

HK Electric Investments Limited
港燈電力投資有限公司

(incorporated in the Cayman Islands with limited liability)
together with HK Electric Investments (Stock Code: 2638)



REMUNERATION COMMITTEE
TERMS OF REFERENCE

1. Membership

- 1.1 The Remuneration Committee of HK Electric Investments Limited (the “**Company**”) was established by resolution of the board (the “**Board**”) of directors (the “**Directors**”) of the Company on 5 December 2013 (the “**Remuneration Committee**”).
- 1.2 All members of the Remuneration Committee (the “**Members**”) shall be appointed by the Board and can be removed by the Board at its sole discretion.
- 1.3 The majority of the Members shall be independent non-executive Directors (“**INEDs**”).
- 1.4 The Board shall appoint the Chairman of the Remuneration Committee who shall be an INED.

2. Secretary

- 2.1 The company secretary of the Company shall be the secretary of the Remuneration Committee.
- 2.2 The Remuneration Committee may from time to time appoint any other person with appropriate qualification and experience as the secretary of the Remuneration Committee.

3. Frequency and Procedures of Meetings

- 3.1 The Remuneration Committee shall meet at least once a year.
- 3.2 Notice of any meeting has to be given at least 14 days prior to any such meeting being held, unless all Members unanimously waive such notice. Irrespective of the length of notice being given, attendance of a meeting by a Member shall be deemed waiver of the requisite length of notice by the Member. Notice of any adjourned meeting is not required if adjournment is for less than 14 days.

- 3.3 The Chairman of the Remuneration Committee shall act as chairman of a meeting. In the absence of the Chairman of the Remuneration Committee, the remaining Members present shall elect one of themselves who is an INED to chair the meeting.
- 3.4 The quorum for decisions of the Remuneration Committee shall be any two Members one of whom must be an INED.
- 3.5 Meetings could be held in person, by telephone or by video conference. Members may participate in a meeting by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting are capable of hearing each other.
- 3.6 Resolutions of the Remuneration Committee shall be passed by a majority of votes. Only Members are entitled to vote at the meetings.
- 3.7 A resolution in writing signed by all the Members shall be as valid and effectual as if it had been passed at a meeting of the Remuneration Committee duly convened and held.
- 3.8 Minutes and resolutions in writing shall be kept by the secretary of the Remuneration Committee. Draft and final versions of minutes shall be circulated to all Members for their comment and records respectively, within a reasonable period of time after the meeting. Minutes and resolutions in writing shall be made available for inspection on reasonable notice by any Director.

4. Attendance at Meetings

- 4.1 At the invitation of the Remuneration Committee, the Chairman of the Board and/or Chief Executive Officer (not being a Member), external advisers and other persons may be invited to attend all or part of any meeting.

5. Annual General Meeting

- 5.1 The Chairman of the Remuneration Committee or in his/her absence, another Member, shall attend the Company's annual general meeting and be prepared to respond to any questions from the Company's shareholders (the "Shareholders") on the Remuneration Committee's activities and their responsibilities.

6. Responsibilities, Powers and Discretion

The Remuneration Committee shall have the following responsibilities, powers and discretion:

- 6.1 to make recommendations to the Board on the Company's policy and structure for directors' and senior management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;

- 6.2 to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- 6.3 to determine, with delegated responsibility, the remuneration packages of individual executive Directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;
- 6.4 to make recommendations to the Board on the remuneration of non-executive directors;
- 6.5 in the determination of remuneration policy and packages, to consider factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors and senior management, and employment conditions elsewhere in the Company and its subsidiaries and in the market;
- 6.6 to review and approve the compensation payable to executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;
- 6.7 to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;
- 6.8 to ensure that no Director or any of his/her associates is involved in deciding his/her own remuneration;
- 6.9 to advise Shareholders on how to vote with respect to any service contracts of the Directors that require Shareholders' approval under Rule 13.68 of The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited; and
- 6.10 to consider and carry out any other matters specifically referred to the Remuneration Committee by the Board.

7. Reporting Responsibilities and Procedures

- 7.1 Without prejudice to the generality of the duties of the Remuneration Committee set out in these terms of reference, the Remuneration Committee shall report to the Board after each meeting, except on matters where there are legal or regulatory restrictions on its ability to do so (such as a restriction on disclosure due to regulatory requirements).

8. Authority

- 8.1 The Remuneration Committee shall consult the Chairman of the Board and/or Chief Executive Officer about its remuneration proposals for other executive Directors and senior management.
- 8.2 The Remuneration Committee is authorised by the Board to seek any remuneration related information it requires from senior management of the Company in order to perform its duties.
- 8.3 Any Member may, at the Company's expense, seek external independent professional advice or secure the attendance of outsiders with relevant experience and expertise if it considers this necessary in appropriate circumstances to perform his/her duties as a Member.
- 8.4 The Remuneration Committee shall be provided with sufficient resources to perform its duties.

9. Publication of the Terms of Reference

- 9.1 These terms of reference are posted on the respective websites of the Company and Hong Kong Exchanges and Clearing Limited in order to explain its role and the authority delegated to it by the Board. A copy of the terms of reference will be made available to any person without charge upon request.

Dated: 5 December 2013