

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 financial position, 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

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

| Shareholding as at 31 December 2017 | | | | |
|-------------------------------------|---------------------------|-------------------|----------------------------------|---------------------------|
| Size of Registered Shareholding | No. of Shareholders | % of Shareholders | No. of Shares | % of Issued Share Capital |
| 500 or below | 2,447 | 12.27 | 753,091 | 0.03 |
| 501 – 1,000 | 3,655 | 18.32 | 2,916,358 | 0.12 |
| 1,001 – 10,000 | 9,272 | 46.47 | 39,633,190 | 1.57 |
| 10,001 – 100,000 | 4,065 | 20.37 | 116,528,747 | 4.61 |
| 100,001 – 500,000 | 427 | 2.14 | 88,103,616 | 3.49 |
| Above 500,000 | 85 ¹ | 0.43 | 2,278,515,568 | 90.18 |
| Total | 19,951⁴ | 100.00 | 2,526,450,570² | 100.00 |

| Shareholding by Category ³ | |
|--------------------------------------------------------------------------------------|-----|
| Interests associated with the Kadoorie Family – our single largest shareholder group | 35% |
| Institutional Investors – many based in North America, UK, Europe and Asia | 29% |
| Retail Investors – mostly based in Hong Kong | 36% |

Notes:

- Information on [the 10 largest registered shareholders](#) in the Company is set out on our website.
- 52.23% of all our issued shares were held through Central Clearing and Settlement System of Hong Kong (CCASS).
- The Listing Rules required 25% public float was maintained throughout the year and up to 26 February 2018.
- Actual number of investors is much greater as many shares are held through intermediaries including CCASS.

The scale of our shareholders' investment is reflected in the market capitalisation of CLP Holdings which stood at HK\$202 billion as at 31 December 2017. Our shares represent 1.60% by weighting of the Hang Seng Index (HSI), Hong Kong's leading listed companies index.

Delivering Value to Shareholders

Through Share Price Performance

Our Share Price in 2017

Highest closing price

HK\$85.30

(1 June 2017)

Lowest closing price

HK\$72.55

(3 January 2017)

Average closing price

HK\$80.47

(increase of 8.7% over 2016)

Movement for 2017

HK\$79.95

(29 December 2017)

HK\$71.25

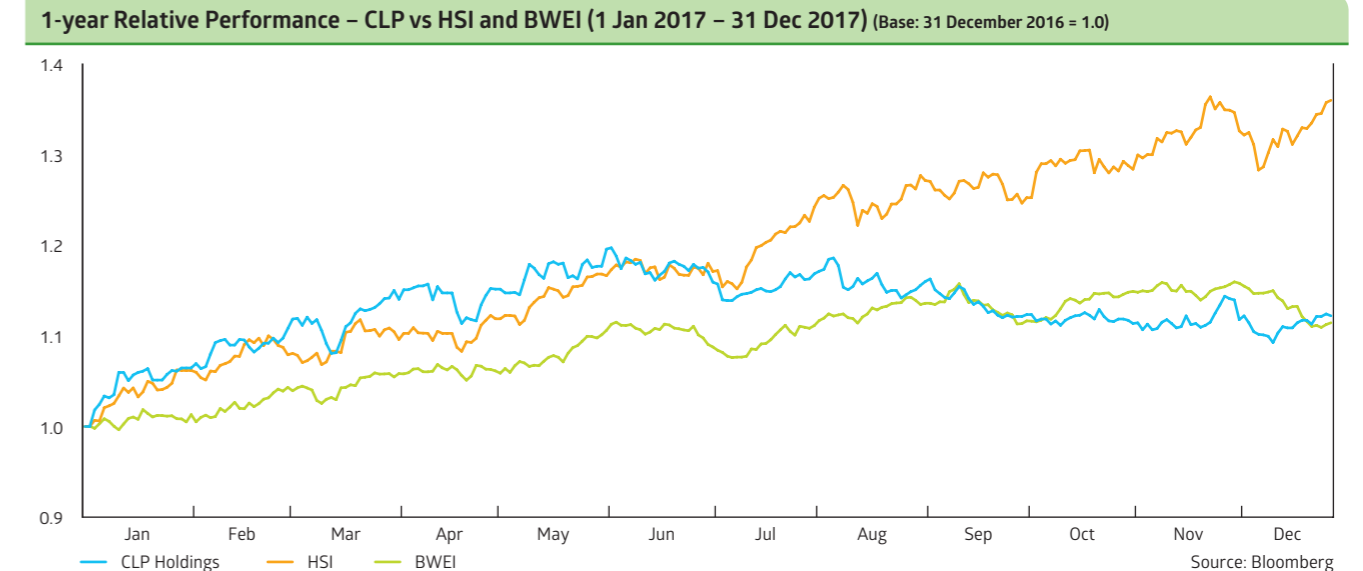
(30 December 2016)

↑ 12.2%

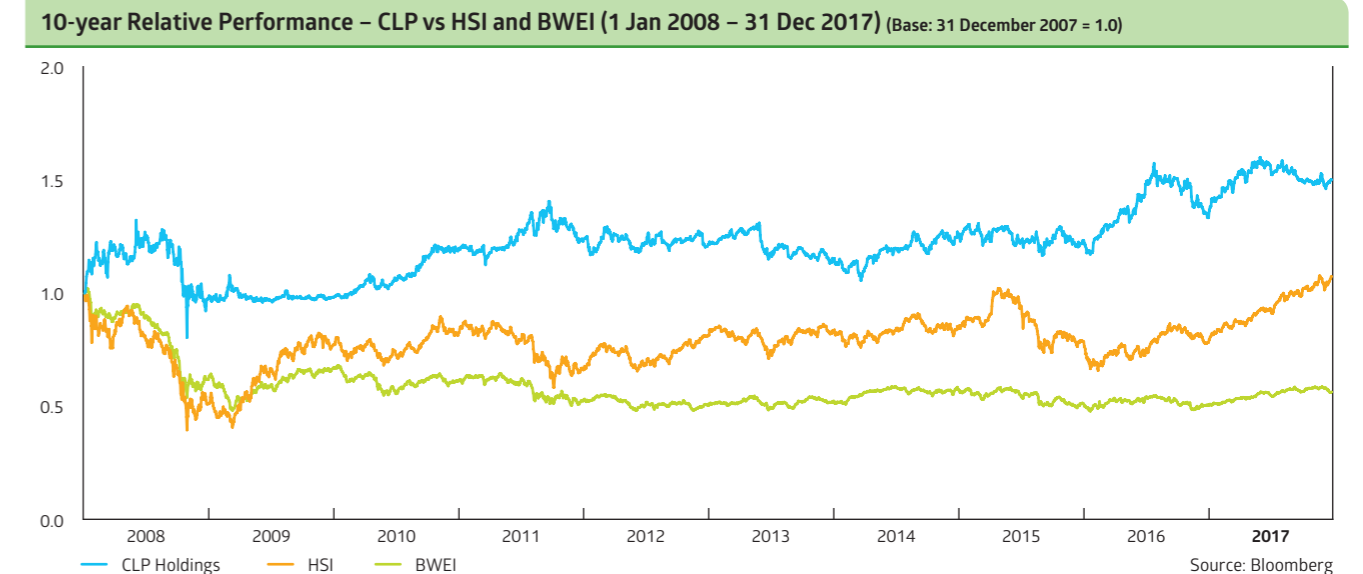
Following strong appreciation during the first half of 2017, the share price stabilised during the middle of the year and declined towards year-end. This was largely driven by growing concerns that the US Federal Reserve would increase interest rates and that Hong Kong utilities have in the past demonstrated an inverse correlation with rising interest rates.

As for comparison, the HSI and the Bloomberg World Electric Index (BWEI) were up by 36.0% and 11.4% respectively, recovering strongly since 2016.

This comparison is shown in the chart below.



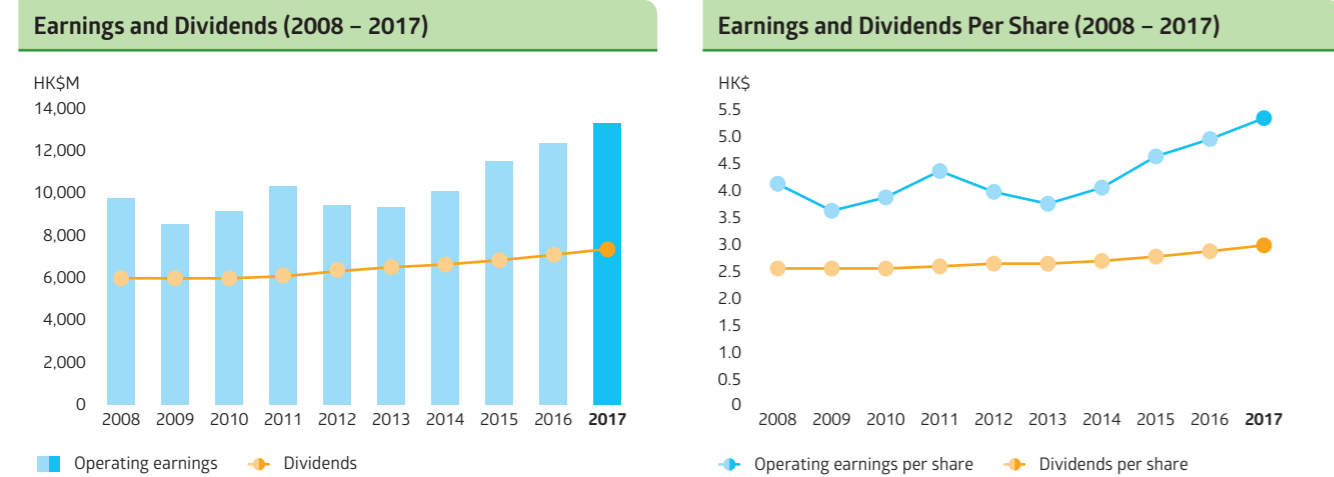
The trend shown in the 10-year Relative Performance chart below represents the share price changes compared with the closing price 10 years ago.



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 57 years.

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



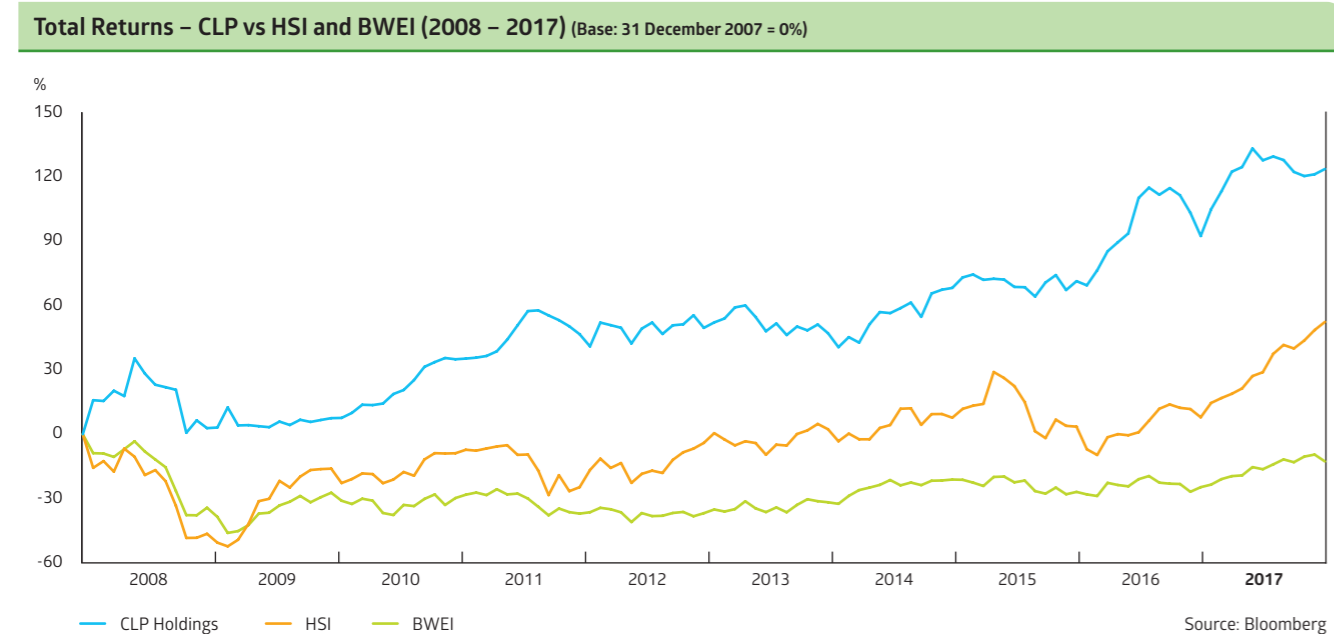
Past 10 years (2008-2017)

From 2008 to 2017, CLP's ordinary dividend payments were between 55% 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 2017 were HK\$2.91 per share representing an increase of 3.9% over the total dividends for 2016. The dividend payout ratio for 2017 was 55% 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 2008 to 2017, CLP provided an annualised rate of return of 8.38%, as compared with 4.30% for the HSI and a negative return of 1.35% for the BWEI.



CLP Shares – Investment Comparison

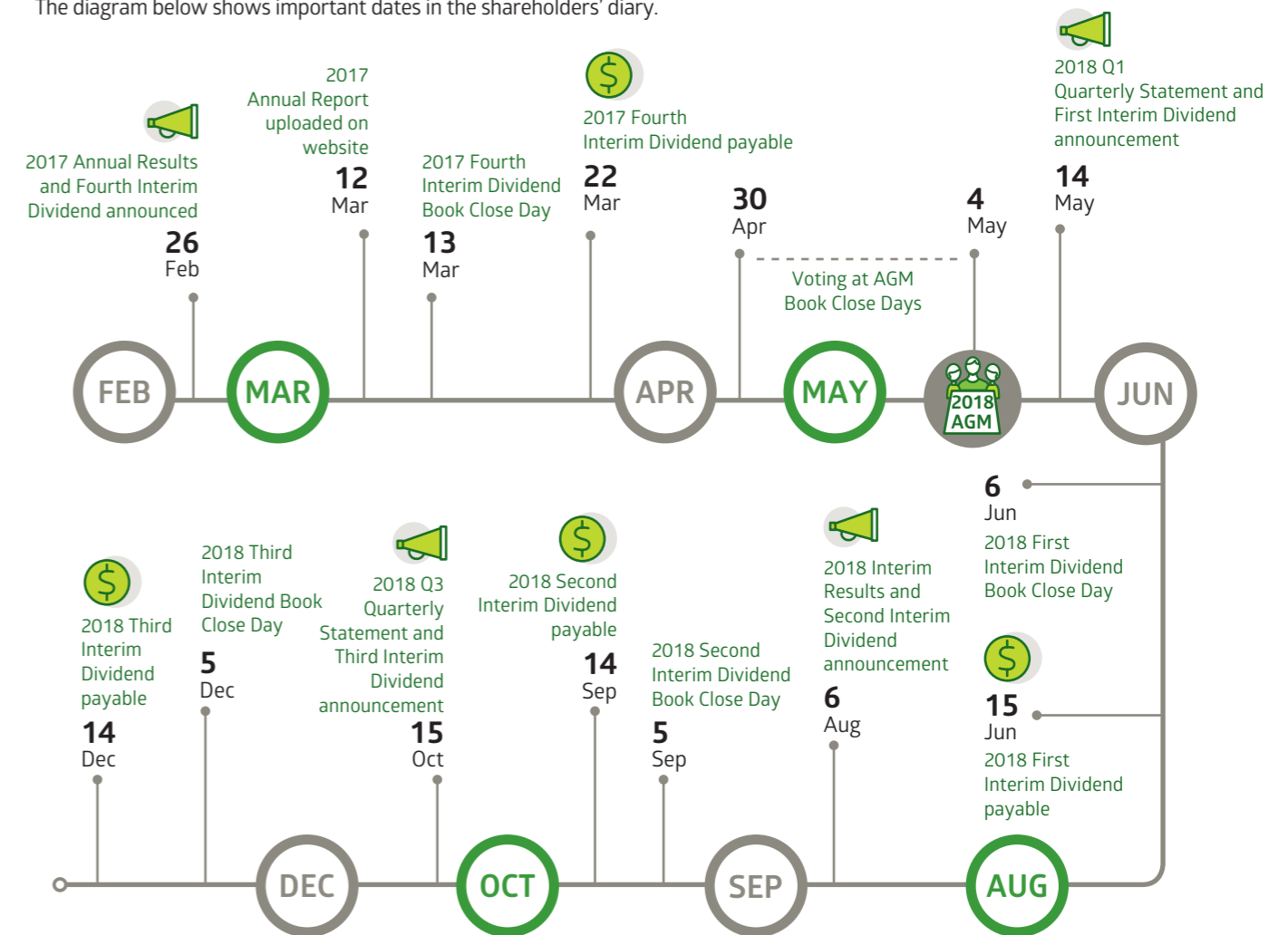
For reference only, we have set out below our share price performance and the performance of some comparable investments which our shareholders might make. We have assumed that during the period of 1, 5 and 10 years prior to 31 December 2017, an investor has put HK\$1,000 into each of these investments 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.

| Investment Returns | Total Investment Worth at 31 December 2017 | | |
|---------------------------|--------------------------------------------|-----------------------|------------------------|
| | 1-Year Period HK\$ | 5-Year Period HK\$ | 10-Year Period HK\$ |
| CLP | 1,162 | 6,812 | 16,485 |
| Tracker Fund of Hong Kong | 1,405 | 7,271 | 16,820 |
| Hong Kong and China Gas | 1,254 | 6,424 | 17,280 |
| Power Assets Holdings | 1,192 | 6,438 | 17,926 |
| HK Electric Investments | 1,182 | n/a | n/a |
| HK\$1-Year Fixed Deposits | 1,015 | 5,152 | 10,549 |

Adapted from Bloomberg

Shareholders' Dates 2018

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



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