



HK Electric Investments

*(As constituted pursuant to a deed of trust on 1 January 2014 under the laws of Hong Kong,
the trustee of which is HK Electric Investments Manager Limited)*

and

HK Electric Investments Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2638)

DIRECTOR NOMINATION POLICY

A. OBJECTIVE

1.1 This Policy sets out the approach and procedures the boards of HK Electric Investments Manager Limited (the “Trustee-Manager”) (in its capacity as the trustee-manager of HK Electric Investments (the “Trust”)) and HK Electric Investments Limited (the “Company”) (the “Boards”) adopt for the nomination and selection of directors of the Trustee-Manager and the Company (the “Directors”), including the appointment of additional Directors, replacement of Directors, and re-election of Directors.

B. POLICY STATEMENT

- 2.1 The Trustee-Manager and the Company recognise the importance of having the qualified and competent Boards to achieve the Group corporate strategy as well as promote shareholder value.
- 2.2 The Trustee-Manager and the Company believe that the Boards that possess a balance of skill set, experience, expertise and diversity of perspectives enhances decision-making capability and the overall effectiveness of the Boards. The Boards are committed to ensuring that proper nomination and election processes are in place for the selection and nomination of Directors.
- 2.3 The Boards are of the view that the ultimate responsibility for the selection, nomination and appointment of Directors rests with the Boards as a whole. Hence, the Nomination Committee of the Company (the “Nomination Committee”) comprises all Directors and is chaired by the Chairman of the Board. The Trustee-Manager does not require a nomination committee given that its Directors must at all times comprise the same individuals who are the Directors of the Company, as required under the trust deed constituting the Trust.

- 2.4 When the need to select, nominate or re-elect Directors arises, the Nomination Committee will, as it considers appropriate and having regard to the expertise and skill set required for the new or replacement Director, appoint members of the Boards with relevant expertise to form a sub-committee (the “Sub-Committee”) on an ad hoc basis, to facilitate the Nomination Committee in the conduct of the selection and nomination process on a case-by-case basis.
- 2.5 The Sub-Committee, chaired by the Chairman of the Board of the Company will comprise members in compliance with the requirements under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).
- 2.6 Throughout the determination process, the Sub-Committee will provide updated information and status of progress to the Nomination Committee/Board of the Company as and when appropriate.

C. SELECTION CRITERIA

- 3.1 In the determination of the suitability of a candidate, the Sub-Committee shall consider the potential contributions a candidate can bring to the Boards in terms of qualifications, skills, experience, independence, age, culture, ethnicity and gender diversity. The Sub-Committee shall consider the following selection criteria and such other factors that it may consider appropriate for a position on the Boards:
- (i) **Attributes Complementary to the Boards:** The candidate should possess attributes that complement and expand the skill set, experience and expertise of the Boards as a whole, having regard to the current structure, size, diversity profile and skills matrix of the Board and the needs of the Boards.
 - (ii) **Business Experience & Boards Expertise and Skills:** The candidate should have the ability to exercise sound business judgment and also possess proven achievement and experience in directorship including effective oversight of and guidance to management.
 - (iii) **Availability:** The candidate should have sufficient time for the proper discharge of the duties of a Director, including devoting adequate time for the preparation and participation in meetings, training and other Boards or the Trustee-Manager and the Company associated activities.
 - (iv) **Motivation:** The candidate should be self-motivated and have a strong interest in the Trustee-Manager and the Company’s businesses.
 - (v) **Integrity:** The candidate should be a person of integrity, honesty, good repute and high professional standing.
 - (vi) **Independence:** Independent non-executive director (“INED”) candidates must satisfy the independence requirements under the Listing Rules. The INED candidate shall be independent in character and judgement and be able to represent and act in the best interests of all holders of share stapled units.

The above criteria are for reference only and are not meant to be exhaustive or decisive. The Board of the Company shall take into consideration the benefits of the diversified Board when selecting Board candidates.

D. NOMINATION PROCEDURES

4.1 Appointment of New and Replacement Directors

- (i) If the Board of the Company determines that an additional or replacement Director is required, it will deploy multiple channels for identifying suitable director candidates, including referral from Directors, holders of share stapled units, management, advisors of the Trustee-Manager and the Company and external executive search firms.
- (ii) Upon compilation and interview of the list of potential candidates, the relevant Sub-Committee will shortlist candidates for consideration by the Nomination Committee/Board of the Company based on the selection criteria and such other factors that it considers appropriate. The Board of the Company has the final authority on determining suitable director candidate for appointment.

4.2 Re-election of Directors and Nomination from Holders of Share Stapled Units

- (i) Where a retiring Director, being eligible, offers himself for re-election, the Board of the Company shall consider and, if consider appropriate, recommend such retiring Director to stand for re-election at a general meeting. A circular containing the requisite information on such retiring Director will be sent to holders of share stapled units prior to a general meeting in accordance with the Listing Rules.
- (ii) Any holder of share stapled units who wishes to nominate a person to stand for election as a Director at a general meeting must lodge with the Company Secretary of the Trustee-Manager and the Company within the lodgment period specified in the relevant circular of holder of share stapled units (a) a written nomination of the candidate, (b) written confirmation from such nominated candidate of his willingness to stand for election, and (c) biographical details of such nominated candidate as required under Rule 13.51(2) of the Listing Rules. Particulars of the candidate so proposed will be sent to all holders of share stapled units for information by a supplementary circular.

E. REVIEW AND MONITORING

- 5.1 The Boards will from time to time review this Policy and monitor its implementation to ensure its continued effectiveness and compliance with regulatory requirements and good corporate governance practice.

F. DISCLOSURE AND PUBLICATION

- 6.1 This Policy is available on the Company's website for public information.
- 6.2 A summary of this Policy, and the progress on achieving the objectives set in this Policy, will be disclosed in the Corporate Governance Report of the Trust and the Company annually.