

Shareholder Value

Our Goal:

- Create long-term and sustainable value for shareholders, the Company's ultimate owners.

How We Achieve This:

- Investing in businesses and projects which leverage our core capabilities and provide long-term returns.
- Maintaining a healthy balance sheet, upholding our values in managing our businesses, and communicating with our shareholders on important issues.
- Recognising that we are the stewards of our shareholders' investments in the Company and we value their trust and confidence.

Our Ultimate Aim:

- Provide a stable return with modest growth and a consistent dividend stream to shareholders.

Our Shareholders

At the end of 2016, CLP had over 20,000 registered shareholders. The actual number of investors in CLP shares is much greater, taking into account those people and organisations who have an indirect interest in our shares through intermediaries such as nominees, investment funds and the Central Clearing and Settlement System (CCASS) of Hong Kong.

Our largest single shareholder is the Kadoorie Family (and interests associated with the Family) which has a combined shareholding of 35.07%. However, CLP is not a family-controlled company with the remaining 64.93% of our shares being held by a wide range of institutional investors, including many based in North America, Europe and Asia, as well as a considerable number of retail investors, who are mostly residents in Hong Kong.

The table below shows details of CLP's shareholdings status.

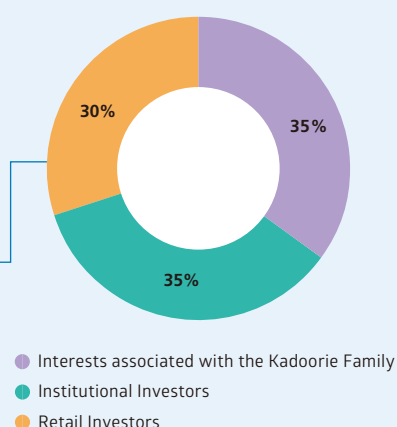
Shareholdings as at 31 December 2016

Size of Registered Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
500 or below	2,409	11.90	742,779	0.03
501 – 1,000	3,658	18.08	2,912,671	0.11
1,001 – 10,000	9,470	46.79	40,595,109	1.61
10,001 – 100,000	4,190	20.70	121,185,542	4.80
100,001 – 500,000	422	2.09	87,263,939	3.45
Above 500,000	89 ¹	0.44	2,273,750,530	90.00
Total	20,238	100.00	2,526,450,570²	100.00

Notes:

- 1 Information on [the 10 largest registered shareholders](#) in the Company is set out on our website. 
- 2 51.86% of all our issued shares were held through CCASS.
- 3 The Listing Rules required sufficiency of public float was maintained throughout the year and up to 27 February 2017.

Shareholding by Category³



The scale of our shareholders' investment is reflected in the market capitalisation of CLP Holdings which stood at HK\$180 billion as at 31 December 2016. Our shares represent 1.88% by weighting of the Hang Seng Index (HSI), Hong Kong's leading listed companies index.

Delivering Value to Shareholders

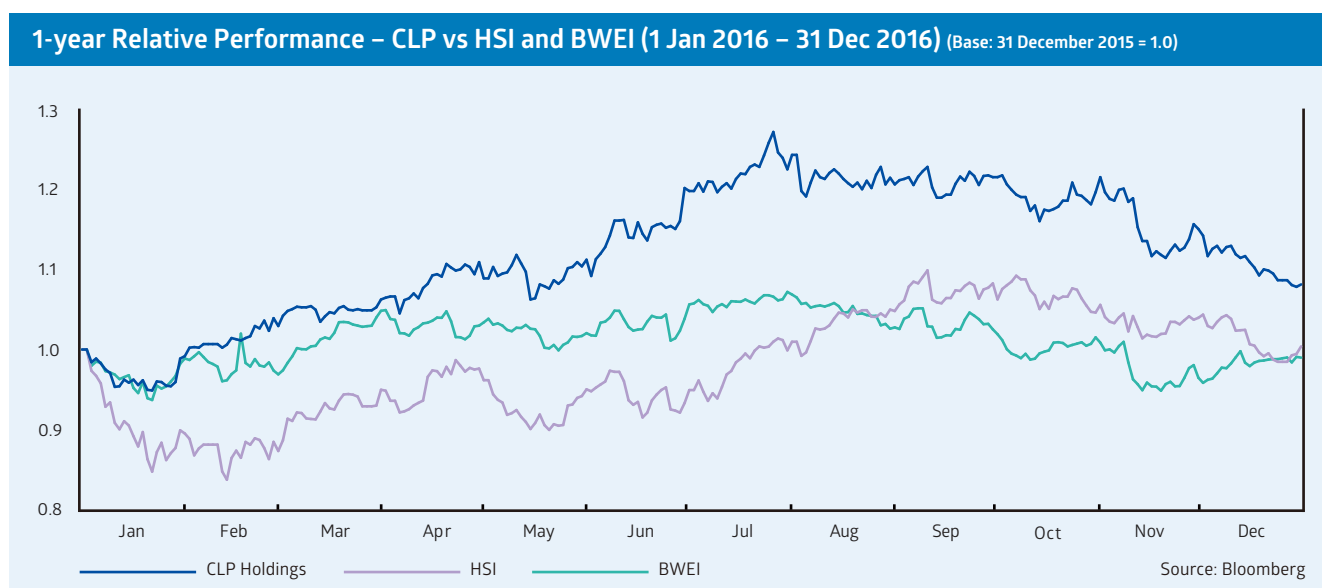
Through Share Price Performance

2016 marked an unusual year for the global stock market with the United Kingdom's European Union membership referendum and the Presidential Election in the United States.

CLP's share price appreciated significantly during the first half of the year and reached an all-time high in July of HK\$83.90. After a period of relative flat trading in the third quarter, it subsequently declined in the fourth quarter to HK\$71.25 in line with the HSI and in response to uncertainty associated with the US Presidential Election and interest rate pressures in the United States.

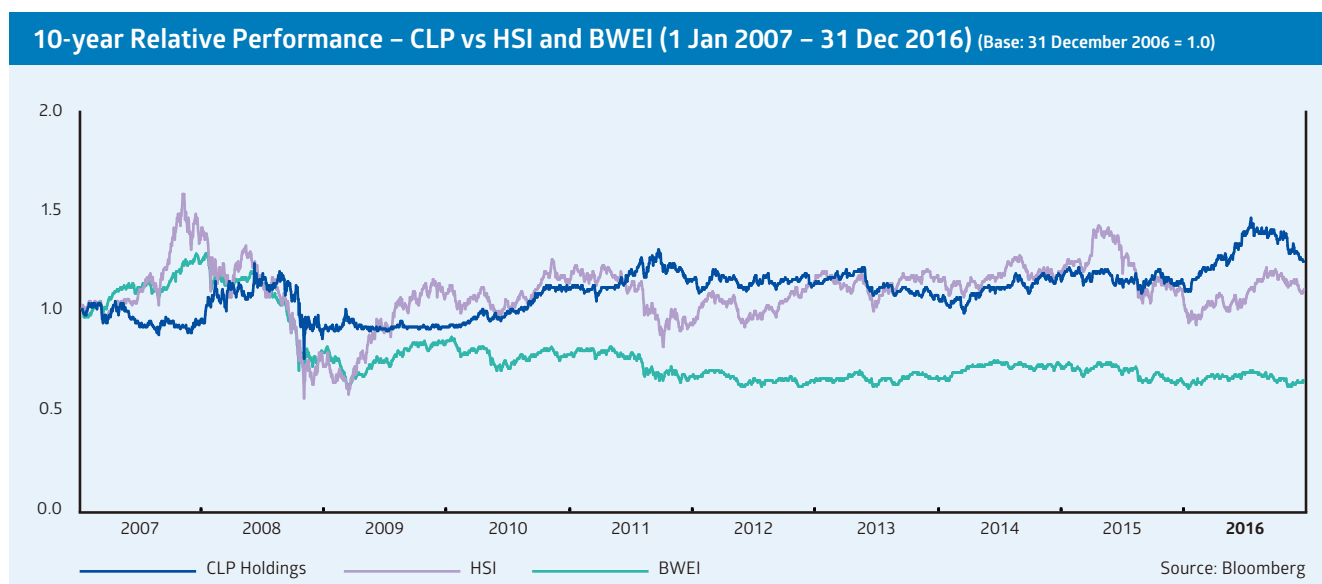
Compared to the starting position on 1 January 2016, CLP's share price gained 8.2% and significantly outperformed both the HSI and Bloomberg World Electric Index (BWEI) which finished the year up by 0.4% and down by 1.0% respectively.

This comparison is shown in the chart below.



In 2016, the average closing price of CLP's shares was HK\$74.01, an increase of more than 11% when compared with the average of 2015. The stock recorded its highest closing price of HK\$83.90 on 26 July and the lowest closing price of HK\$62.45 on 21 January. It ended the year at HK\$71.25.

The trend shown in the 10-year Relative Performance chart below represents the share price changes compared with the closing price 10 years ago.

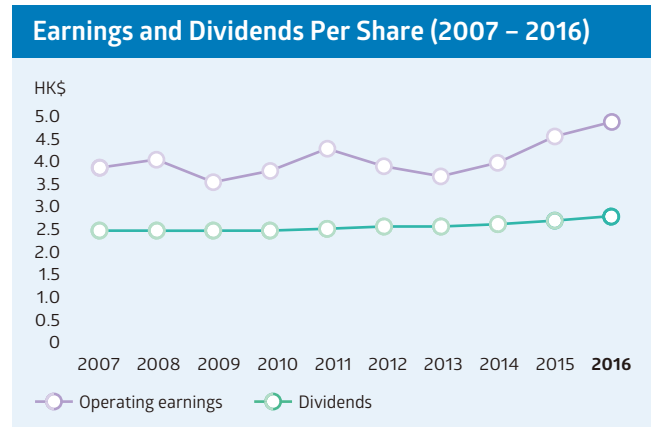
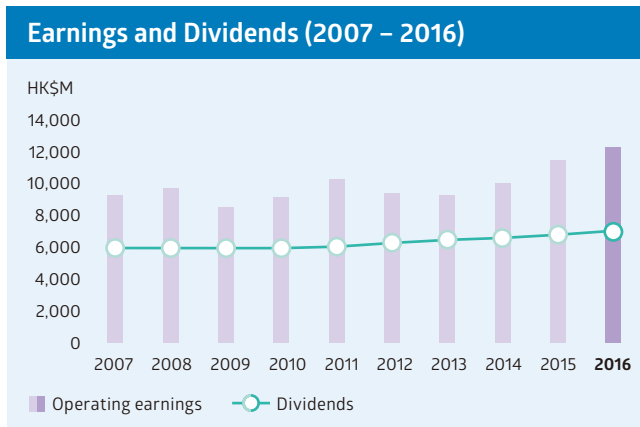


Shareholder Value

Through Dividend Payments

Our longstanding practice is to provide reliable and consistent ordinary dividends with gradual growth, linked to the underlying earnings performance of the business. Our shareholders, whether institutional or retail investors, have continued to emphasise the importance they attach to a consistent dividend stream with gradual growth from their investment in CLP shares. In fact, our annual dividends have not decreased since 1960 – a solid record maintained over the past 56 years.

The following charts demonstrate that we have maintained a stable dividend stream, despite fluctuations in earnings over the period.



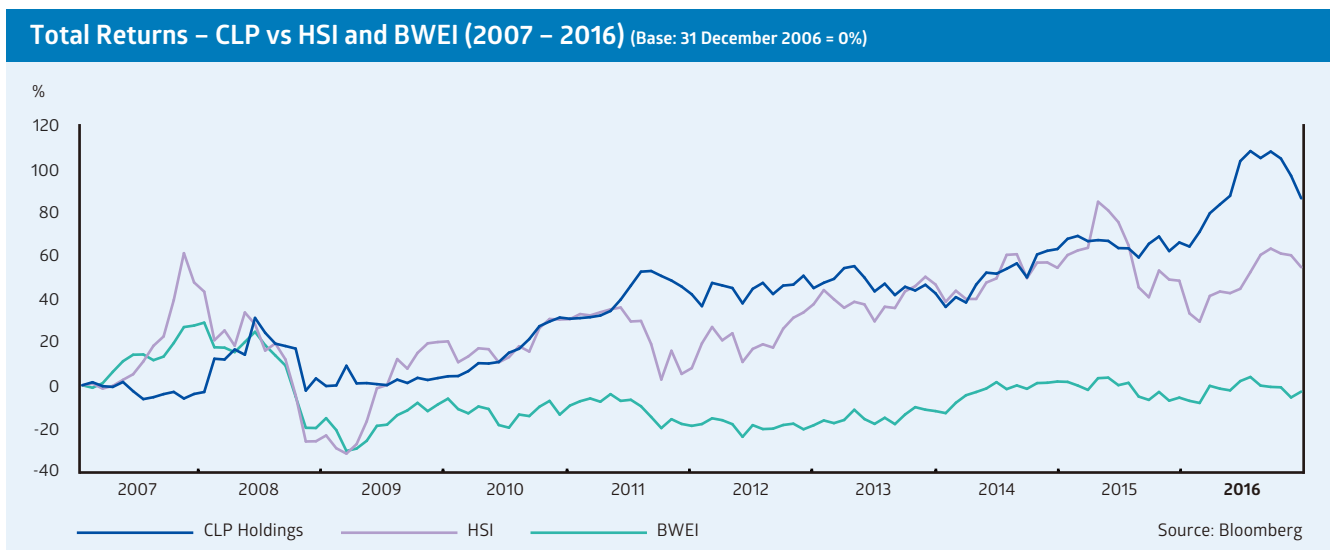
Past 10 years (2007-2016)

From 2007 to 2016, CLP's ordinary dividend payments were between 57% and 66% of operating earnings, except for 2009 and 2013 when our payout ratio rose to 70% of operating earnings. This was due to a significant decline in earnings caused by the reduction in the permitted rate of return under the SoC in 2009 and the difficult market conditions in Australia in 2013.

The total dividends declared for 2016 was HK\$2.80 per share representing an increase of 3.7% over the total dividends for 2015. The dividend payout ratio for 2016 was 57% of operating earnings.

Through Total Returns

Total returns to shareholders come from the combination of share price appreciation and dividend payments over time. During the 10-year period from 2007 to 2016, CLP provided an annualised rate of return of 6.42%, as compared with 4.44% for the HSI and a negative return of 0.30% for the BWEI.



CLP Shares – Investment Comparison

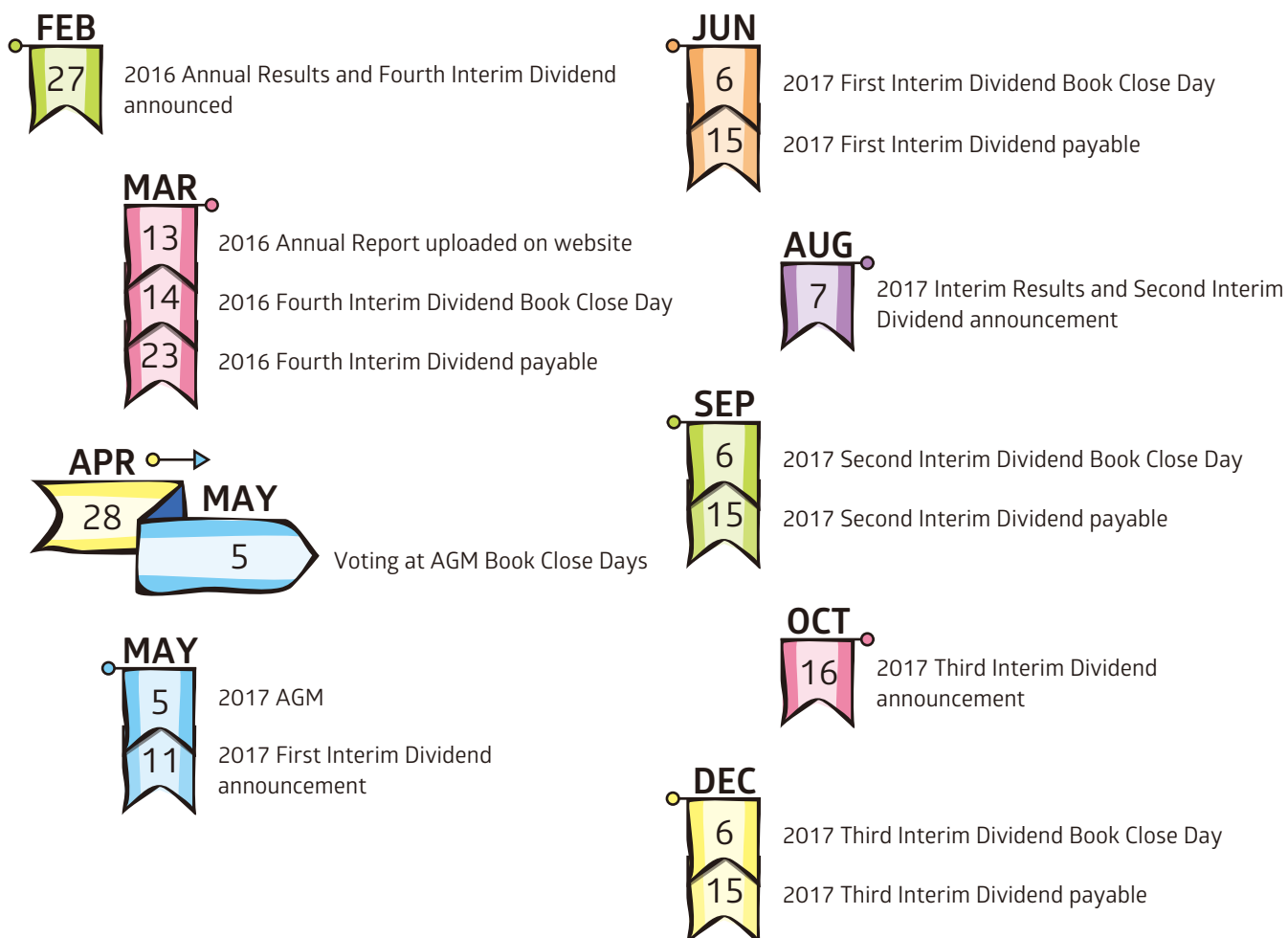
For reference only, we have set out below our share price performance and the performance of some comparable investments which our shareholders might make. We have assumed that during the period of 1, 5 and 10 years prior to 31 December 2016, an investor has put HK\$1,000 into each of these investments every year. We have then compared the total worth of these investments (including bonus shares and dividends or interest reinvested) at the end of each of the three periods.

	Total Investment Worth at 31 December 2016		
	1-Year Period	5-Year Period	10-Year Period
	HK\$	HK\$	HK\$
CLP	1,123	6,174	15,048
Tracker Fund of Hong Kong	1,035	5,574	12,468
Hong Kong and China Gas	1,017	5,493	15,051
Power Assets Holdings	994	5,837	16,738
HK Electric Investments	1,041	n.a.	n.a.
HK\$ 1-Year Fixed Deposits	1,008	5,114	10,548

Adapted from Bloomberg / Reuters

Shareholders' Dates 2017

The diagram below shows important dates in the shareholders' diary.



Any changes to these dates will be published on our [website](#). 