

Model Letter of Appointment for Non-executive Directors

This is a formal letter of appointment for Non-executive Directors modelled on the letter of appointment in the "Higgs Report" in the U.K. on the "Review of the Role and Effectiveness of Non-executive Directors".

15 May 2015

Model Letter of Appointment of CLP Holdings' Non-executive Directors [For new Non-executive Directors appointed from 2014 onwards]

Dear [],

On behalf of the Company, I am pleased to confirm that, following recommendation by its Nomination Committee, the Board has appointed you as a Non-executive Director/Independent Non-executive Director of CLP Holdings to take effect from [date].

The Board and the Company are grateful to you for having accepted this appointment.

Having regard to the nature of the rights and responsibilities of Non-executive Directors including Independent Non-executive Directors of Hong Kong listed companies, as well as good practices in corporate governance, the Company has adopted a formal letter of appointment for all Non-executive Directors. This has been developed from the form set out in the "Higgs Report" in the U.K. on the "Review of the Role and Effectiveness of Non-executive Directors". Our Shareholders are informed of CLP's practices in this respect through the CLP Code on Corporate Governance and a model letter of appointment is published on the CLP website.

1. Term of Appointment

1.1 You are appointed for an initial term until the Company's next Annual General Meeting (AGM) or General Meeting if there is one held earlier than the AGM but will then be eligible for election as a Director by Shareholders at that meeting.

Subject to election by Shareholders, you will then be appointed for a term of not more than four years. Such term shall end in any event on either :

- (a) the date of the third AGM after your first election as a Director by Shareholders in a general meeting; or
- (b) the date on which you shall retire by rotation,

whichever is the earlier.

1.2 The arrangements for the retirement and re-election of Non-executive Directors are set out in CLP Code on Corporate Governance and in the Company's Articles of Association.

1.3 Although this appointment is for a term of not more than four years, the Company and its Shareholders value continuity and experience on the Board. Subject to your own wishes and re-election by Shareholders, the Company welcomes and appreciates longer service beyond that term.

2. Time Commitment

2.1 Overall, after your induction to the Company (see 9 below), we anticipate a time commitment to the Board in the region of the equivalent of twelve working days per year (100 hours). The Company normally holds five regular Board Meetings, plus a Pre-Board Meeting, each year and Directors are encouraged to attend the AGM. There will also be a need for appropriate preparation time ahead of Board Meetings.

2.2 The Company asks that you are able to give sufficient time and attention to meet the expectations of your role.

2.3 You may be invited to serve on Committees of the Board. In that case, and before you accept that invitation, we will advise you of the anticipated additional time commitment that may arise from such service.

2.4 The Company recognises the demands on the time of its Non-executive Directors. Management, under the oversight of the Chairman and fellow directors, is expected to ensure that the most efficient and productive use is made of the time which Non-executive Directors commit to the Company.

3. Role

3.1 Non-executive Directors have the same general legal responsibilities to the Company as any other director. The Board as a whole is collectively responsible for promoting the success of the Company by directing and supervising its affairs in a responsible and effective manner.

3.2 The role of Directors in the corporate governance of the Company is set out in the CLP Code on Corporate Governance, in particular in paragraph II.B.35 which deals specifically with the responsibilities of the Non-executive Directors. You are asked to contribute to the efforts made by the Board and the Company as a whole to following the policies and practices published in the Code.

4. Support to Directors

- 4.1 The Company, in particular its Management, recognises that it owes duties to its Non-executive Directors and that support must be given to Directors in order to allow them to perform their role to best effect.
- 4.2 The CLP Code on Corporate Governance sets out the Company's commitments in this respect, including, by way of example only : -
- (a) Management's responsibility to provide the Board with adequate and timely information which is complete and reliable and which will allow Directors to make an informed decision on matters placed before them;
 - (b) Directors' free access to the advice and services of the Company Secretary and the Group Corporate Secretarial Department; and
 - (c) Directors' entitlement to seek independent professional advice, at the Company's expense, in appropriate circumstances in the furtherance of their duties.

5. Fees

- 5.1 You will receive a fee of [HK\$] gross per annum which will be paid in arrears every six months. Additional fees will be paid for serving on Board Committees. The Company will reimburse you for all reasonable and properly documented expenses you incur in performing the duties of your office.
- 5.2 CLP's policy is that Non-executive Directors are paid fees in line with market practice, based on a formal independent review undertaken no less frequently than every three years (the most recent review was completed in February 2013). Such fees should reflect the likely workload, scale and complexity of our business and the responsibility involved and the fees are subject to the approval of our Shareholders at the AGM.

6. Outside Interests

- 6.1 You are asked to disclose the number and nature of offices held in public companies or organisations and other significant commitments, with the identity of the public companies or organisations and an indication of the time involved. A schedule is attached for your completion of this information.
- 6.2 It is accepted and acknowledged that you have business interests other than those of the Company and have declared any conflicts that are apparent at present. In the event that you become aware of any potential conflicts of interest, these should be disclosed to the Chairman and the Company Secretary as soon as apparent.

6.3 You are asked to note that you should disclose your interest, or the interest of your connected entities, if any, in a transaction, arrangement or contract, or a proposed transaction, arrangement or contract that the Company is considering by declaring the nature and extent of your interest upon receipt of the proposed agenda for a meeting of the Board.

7. Confidentiality

7.1 All information acquired during your appointment is confidential to the Company and should not be released, either during your appointment or following termination (by whatever means), to third parties without prior clearance from the Chairman.

7.2 Your attention is also drawn to the requirements under both legislation and regulation as to the disclosure of inside information. Consequently you are asked to avoid making any statements that might risk a breach of these requirements without prior clearance from the Chairman or the Company Secretary.

8. Code for Securities Transactions by CLP Holdings Directors and Specified Individuals (the CLP Code) and Model Code for Securities Transactions by Directors of Listed Issuers (the Model Code), as contained in Appendix 10 of the Listing Rules

8.1 The Model Code sets a standard by the Hong Kong Stock Exchange against which Directors must measure their conduct regarding transactions in securities of their listed issuers. The Code adopted by CLP : -

- (a) has the purpose to ensure that Directors do not deal in securities of the Company or associated corporations when either they or the Company itself are in possession of inside information; and
- (b) is designed to create a mechanism to avoid this in order to protect Directors and the Company from liability.

8.2 Your attention is drawn to the rule in the Model Code that any breach of the required standard will be regarded as a breach of the Listing Rules. Accordingly, you are requested to seek to secure that all dealings in CLP's securities, in which you are or are deemed to be interested, be conducted in accordance with the CLP Code which embraces the required standard of the Model Code.

8.3 If at any time you have any questions or concern about proposed transactions in CLP's securities and the application of the CLP Code, please contact the Company Secretary.

9. Induction & Professional Development

- 9.1 Upon your appointment, you will be provided with a comprehensive formal and tailored induction to ensure your understanding of the Company's business and awareness of your responsibilities.
- 9.2 You are also asked to participate, at the Company's expense, in a programme of continuous professional development. Details of this will be discussed with you separately.

10. Insurance and Indemnity

- 10.1 The Company has directors and officers (D&O) liability insurance and intends to maintain such cover for the full term of your appointment. A copy of the policy document is available on request.
- 10.2 Management reviews the D&O insurance cover on an annual basis and reports to the Board on this. In addition, Management submits an annual report to the Board on those matters not covered by the D&O liability insurance and the steps taken to manage these.
- 10.3 Pursuant to the Company's Articles of Association and subject to the provisions of the Statutes, you shall be indemnified by the Company against liabilities you may sustain or incur in relation to your office as a Director.

11. Board Committees

- 11.1 [This letter refers to your appointment as a Non-executive Director of the Company. In the event that you are also asked to serve on one or more of the Board Committees this will be covered in a separate communication setting out the Committee's terms of reference, anticipated time commitment, any specific responsibilities and any additional fees that may be involved.

or

You are also appointed as [member/chairman of the following Board Committee with effect from [date] :

[name of Board Committee]

- 11.2 You will be paid a fee of [HK\$] per annum and the terms of reference of the [name of Board Committee] is attached for your information.]

If at any time you have any comments or questions relating to your position as a Non-executive Director/Independent Non-executive Director you are welcome to contact the undersigned. You will also be receiving under separate cover a set of CLP's major current corporate publications, together with other forms and documents relevant to your appointment.

On behalf of the Company and the Board, we look forward to your joining the Board and to your valued participation in the successful direction of CLP's activities.

Yours sincerely,
For and on behalf of
CLP Holdings Limited

Company Secretary

Encls.

Received and accepted
