) and the name and address of the transferee.

While the Trust Deed remains in force, no Registered Holder of a Share Stapled Unit (including the Preference Share which is a component of the Share Stapled Unit) may require the transfer of a Share Stapled Unit (including the Preference Share which is a component of the Share Stapled Unit) to be registered during any period for which the Register of Members, and/or the Register of Beneficial Interests is closed under the Company's Articles.

While the Trust Deed remains in force, Preference Shares shall only be transferable (a) in the form of Share Stapled Units 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.

While the Trust Deed remains in force, no transfer or purported transfer of a share other than a transfer made in accordance with the Company's Articles and Clause 9.7 (*Transfer of Share Stapled Units*) of the Trust Deed shall entitle the transferee to be registered in respect thereof. No notice of such transfer or purported transfer (other than as aforesaid) shall be entered upon the Register of Members, the Share Stapled Units Register, the Units Register, the Register of Beneficial Interests or any other register.

### **2.12 Repurchase and Redemption**

Except for the repurchase or redemption of the Preference Shares in accordance with the provisions of the Trust Deed and the Company's Articles, the Company shall not repurchase or redeem any shares otherwise than as components of Share Stapled Units and unless and until the Company is permitted to repurchase or redeem Share Stapled Units by relevant codes and guidelines issued by the SFC from time to time. Thereafter, for as long as the Trust Deed remains in force and except for the repurchase or redemption of the Preference Shares in accordance with the provisions of the Trust Deed and the Company's Articles, the Company may only repurchase or redeem Shares as components of Share Stapled Units repurchased or redeemed and only to the extent permitted by, and in accordance with the provisions of, any or all relevant laws and regulations and any applicable codes and guidelines as may be issued by the SFC from time to time.

The circumstances in which the Preference Shares may be redeemed in accordance with the provisions of the Trust Deed and the Company's Articles are described in "*Appendix IV — Trust Deed — Termination of HK Electric Investments*" and in paragraph 4 below in this section. In addition, the Preference Shares would be exchanged and cancelled on an exercise of the Exchange Right. That provision is described in detail in "*Appendix IV — Trust Deed — Exchange Right*" and in paragraph 3 below in this section.

### **2.13 Power of Any Subsidiary of the Company to Own Shares**

There are no provisions in the Company's Articles relating to the ownership of shares by a subsidiary.

### **2.14 Dividends and Other Methods of Distributions**

Subject to the Cayman Companies Law and the Company's Articles, the Company in general meeting may declare dividends in any currency but no dividends shall exceed the amount recommended by the Company Board. Dividends shall only be payable in respect of the Ordinary Shares. The Preference Shares confer no rights to or in respect of dividends. The Company Board may from time to time pay to the holders of the Ordinary Shares such interim dividends as appear to the Company Board to be justified. The Company Board may in addition from time to time declare and pay special dividends on the Ordinary Shares of such amounts and on such dates as it thinks fit.

The Company's Articles state that, as reflected in a resolution of the Company Board passed on the date of adoption of the Company's Articles, it is the current intention, as at the date of adoption of the Company's Articles, of the Company Board 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 to the Trustee-Manager to fund distributions in respect of the Share Stapled Units to be made by the Trustee-Manager. In addition, subject to compliance with all applicable laws of the Cayman Islands and the Company's Articles, the Company Board may declare and distribute such additional amounts as the Company Board in their discretion determine.

It is currently (as at the date of adoption of the Company's Articles) the intention of the Company Board 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.

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 statements in the Company's Articles of the Company Board's current intention, as at the date of adoption of the Company's Articles, to declare and distribute 100% of the Group Distributable Income in respect of each financial year commencing with the financial year ending 31 December 2014 to the Trustee-Manager to fund distributions in respect of the Units is a distribution policy only and a statement of the Company Board's current intention, as at the date of adoption of the Company's Articles, only. It is not a legally binding obligation of the Company Directors, the Company and is subject to change. Nor is it guaranteed by any person.

The form, frequency and amount of future distributions (if any) in respect of Share Stapled Units will depend on the earnings, financial position and results of operations of the Group, as well as contractual restrictions (including 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.

The Company Board may retain any dividends or other monies payable on or in respect of a share upon which the Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists. The Company Board may also deduct from any dividend or other monies payable to any member of the Company all sums of money (if any) presently payable by him to the Company on account of calls, instalments or otherwise.

No dividend shall carry interest against the Company.

Subject to the Company's Articles, whenever the Company Board or the Company in general meeting have resolved that a dividend be paid or declared on the share capital of the Company, the Company Board may further resolve either: (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up provided that the holders of Ordinary Shares entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or (b) that the holders of Ordinary Shares entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Company Board may think fit. The Company may upon the recommendation of the Company Board by ordinary resolution resolve in respect of any one particular dividend of the Company that notwithstanding the foregoing a dividend may be satisfied wholly in the form of an allotment of shares credited as fully paid without offering any right to holders of Ordinary Shares to elect to receive such dividend in cash in lieu of such allotment.

Unless otherwise directed by the Company Board, any dividend, interest or other sum payable in cash to a holder of shares may be paid by cheque or warrant sent through the post to the registered address of the member of the Company entitled, or in the case of joint holders, to the registered address of the person whose name stands first in the Register of Members of the Company in respect of the joint holding or to such person and to such address as the holder or joint holders may in writing direct. Every cheque or warrant so sent shall be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the Register of Members of the Company in respect of such shares, and shall be sent at his or their risk and the payment of any such cheque or warrant by the bank on which it is drawn shall operate as a good discharge to the Company in respect of the dividend and/or bonus represented thereby, notwithstanding that it may subsequently appear that the same has been stolen or that any endorsement thereon has been forged. The Company may cease sending such cheques for dividend entitlements or dividend warrants by post if such cheques or warrants have been left uncashed on two consecutive occasions. However, the Company may exercise its power to cease sending cheques for dividend entitlements or dividend warrants after the first occasion on which such a cheque or warrant is returned undelivered.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the Company Board for the exclusive benefit of the Company until claimed. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the Company Board and shall revert to the Company.

The Company Board, with the sanction of an ordinary resolution of the members of the Company in general meeting, may direct that any dividend be satisfied wholly or in part by the distribution of specific assets of any kind to the holders of Ordinary Shares, and in particular of paid up shares, debentures or warrants to subscribe securities of any other company, and where any difficulty arises in regard to such distribution the Company Board may settle the same as it thinks expedient, and in particular may disregard fractional entitlements, round the same up or down or provide that the same shall accrue to the benefit of the Company, and may fix the value for distribution of such specific assets, or any part thereof, and may determine that cash payments shall be made to any holders of Ordinary Shares upon the footing of the value so fixed in order to adjust the rights of all parties, and may vest any such specific assets in trustees as may seem expedient to the Company Board.

**2.15 Proxies**

Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person (who must be an individual) as his proxy to attend and vote instead of him and a proxy so appointed shall have the same right as the member to speak at the meeting.

A proxy need not be a member of the Company. A member may appoint any number of proxies to attend in his stead at any one general meeting (or at any one class meeting). Instruments of proxy, whether for a specified meeting or otherwise, shall be in such form that complies with the Listing Rules as the Company Board may from time to time approve, provided that it shall enable a member, according to his intention, to instruct his proxy to vote in favour of or against (or in default of instructions or in the event of conflicting instructions, to exercise his discretion in respect of) each resolution to be proposed at the meeting to which the form of proxy relates. The instrument appointing a proxy to vote at a general meeting shall (a) be deemed to confer authority to vote on any amendment of a resolution put to the meeting for which it is given as the proxy thinks fit and (b) unless the contrary is stated therein, be valid as well for any adjournment of the meeting as for the meeting to which it relates, provided that the meeting was originally held within 12 months from such date.

The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney authorised in writing, or if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person duly authorised to sign the same. The Company Board shall have the right to reject an instrument appointing a proxy which has not been properly completed. In determining the rights to vote and other matters in respect of a completed instrument of proxy submitted to it, the Company Board shall have regard to any instructions and/or notes set out in the instrument of proxy.

The instrument appointing a proxy and (if required by the Company Board) 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 delivered at the registered office of the Company (or at such other place as may be specified in the notice convening the meeting or in any notice of any adjournment or, in either case, in any document sent therewith) 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 provided always that the Chairman of the meeting may at his discretion direct that an instrument of proxy shall be deemed to have been duly deposited upon receipt of facsimile confirmation from the appointor that the instrument of proxy duly signed is in the course of transmission to the Company. No instrument appointing a proxy shall be valid after the expiration of 12 months from the date named in it as the date of its execution. Delivery of any instrument appointing a proxy shall not preclude a member of the Company 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.

**2.16 Calls on Shares and Forfeiture of Shares**

For as long as the Trust Deed remains in force, the Company shall not issue any partly paid shares; provided that nothing in the Company's Articles or in the Trust Deed shall prohibit or restrict the Company from allotting or issuing any share on terms that the entire sum payable for the share is payable upon allotment or issue or by a fixed date falling no later than 10 Business Days following the date of allotment or issue of the share (or such later time as the Company Board may determine).

Subject to the foregoing, which applies for so long as the Trust Deed remains in force, the Company Board may from time to time make such calls as it may think fit upon the members of the Company in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal amount of the shares or by way of premium or otherwise) and not by the conditions of allotment thereof made payable at fixed times and each member of the Company shall (subject to the Company's Articles and the Company serving upon him at least 14 days' notice specifying the time and place of payment and to whom such payment shall be made) pay to the Company at the time and place so specified the amount called on his shares.

A call may be revoked or postponed as the Company Board may determine. A person upon whom a call is made shall remain liable on such call notwithstanding the subsequent transfer of the shares in respect of which the call was made.

The Company's Articles provides that, for as long as the Trust Deed remains in force, the Company may only make calls upon terms agreed with the Trustee-Manager and such terms shall be consistent with the Trust Deed. A call may be made payable either in one sum or by instalments and shall be deemed to have been made at the time when the resolution of the Company Board authorising the call was passed. The joint holders of a share shall be jointly and severally liable to pay all calls and instalments due in respect of such share or other monies due in respect thereof. If the sum or any instalment payable in respect of any call is unpaid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding 15% per annum as the Company Board shall determine from the day appointed for the payment thereof to the time of actual payment, but the Company Board may waive payment of such interest wholly or in part.

If a member fails to pay any call or instalment of a call on the day appointed for payment thereof, the Company Board may, at any time during such time as any part thereof remains unpaid serve a notice on him requiring payment of so much of the call or instalment as is unpaid together with any interest which may have accrued and which may still accrue up to the date of actual payment. For so long as the Trust Deed continues in force, the Company shall obtain the consent of the Trustee-Manager before serving any such notice.

The notice shall name a further day (not being earlier than the expiration of 14 days from the date of service of the notice) on or before which, and the place where, the payment required by the notice is to be made, and shall state that in the event of non-payment at or before the time and at the place appointed, the shares in respect of which the call was made or instalment is unpaid will be liable to be forfeited.

Subject to the prior consent of the Trustee-Manager, if the requirements of any such notice as aforesaid are not complied with, any share in respect of which such notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Company Board to that effect. Such forfeiture shall include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture. A share so forfeited shall be deemed to be the property of the Company and, subject to the applicable provisions of the Trust Deed and the Company's Articles, may be sold, re-allotted or otherwise disposed of or cancelled.

A person whose shares have been forfeited shall cease to be a member of the Company in respect of the forfeited shares but shall, notwithstanding the forfeiture, remain liable to pay to the Company all monies which at the date of forfeiture were payable by him to the Company in respect of the shares,

together with (if the Company Board shall in its discretion so require) interest thereon at such rate not exceeding 15% per annum as the Company Board may prescribe from the date of forfeiture until payment, and the Company Board may enforce payment thereof if it thinks fit without any deduction or allowance for the value of the shares forfeited, at the date of forfeiture.

### 2.17 Inspection of Register of Members

There shall be entered in the Principal Register of Members or the Hong Kong Register of Members (as the case may be) the following information as soon as practicable after the Trustee-Manager, the Company or the Registrar receives the relevant information: (a) the names and addresses of the registered holders of shares (and, in the case where the registered holder of shares is HKSCC Nominees, the name and address of HKSCC Nominees); (b) the number of shares held by each registered holder of shares, the distinctive numbers of the Ordinary Shares and Preference Shares held and the distinctive numbers of the certificate, if any, issued in respect thereof; (c) the date on which every such person entered in the Principal Register of Members or the Hong Kong Register of Members, as the case may be, in respect of the shares standing in his name became a registered holder of shares; (d) the date on which any transfer is registered, the name and address of the transferee and, where practicable, a sufficient reference to enable the name and address of the transferor to be identified; (e) the date on which any person ceased to be a registered holder of shares; and (f) the date on which any shares have been repurchased or redeemed pursuant to the Company's Articles.

For as long as the Trust Deed remains in force: (a) the Trustee-Manager shown in the Principal Register of Members as the registered holder of Ordinary Shares shall be the legal owner of the relevant Ordinary Shares, but shall hold those Ordinary Shares on the trusts constituted by the Trust Deed and subject to the beneficial interests of the Registered Holders of Units which are Linked to those Ordinary Shares, in accordance with the provisions of the Trust Deed; (b) each Registered Holder of a Unit shown in the Units Register shall have a beneficial interest (on and subject to the terms and conditions of the Trust Deed) in a number of Ordinary Shares registered in the name of the Trustee-Manager in the register equal to the number of Units registered in the name of the relevant Registered Holder of Units; (c) specifically, each Registered Holder of a Unit shown in the Units Register shall have a beneficial interest (on and subject to the terms and conditions of the Trust Deed) in the specifically identified Ordinary Share which is Linked to the relevant Unit registered in the name of the Registered Holder of that Unit; and (d) each transfer of Units in the Units Register shall include the transfer of the beneficial interest of the Registered Holder of Units in an equal number of Ordinary Shares registered in the name of the Trustee-Manager in the Principal Register of Members (specifically, the specifically identified Ordinary Shares which are Linked to the Units being transferred), to the same transferee.

The Register of Member and/or the Register of Beneficial Interests may, on 14 days' notice being given by announcement published on the Stock Exchange's website, or subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Company's Articles or by announcement published in the newspapers, be closed at such times and for such periods as the Company Board may from time to time determine, either generally or in respect of any class of shares, provided that the Register of Members and/or the Register of Beneficial Interests shall not be closed for more than 30 days in any year (or such longer period as the members of the Company may by ordinary resolution determine provided that such period shall not be extended beyond 60 days in any year).

The Hong Kong Register of Members, which is established and maintained by the Company as a branch register in Hong Kong in accordance with the provisions of the Company's Articles, and the Register of Beneficial Interests shall during normal business hours (subject to such reasonable restrictions as the Company Board may impose) be open to inspection by a member of the Company without charge and by any other person on payment of such fee not exceeding HK\$2.50 (or such higher amount as may from time to time be permitted under the Listing Rules) as the Company Board may determine for each inspection.

### **2.18 Quorum for Meetings and Separate Class Meetings**

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment of a chairman. Two members of the Company present in person (or in the case of a corporation, by its duly authorised representatives) or by proxy shall be a quorum provided always that if the Company has only one member of record the quorum shall be that one member present in person or by proxy. Any corporation which is a member of the Company may, by resolution of its directors or other governing body or by power of attorney, authorise such person as it thinks fit to act as its representative at any meeting of the Company or of members of any class of shares of the Company and the person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could exercise if it were an individual member of the Company and where a corporation is so represented, it shall be treated as being present at any meeting in person.

The quorum for a separate general meeting of the holders of a separate class of shares of the Company is described in paragraph 2.4 above.

### **2.19 Rights of Minorities in relation to Fraud or Oppression**

There are no provisions in the Company's Articles concerning the rights of minority shareholders in relation to fraud or oppression.

### **2.20 Procedure on Liquidation**

If the Company shall be wound up, the assets available for distribution amongst the members of the Company shall be distributed in the following order of priority: (a) first, in paying to holders of Preference Shares an amount equal to the Offer Price per Preference Share and if there is a shortfall the proceeds shall be distributed to the holders of the Preference Shares in proportion to the amounts due on each such Preference Share held; and (b) thereafter, the balance of such assets shall be distributed amongst the holders of the Preference Shares and the Ordinary Shares *pari passu* as if the same constituted one class of share (in proportion to the number of shares held by them, respectively).

The foregoing is without prejudice to the rights of the holders of shares issued upon special terms and conditions. If the Company shall be wound up, the liquidator may with the authority of a special resolution of the Company and any other sanction required by the Cayman Companies Law, divide amongst the members of the Company in specie or kind the whole or any part of the assets of the Company (whether the assets shall consist of property of one kind or shall consist of properties of different kinds) and may, for such purpose, set such value as he deems fair upon any property to be



divided and may determine how such division shall be carried out as between the members or different classes of members of the Company. The liquidator may, with the like authority or sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the members of the Company as the liquidator, with the like authority or sanction and subject to the Cayman Companies Law, shall think fit, but so that no member of the Company shall be compelled to accept any assets, shares or other securities in respect of which there is a liability.

### **2.21 Untraceable Members**

Subject to the Company's Articles, the Company shall be entitled to sell any shares of a member of the Company or the shares to which a person is entitled by virtue of transmission on death or bankruptcy or operation of law if and provided that: (i) all cheques or warrants, not being less than three in number, for any sums payable in cash to the holder of such shares have remained uncashed for a period of 12 years; (ii) the Company has not during that time or before the expiry of the three month period referred to in (iv) below received any indication of the whereabouts or existence of the member or person entitled to such shares by death, bankruptcy or operation of law; (iii) during the 12 year period, at least three dividends in respect of the shares in question have become payable and no dividend during that period has been claimed by the member; and (iv) upon expiry of the 12 year period, the Company has caused an announcement to be published in the newspapers or subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Company's Articles, giving notice of its intention to sell such shares and a period of three months has elapsed since such announcement and the Stock Exchange has been notified of such intention. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds it shall become indebted to the former member for an amount equal to such net proceeds.

For as long as the Trust Deed remains in force, the Company may only exercise the rights described in the paragraph immediately above subject to, and in compliance with, the provisions of the Trust Deed and the provisions of the Company's Articles described above requiring that the Ordinary Shares remain Linked to Units and the Preference Shares remain Stapled to Units.

### **3. Repurchase and Cancellation of the Preference Shares on Exercise of the Exchange Right**

Subject to the provisions of the Cayman Companies Law, if the Exchange Right is exercised under Clause 12 (*Exchange*) of the Trust Deed, all the Preference Shares shall be exchanged (together with the Units to which they are Stapled) by their holders with the Trustee-Manager for the Ordinary Shares held by the Trustee-Manager which are Linked to the Units being exchanged. The consideration for the exchange of each Preference Share is the transfer by the Trustee-Manager to the Registered Holder of the relevant Share Stapled Unit of the specifically identified Ordinary Share held by the Trustee-Manager, the beneficial interest in which is a component of that Share Stapled Unit. The Trust Deed provides that pursuant to the exercise of the Exchange Right, the Company will repurchase, from the Trustee-Manager, all of the issued Preference Shares which have been exchanged by the former Registered Holders of Share Stapled Units with the Trustee-Manager pursuant to the exercise of the Exchange Right, for an aggregate purchase price of HK\$1.00, and which will be cancelled by the Company.

Subject to that, the Company is not required to provide any additional consideration to any holder or former holder of Share Stapled Units or Preference Shares for or in connection with the exchange of any Preference Share on exercise of the Exchange Right. On the Exchange Date (as defined in the Company's Articles), any and all certificates issued in respect of the Preference Shares shall cease to be valid and the Preference Shares shall confer no further rights.

#### **4. Redemption of Preference Shares in the Event that HK Electric Investments is to be Terminated**

If HK Electric Investments is to be terminated under Clause 25 (*Termination of HK Electric Investments*) of the Trust Deed (otherwise than pursuant to Clause 25.1(b) of the Trust Deed as a result of the exercise of the Exchange Right, which is governed by the provisions described in paragraph 3 above), subject to the provisions of the Cayman Companies Law all the Preference Shares shall be redeemed in full on a date to be agreed by the Trustee-Manager and the Company and notified to the members of the Company. In the case of a redemption under this provision the Company shall pay on each of the Preference Shares redeemed a sum equal to the par value of the Preference Share. On the day fixed for the redemption of the Preference Shares, the Company shall pay to each holder of Preference Shares the amount payable in respect of such redemption and upon receipt of that amount each such holder shall surrender to the Company the certificates for his Preference Shares in order that they may be cancelled. Irrespective of whether a certificate is delivered to the Company for cancellation, all such certificates shall be cancelled and cease to be valid with effect from the date of payment of the amount payable by the Company in respect of such redemption.

### **B. SUMMARY OF THE CAYMAN COMPANIES LAW**

The Company is incorporated in the Cayman Islands subject to the Cayman Companies Law and, therefore, operates subject to Cayman law. Set out below is a summary of certain provisions of Cayman company law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Cayman company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar:

#### **(a) Operations**

As an exempted company, the Company's operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

#### **(b) Share Capital**

The Cayman Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums on those shares shall be transferred to an account, to be called the "**share premium account**". At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The Cayman Companies Law provides that the share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association in (a) paying distributions or dividends to members; (b) paying up unissued shares of the company to be

issued to members as fully paid bonus shares; (c) the redemption and repurchase of shares (subject to the provisions of Section 37 of the Cayman Companies Law); (d) writing-off the preliminary expenses of the company; and (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the Company will be able to pay its debts as they fall due in the ordinary course business.

The Cayman Companies Law provides that, subject to confirmation by the Grand Court of the Cayman Islands (the “**Cayman Court**”), a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, by special resolution reduce its share capital in any way.

The Company’s Articles include certain protections for holders of special classes of shares, requiring their consent to be obtained before their rights may be varied. The consent of the specified proportions of the holders of the issued shares of that class or the sanction of a resolution passed at a separate meeting of the holders of those shares is required.

**(c) Financial Assistance to Purchase Shares of a Company or its Holding Company**

Subject to all applicable laws, the Company may give financial assistance to Company Directors and employees of the Company, its subsidiaries, its holding company or any subsidiary of such holding company in order that they may buy Shares or shares in any subsidiary or holding company. Further, subject to all applicable laws, the Company may give financial assistance to a trustee for the acquisition of Shares or shares in any such subsidiary or holding company to be held for the benefit of employees of the Company, its subsidiaries, any holding company of the Company or any subsidiary of any such holding company (including salaried Company Directors).

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company to another person for the purchase of, or subscription for, its own or its holding company’s shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and acting in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm’s-length basis.

**(d) Purchase of Shares and Warrants By a Company and its Subsidiaries**

Subject to the provisions of the Cayman Companies Law, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder and the Cayman Companies Law expressly provides that it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company’s articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. However, if the articles of association do not authorise the manner and terms of purchase, a company cannot purchase any of its own shares unless the manner and terms of

purchase have first been authorised by an ordinary resolution of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares purchased by a company shall be treated as cancelled unless, subject to the memorandum and articles of association of the company, the directors of the company resolve to hold such shares in the name of the company as treasury shares prior to the purchase. Where shares of a company are held as treasury shares, the company shall be entered in the register of members as holding those shares, however, notwithstanding the foregoing, the company shall not be treated as a member for any purpose and shall not exercise any right in respect of the treasury shares, and any purported exercise of such a right shall be void, and a treasury share shall not be voted, directly or indirectly, at any meeting of the company and shall not be counted in determining the total number of issued shares at any given time, whether for the purposes of the company's articles of association or the Cayman Companies Law. Further, no dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made to the company, in respect of a treasury share.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases and the directors of a company may rely upon the general power contained in its memorandum of association to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

**(e) Dividends and Distributions**

With the exception of Section 34 of the Cayman Companies Law, there is no statutory provision relating to the payment of dividends. Based upon English case law, which is regarded as persuasive in the Cayman Islands, dividends may be paid only out of profits. In addition, Section 34 of the Cayman Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account (see paragraph (b) above for further details).

**(f) Protection of Minorities**

The Cayman Court ordinarily would be expected to follow English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of the company to challenge (a) an act which is ultra vires the company or illegal, (b) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company, and (c) an irregularity in the passing of a resolution which requires a qualified (or special) majority.

In the case of a company (not being a bank) having a share capital divided into shares, the Cayman Court may, on the application of members holding not less than one fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Cayman Court shall direct.

Any shareholder of a company may petition the Cayman Court which may make a winding up order if the Cayman Court is of the opinion that it is just and equitable that the company should be wound up or, as an alternative to a winding up order, (a) an order regulating the conduct of the company's affairs in the future, (b) an order requiring the company to refrain from doing or continuing an act complained of by the shareholder petitioner or to do an act which the shareholder petitioner has complained it has omitted to do, (c) an order authorising civil proceedings to be brought in the name and on behalf of the company by the shareholder petitioner on such terms as the Cayman Court may direct, or (d) an order providing for the purchase of the shares of any shareholders of the company by other shareholders or by the company itself and, in the case of a purchase by the company itself, a reduction of the company's capital accordingly.

Generally claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

**(g) Management**

The Cayman Companies Law contains no specific restrictions on the power of directors to dispose of assets of a company. However, as a matter of general law, every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

**(h) Accounting and Auditing Requirements**

A company shall cause proper books of account to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company; and (iii) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

**(i) Exchange Control**

There are no exchange control regulations or currency restrictions in the Cayman Islands.

**(j) Taxation**

Pursuant to Section 6 of the Tax Concessions Law (2011 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Cabinet:

- (1) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to the Company or its operations; and

- (2) that the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on or in respect of the shares, debentures or other obligations of the Company.

The undertaking for the Company is for a period of 20 years from 8 October 2013.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are not party to any double tax treaties.

**(k) Stamp Duty on Transfers**

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

**(l) Loans to Directors**

There is no express provision in the Cayman Companies Law prohibiting the making of loans by a company to any of its directors.

**(m) Inspection of Corporate Records**

Members of the Company will have no general right under the Cayman Companies Law to inspect or obtain copies of the Register of Members or corporate records of the Company. They will, however, have such rights as may be set out in the Company's Articles.

An exempted company may maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as the directors may, from time to time, think fit. A branch register shall be kept in the same manner in which a principal register is by the Cayman Companies Law required or permitted to be kept. The company shall cause to be kept at the place where the company's principal register is kept a duplicate of any branch register duly entered up from time to time. There is no requirement under the Cayman Companies Law for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection.

**(n) Winding Up**

A company may be wound up compulsorily by order of the Cayman Court; voluntarily; or, under supervision of the Cayman Court. The Cayman Court has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the Cayman Court, just and equitable to do so.

A company may be wound up voluntarily when the members so resolve in general meeting by special resolution, or, in the case of a limited duration company, when the period fixed for the duration of the company by its memorandum or articles expires, or the event occurs on the occurrence of which the memorandum or articles provides that the company is to be dissolved, or, the company does not commence business for a year from its incorporation (or suspends its business for a year), or, the company is unable to pay its debts. In the case of a voluntary winding up, such company is obliged to cease to carry on its business from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above.

For the purpose of conducting the proceedings in winding up a company and assisting the Cayman Court, there may be appointed one or more than one person to be called an official liquidator or official liquidators; and the Cayman Court may appoint to such office such qualified person or persons, either provisionally or otherwise, as it thinks fit, and if more persons than one are appointed to such office, the Cayman Court shall declare whether any act hereby required or authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The Cayman Court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the Cayman Court. A person shall be qualified to accept an appointment as an official liquidator if he is duly qualified in terms of the Insolvency Practitioners Regulations. A foreign practitioner may be appointed to act jointly with a qualified insolvency practitioner.

In the case of a members' voluntary winding up of a company, the company in general meeting must appoint one or more liquidators for the purpose of winding up the affairs of the company and distributing its assets. A declaration of solvency must be signed by all the directors of a company being voluntarily wound up within 28 days of the commencement of the liquidation, failing which, its liquidator must apply to Cayman Court for an order that the liquidation continue under the supervision of the Cayman Court.

Upon the appointment of a liquidator, the responsibility for the company's affairs rests entirely in his hands and no future executive action may be carried out without his approval.

A liquidator's duties are to collect the assets of the company (including the amount (if any) due from the contributories), settle the list of creditors and, subject to the rights of preferred and secured creditors and to any subordination agreements or rights of set-off or netting of claims, discharge the company's liability to them (*pari passu* if insufficient assets exist to discharge the liabilities in full) and to settle the list of contributories (shareholders) and divide the surplus assets (if any) amongst them in accordance with the rights attaching to the shares.

As soon as the affairs of the company are fully wound up, the liquidator must make up an account of the winding up, showing how the winding up has been conducted and the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. At least 21 days before the final meeting, the liquidator shall send a notice specifying the time, place and object of the meeting to each contributory in any manner authorised by the company's articles of association and published in the Gazette in the Cayman Islands.

**(o) Reconstructions**

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing 75% in value of shareholders or class of shareholders or creditors, as the case may be, as are present at a meeting called for such purpose and thereafter sanctioned by the Cayman Court. Whilst a dissenting shareholder would have the right to express to the Cayman Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Cayman Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management.

**(p) Compulsory Acquisition**

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may at any time within two months after the expiration of the said four months, by notice in the prescribed manner require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Cayman Court within one month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Cayman Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

**(q) Indemnification**

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Court to be contrary to public policy (for example, for purporting to provide indemnification against the consequences of committing a crime).

**C. GENERAL**

Conyers Dill & Pearman (Cayman) Limited, the Company's special legal counsel on Cayman Islands law, have sent to the Company a letter of advice summarising certain aspects of Cayman Islands company law. This letter, together with a copy of the Cayman Companies Law, is available for inspection as referred to in "*Appendix VIII — Documents Delivered to the Registrar of Companies and Available for Inspection*". Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.