

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 Track Record:

- Annual dividends have not decreased since 1960.
- Annualised rate of total shareholder return of 9.59% over the 10-year period (2009 to 2018).

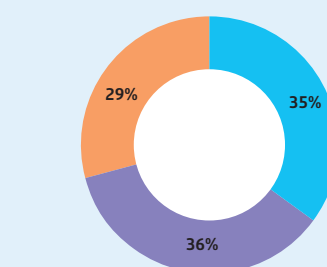
Our Shareholders

The table below shows how the CLP shares are held:

Shareholding as at 31 December 2018

Size of Registered Shareholding	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
500 or below	2,508	12.78	768,416	0.03
501 – 1,000	3,619	18.44	2,896,680	0.11
1,001 – 10,000	9,040	46.07	38,441,607	1.52
10,001 – 100,000	3,959	20.18	113,781,058	4.50
100,001 – 500,000	416	2.12	86,937,805	3.44
Above 500,000	80 ¹	0.41	2,283,625,004	90.40
Total	19,622²	100.00	2,526,450,570³	100.00

Shareholding by Category⁴



- Interests associated with the Kadoorie Family – our single largest shareholder group
- Institutional investors – many based in North America, UK, Europe and Asia
- Retail investors – mostly based in Hong Kong

Notes:

- 1 Information on [the 10 largest registered shareholders](#) in the Company is set out on our website. [🔗](#)
- 2 Actual number of investors is much greater as many shares are held through intermediaries including Central Clearing and Settlement System of Hong Kong (CCASS).
- 3 54.14% of all our issued shares were held through CCASS.
- 4 The Listing Rules required 25% public float was maintained throughout the year and up to 25 February 2019.

The scale of our shareholders' investment is reflected in the market capitalisation of CLP Holdings which stood at HK\$224 billion as at 31 December 2018; this represented 1.98% by weighting of the Hang Seng Index (HSI), Hong Kong's leading listed companies index.

Delivering Value to Shareholders

Through Share Price Performance – 2018

Highest closing price

(13 September 2018)

HK\$96.95

Average closing price

(increase of 5.3% over 2017)

HK\$84.75

Lowest closing price

(13 February 2018)

HK\$75.35

Movement for 2018



10.7%

HK\$88.50 (31 December 2018)
HK\$79.95 (29 December 2017)

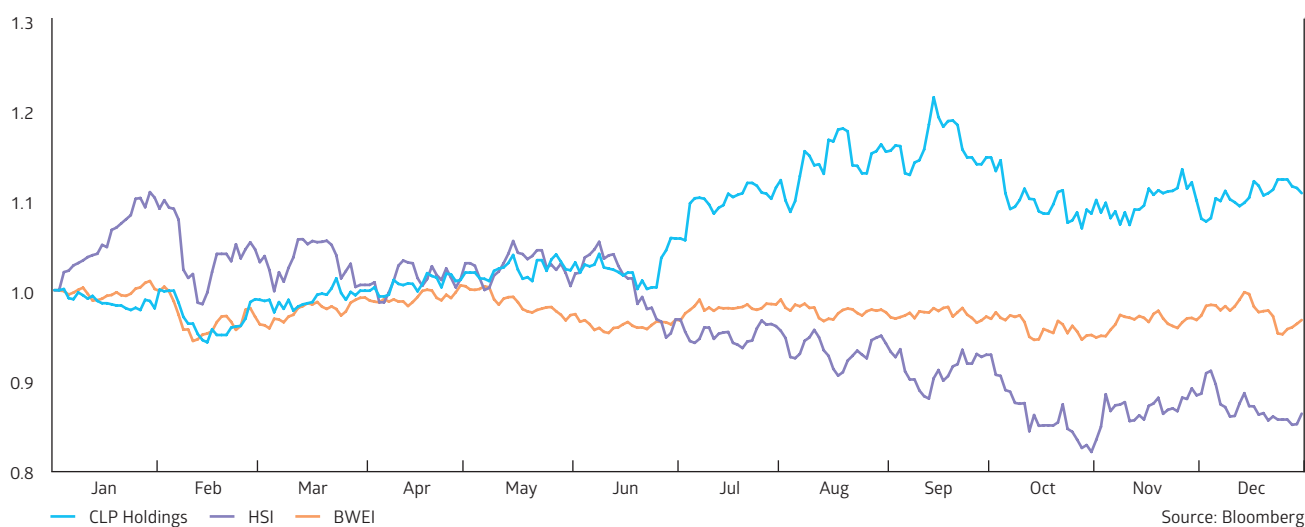
Shareholder Value

CLP Holdings' shares experienced a period of fairly steady trading during the first half of 2018. The share price increased significantly during the middle of the year before declining moderately at the end of the third quarter and again trading in a fairly constant range for the balance of the year. Amongst other factors, the strong performance in the middle of the year was influenced by announcement of the five-year Development Plan for the Hong Kong business and the strong first half financial performance of the Company. At other times the share price seems to have followed generally market influences including the cycle of news regarding trade tensions between China and the United States and volatile market conditions around the globe.

CLP Holdings' share price finished the year up by 10.7% relative to the start of the year. By comparison, the HSI and the Bloomberg World Electric Index (BWEI) were down by 13.6% and 3.3% respectively.

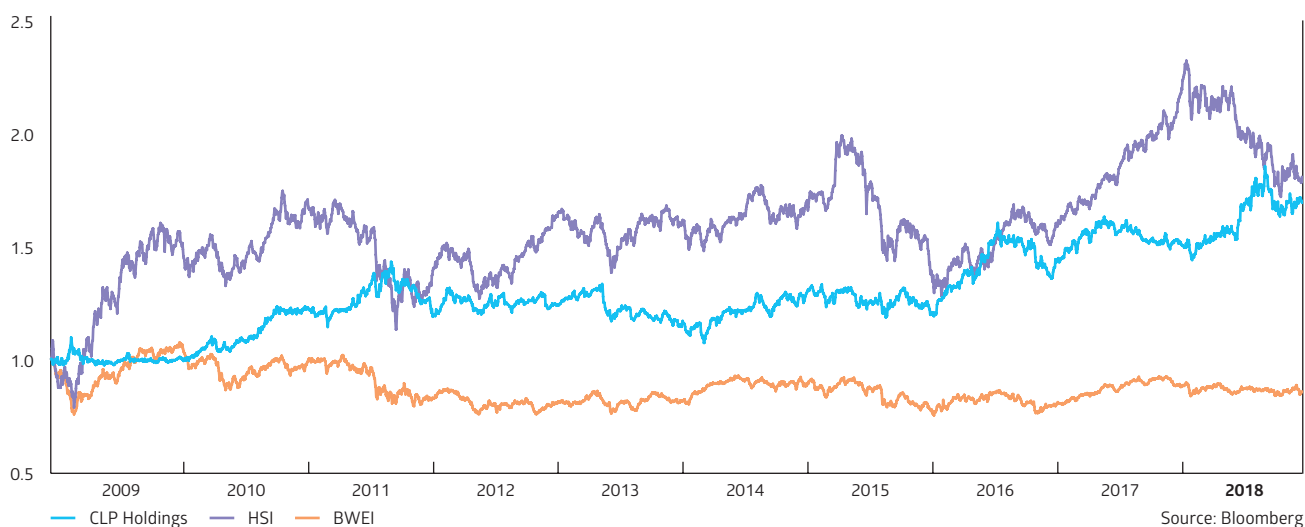
This comparison is shown in the chart below.

1-year Relative Performance – CLP vs HSI and BWEI (1 Jan 2018 – 31 Dec 2018) (Base: 31 December 2017 = 1.0)



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

10-year Relative Performance – CLP vs HSI and BWEI (1 Jan 2009 – 31 Dec 2018) (Base: 31 December 2008 = 1.0)



Through Dividend Payments – Our Dividends Policy

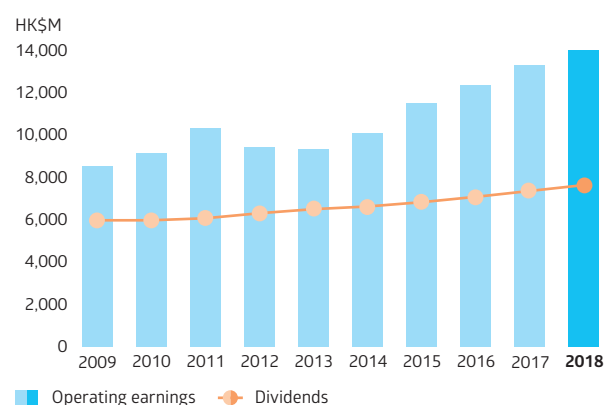
CLP's Dividends Policy, adopted by the Board in February 2019, aims to provide reliable and consistent ordinary dividends with steady growth when supported by our earnings whilst ensuring that a solid financial position can be maintained to fund our business growth. In line with our established practice, our ordinary dividends are paid four times a year in each of the quarters.

[CLP's Dividends Policy](#) is available on the CLP website. 

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 58 years.

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

Earnings and Dividends (2009 – 2018)



Past 10 years (2009-2018)

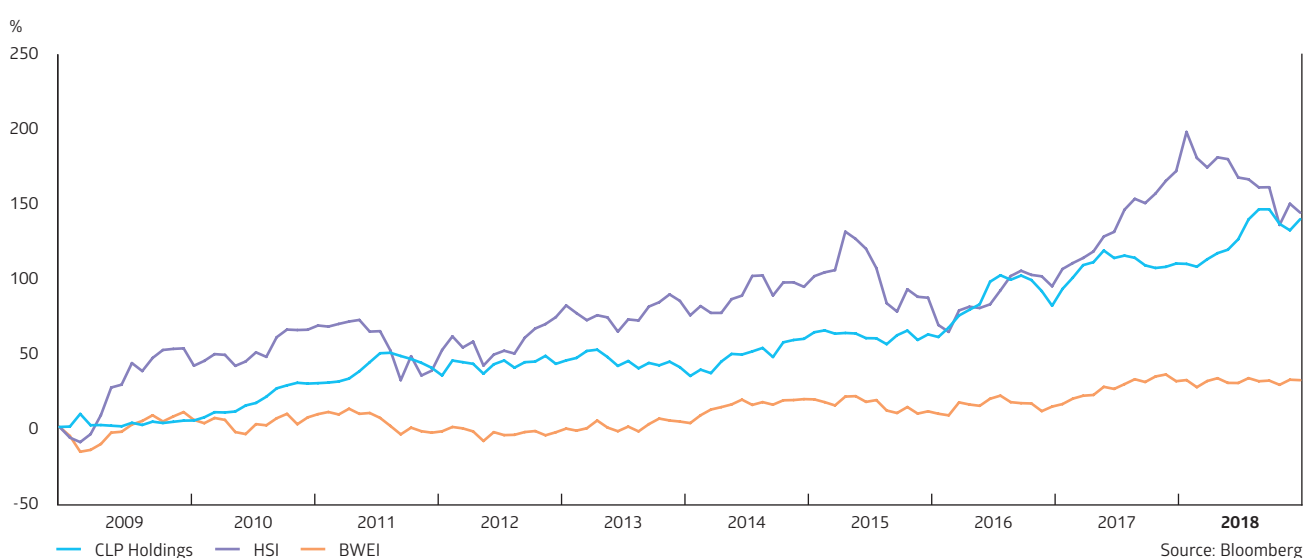
CLP has provided reliable and consistent ordinary dividend payments over the past 10-year period. Supported by increase in earnings, there was a steady growth in our dividend payments over the last five years where the average year to year growth was around 3.3%. For the past 10 years, the average year to year growth was approximately 2% and the dividend payouts were in the range of 55% to 66% of operating earnings, except for 2009 and 2013 when our payout ratio rose to 70% of operating earnings.

The total dividends declared for 2018 were HK\$3.02 per share representing an increase of 3.8% over the total dividends for 2017. The dividend payout ratio for 2018 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 2009 to 2018, CLP provided an annualised rate of return of 9.59%, as compared with 9.79% for the HSI and 2.95% for the BWEI.

Total Returns – CLP vs HSI and BWEI (2009 – 2018) (Base: 31 December 2008 = 0%)



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 2018, 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 2018		
	1-Year Period HK\$	5-Year Period HK\$	10-Year Period HK\$
CLP	1,147	7,254	17,519
Tracker Fund of Hong Kong	899	6,038	14,694
Hong Kong and China Gas	1,188	7,280	19,494
Power Assets Holdings	952	5,728	15,520
HK Electric Investments	1,163	N/A	N/A
HK\$1-Year Fixed Deposits	1,013	5,174	10,561

Adapted from Bloomberg

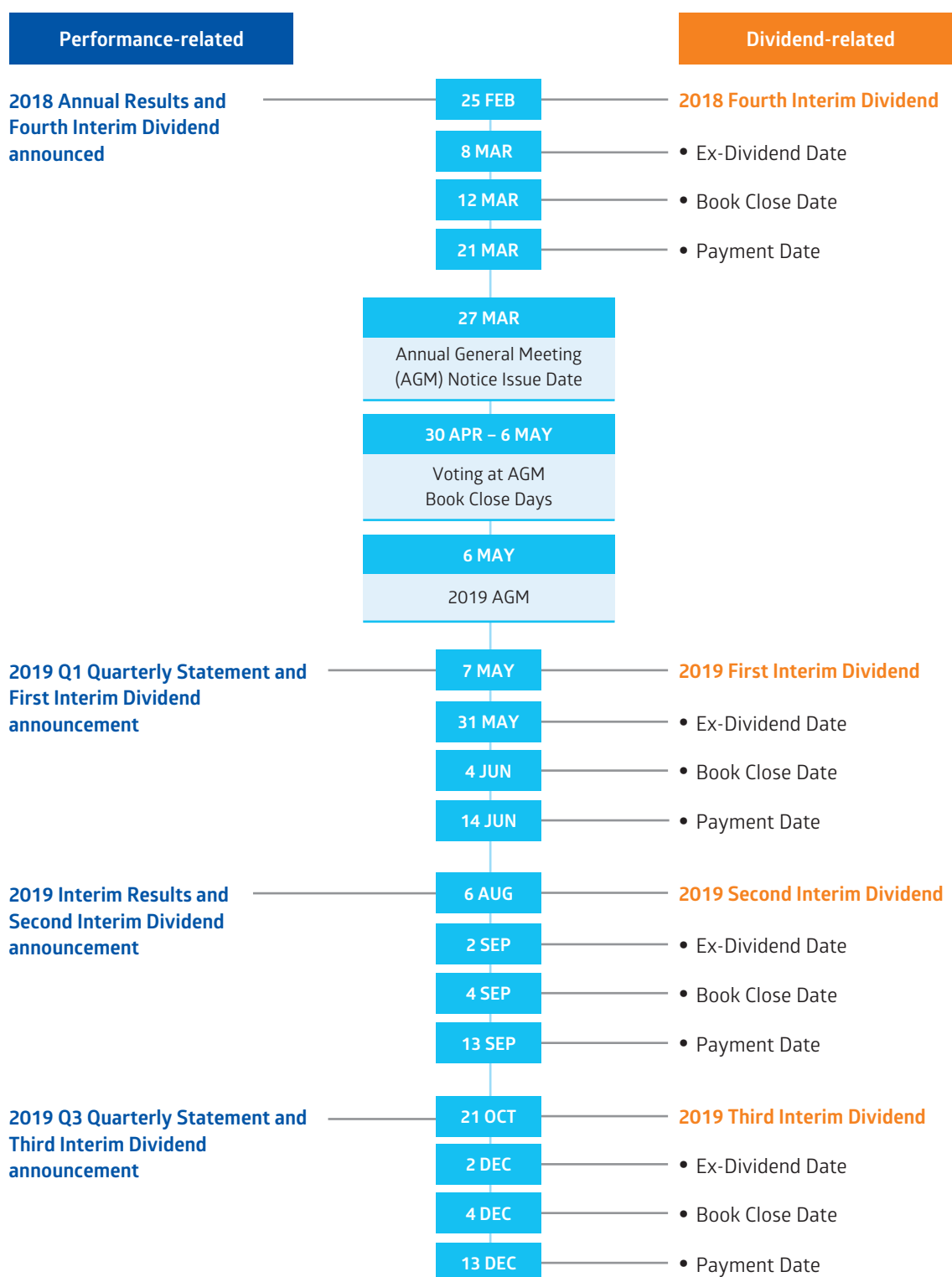
Given the continued buoyancy of Hong Kong's real-estate market, is CLP considering plans to develop property projects to provide a new income stream?


CLP's goal is to meet Asia Pacific's energy challenge in a sustainable manner from one generation to the next. To do this, we remain focused – as we have been throughout our history of more than 100 years – on our core energy business and investments. Meeting the evolving energy needs of the communities we serve in Hong Kong, Mainland China, India, Southeast Asia & Taiwan, and Australia is and will remain our priority. While we occasionally undertake some property redevelopment projects, these are auxiliary to our core business.



Key Dates for 2019

The following are the key shareholder-related dates and events:



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

Any shareholders who have questions or comments are most welcome to contact us by calling our shareholders' hotline on (852) 2678 8228 from 9 a.m. to 5 p.m. (Monday to Friday, excluding Hong Kong public holidays) or email to cosec@clp.com.hk (Company Secretary) or ir@clp.com.hk (Director – Investor Relations).