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NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the eighteenth Annual General Meeting of Shareholders of CLP Holdings Limited 中電控股有限公司 (the Company) will be held at the Grand Ballroom, 1/F., Crowne Plaza Hong Kong Kowloon East, 3 Tong Tak Street, Tseung Kwan O, Hong Kong on Thursday, 5 May 2016, at 11:00 a.m. for the following purposes:

- (1) To receive the audited Financial Statements and the Reports of the Directors and Independent Auditor for the year ended 31 December 2015.
- (2) To elect and re-elect Directors.
- (3) To re-appoint PricewaterhouseCoopers as independent Auditor and authorise Directors to fix the Auditor's remuneration for the year ending 31 December 2016.

As special business to consider and, if thought fit, pass with or without modification the following Resolutions as Ordinary Resolutions:

- (4) "Unless and until Shareholders otherwise determine in general meeting, the remuneration payable to the Non-executive Directors (including Independent Non-executive Directors) who serve on the Board and on the Board Committees of the Company shall be fixed at the levels as shown in the following table for the respective periods 6 May 2016 to 5 May 2017; 6 May 2017 to 5 May 2018; and 6 May 2018 until the date of the Annual General Meeting in 2019, and that such remuneration shall accrue on a daily basis.

	Proposed fees	Proposed fees	Proposed fees
	per annum (w.e.f. 6 May 2016) HK\$	per annum (w.e.f. 6 May 2017) HK\$	per annum (w.e.f. 6 May 2018) HK\$
Board			
Chairman	698,300	731,200	765,600
Vice Chairman	548,600	574,500	601,500
Non-executive Director	498,800	522,300	546,900
Audit Committee			
Chairman	468,200	472,600	477,100
Member	336,100	337,600	339,100
Finance & General Committee			
Chairman	414,200	431,700	449,900
Member	297,700	308,400	319,400
Human Resources & Remuneration Committee			
Chairman	85,800	86,300	86,800
Member	60,200	61,600	63,100
Sustainability Committee			
Chairman	108,200	110,300	112,500
Member	78,600	78,800	79,000
Nomination Committee			
Chairman	14,000	14,000	14,000
Member	10,000	10,000	10,000
Provident & Retirement Fund Committee			
Chairman	14,000	14,000	14,000
Member	10,000	10,000	10,000

(5) "That:

- (a) subject to paragraphs (c) and (d), a general mandate be and is hereby unconditionally granted to the Directors of the Company to exercise during the Relevant Period all the powers of the Company to allot, issue and dispose of additional shares in the Company; to make or grant offers, agreements, options or warrants which would or might require the exercise of such powers and to grant rights to subscribe for, or to convert any security into, shares in the Company;
- (b) the mandate in paragraph (a) shall authorise the Directors of the Company during the Relevant Period to make or grant offers, agreements, options and warrants which would or might require the exercise of such powers after the end of the Relevant Period;
- (c) the shares allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors of the Company pursuant to the mandate in paragraph (a), otherwise than pursuant to (i) a Rights Issue, or (ii) any option scheme or similar arrangement for the time being adopted for the grant or issue to the officers and/or employees of the Company and/or any of its subsidiaries of shares or rights to acquire shares of the Company, or (iii) any scrip dividend or similar arrangement pursuant to the Articles of Association of the Company from time to time, or (iv) an allotment of shares made in accordance with a grant of the right to subscribe for, or convert any security into shares provided that the right has been approved in advance by a resolution of the Company whether conditionally or unconditionally, shall not exceed five per cent of the total number of shares of the Company in issue at the date of this Resolution (as such number of shares may be adjusted in the event of any subdivision or consolidation of shares after the date of this Resolution) and the said mandate shall be limited accordingly;
- (d) any shares of the Company to be allotted and issued (whether wholly or partly for cash or otherwise) pursuant to the mandate in paragraph (a) of this Resolution shall not be at a discount of more than ten per cent to the Benchmarked Price of such shares of the Company; and
- (e) for the purpose of this Resolution:

"Benchmarked Price" means the price which is the higher of:

- (i) the closing price of the shares of the Company as quoted on The Stock Exchange of Hong Kong Limited on the date of the agreement involving the relevant proposed issue of shares of the Company; or
- (ii) the average closing price as quoted on The Stock Exchange of Hong Kong Limited of the shares of the Company for the five trading days immediately preceding the earlier of:
 - (A) the date of announcement of the transaction or arrangement involving the relevant proposed issue of shares of the Company;
 - (B) the date of the agreement involving the relevant proposed issue of shares of the Company; or
 - (C) the date on which the price of the shares of the Company that are proposed to be issued is fixed.

"Relevant Period" means the period from the passing of this Resolution until whichever is the earlier of:

- (i) the conclusion of the next Annual General Meeting of the Company;
- (ii) the expiration of the period within which the next Annual General Meeting of the Company is required by law to be held; or
- (iii) the date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the Shareholders in general meeting.

"Rights Issue" means an offer of shares open for a period fixed by the Directors of the Company to holders of shares of the Company or any class thereof on the register on a fixed record date in proportion to their then holdings of such shares or class thereof (subject to such exclusion or other arrangements as the Directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong)."

(6) "That:

(a) a general mandate be and is hereby unconditionally given to the Directors of the Company to exercise during the Relevant Period all the powers of the Company to purchase/buy back or otherwise acquire shares of the Company in issue in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, provided that the aggregate number of shares so purchased/bought back or otherwise acquired shall not exceed ten per cent of the total number of shares of the Company in issue at the date of this Resolution (as such number of shares may be adjusted in the event of any subdivision or consolidation of shares after the date of this Resolution).

(b) for the purpose of this Resolution:

"Relevant Period" means the period from the passing of this Resolution until whichever is the earlier of:

- (i) the conclusion of the next Annual General Meeting of the Company;
- (ii) the expiration of the period within which the next Annual General Meeting of the Company is required by law to be held; or
- (iii) the date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the Shareholders in general meeting."

By Order of the Board
David Simmonds
Company Secretary

Hong Kong, 30 March 2016

EXPLANATORY NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING

Proxy Information and Voting Record Date

1. A Shareholder entitled to attend and vote at the Annual General Meeting to be held on 5 May 2016 (the AGM) convened by the Notice of AGM (the Notice) is entitled to appoint a proxy to exercise the Shareholder's rights at the AGM. A Shareholder may also appoint separate proxies to represent respectively the number of the shares held by the Shareholder that is specified in the proxy forms. Subject to the statutes, any such proxy may attend, speak and vote instead of the Shareholder and need not be a Shareholder of the Company.
2. Proxy forms for use at the AGM were sent to Shareholders together with the 2015 Annual Report on 30 March 2016. The proxy form is published on the website of The Stock Exchange of Hong Kong Limited (the Stock Exchange) and can also be downloaded from the CLP website: www.clpgroup.com. In order to be valid, proxy forms must be completed, signed and deposited either at the Company's Registrars, Computershare Hong Kong Investor Services Limited, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong or via e-mail to CLP2016.eproxy@computershare.com.hk, in each case, not less than 48 hours (excluding any part of a day that is a public holiday) before the time for holding the AGM.
3. The e-mail address provided in paragraph 2 is provided only for the purpose of the Company accepting proxy forms, and is only valid for receiving proxy forms relating to this AGM. The e-mail address shall not be used for any other purposes nor shall it be in use after the deadline stated in paragraph 2 above.
4. The Register of Shareholders will be closed from 3 May 2016 to 5 May 2016, both days inclusive, during which period the registration of transfers of shares will be suspended. To be entitled to attend and vote at the AGM, all transfers should be lodged with the Company's Registrars, Computershare Hong Kong Investor Services Limited, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Friday, 29 April 2016.

Election and Re-election of Directors – Resolutions (2)

5. As at the date of the Notice, Directors of the Company are:

Non-executive Directors: The Hon Sir Michael Kadoorie, Mr William Mocatta, Mr Ronald J. McAulay, Mr J. A. H. Leigh, Mr Andrew Brandler and Dr Y. B. Lee

Independent Non-executive Directors: Mr V. F. Moore, Sir Rod Eddington, Mr Nicholas C. Allen, Mr Vincent Cheng, Mrs Fanny Law, Ms Irene Lee and Mrs Zia Mody

Executive Directors: Mr Richard Lancaster and Mr Geert Peeters

6. In relation to Resolutions (2) in the Notice regarding election of Directors, Mrs Zia Mody and Mr Geert Peeters, who were appointed by the Board during the year, will retire at the AGM in accordance with Article 125 of the Company's Articles of Association and being eligible, offer themselves for election by Shareholders. Mr Nicholas C. Allen, Mrs Fanny Law, Ms Irene Lee, Mr Richard Lancaster and Mr J. A. H. Leigh will retire at the AGM by rotation pursuant to Article 119 of the Company's Articles of Association. All the retiring Directors, being eligible, offer themselves for election or re-election at the AGM. The election and re-election of these retiring Directors will be individually voted on by Shareholders.
7. The qualifications, previous experience and length of service with the Company of all the Directors who stand for election and re-election at the AGM are set out in the "Board of Directors" section at page 104 of CLP Holdings' 2015 Annual Report which accompanies this Notice. Their responsibilities and attendance at Board and Board Committees meetings are set out in the Corporate Governance Report of the Company's 2015 Annual Report.
8. Among the seven Directors who stand for election and re-election at the AGM, Mr Nicholas C. Allen, Mrs Fanny Law, Mr Richard Lancaster and Mr J. A. H. Leigh have interests in the shares of the Company. Interests of Mr Nicholas C. Allen, Mrs Fanny Law and Mr Richard Lancaster in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance are set out in the "Directors' Report" at page 162 of CLP Holdings' 2015 Annual Report and have remained unchanged as at 16 March 2016, being the latest practicable date prior to the printing of the Notice (latest practicable date).

9. As at the latest practicable date, Mr J. A. H. Leigh was deemed (by virtue of the Securities and Futures Ordinance) to be interested in 224,349,077 shares in the Company. These shares were held in the following capacity:
- (a) 135,000 shares were held in a beneficial owner capacity.
 - (b) 5,562,224 shares were ultimately held by a discretionary trust. Mr J. A. H. Leigh was deemed to be interested in such 5,562,224 shares in his capacity as one of the trustees of a trust which was deemed to be interested in such 5,562,224 shares.
 - (c) 218,651,853 shares were ultimately held by a discretionary trust. Mr J. A. H. Leigh was deemed to be interested in such 218,651,853 shares in his capacity as one of the trustees of a trust which was deemed to be interested in such 218,651,853 shares.
10. The basis of determining Directors' emoluments and the amount of emoluments paid for the year ended 31 December 2015 to each of the Directors who stands for election and re-election at the AGM are set out in the "Human Resources & Remuneration Committee Report" at page 148 of CLP Holdings' 2015 Annual Report.
11. Other biographical details of each of the Directors who stand for election and re-election at the AGM, as required by rule 13.51(2) of the Rules Governing the Listing of Securities on the Stock Exchange (the Listing Rules) as at the latest practicable date, are set out below to enable Shareholders to make an informed decision on their election and re-election. Save for the information set out in this paragraph 11 and those referred to in paragraphs 6 to 10 above, there is no other information to be disclosed pursuant to any of the requirements of the provisions under paragraphs 13.51(2)(h) to 13.51(2)(v) of the Listing Rules nor are there other matters that need to be brought to the attention of Shareholders in respect of the Directors who stand for election and re-election at the AGM.

11.1 Mrs Zia Mody (aged 59)

Mrs Mody is an Independent Non-executive Director of the Company appointed on 2 July 2015. She is a Member of the Human Resources & Remuneration Committee of the CLP Holdings Board.

As announced by the Company on 5 June 2015, Mrs Mody is the founder and senior partner of AZB & Partners (AZB). AZB previously advised one of CLP Holdings' subsidiaries in India in relation to a bond issuance. Prior to Mrs Mody's appointment as an Independent Non-executive Director of the Company, the work on this project had been completed and Mrs Mody confirmed that AZB will not act for CLP Holdings or its subsidiaries in future. Furthermore, Mrs Mody was not personally involved in the provision of any services by AZB to CLP Holdings' subsidiaries in India, which were overseen by another partner. Mrs Mody has thus confirmed that the prior professional relationship between AZB and CLP Holdings' Indian subsidiaries will not affect her independence.

In the past three years and as at the latest practicable date, Mrs Mody has served as the deputy chairman, an independent non-executive director and a member of the Risk Committee of The Hongkong and Shanghai Banking Corporation Ltd. CLP, including its wholly-owned subsidiaries in China, Hong Kong, Australia and India, have business relationships with The Hongkong and Shanghai Banking Corporation Ltd. These relationships include the provision of normal banking services, provision of financial advisory services, extension of loans, entering into derivative transactions and placement of deposits, in each case in the normal course of business. These relationships form part of the overall banking activities which CLP and its subsidiaries have with a wide range of banking institutions. They are not material to The Hongkong and Shanghai Banking Corporation Ltd. As a member of the Risk Committee, Mrs Mody assumes non-executive responsibility for oversight of and advice to its board on high-level risk-related matters and risk governance. As such, Mrs Mody has not participated in any decisions related to the business activities of The Hongkong and Shanghai Banking Corporation Ltd. with CLP. Mrs Mody has confirmed that she has no personal involvement in any of these business activities and that they do not affect her independence.

Mrs Mody does not have any relationships with any Directors, Senior Management or substantial or controlling shareholders of CLP Holdings. Apart from being a Member of the Human Resources & Remuneration Committee, Mrs Mody does not hold any other position with CLP Holdings or any other member of the group of companies of which CLP Holdings forms part.

She has submitted to the Stock Exchange a written confirmation concerning her independence to the Company. Taking into account all of the circumstances described above, the Board considers that Mrs Mody is independent and believes that she should be elected.

11.2 Mr Geert Herman August Peeters (aged 52)

Mr Peeters is the Executive Director and Chief Financial Officer of the Company. He was appointed to the Board on 1 January 2016. He is a Member of the Finance & General Committee and Provident & Retirement Fund Committee of the CLP Holdings Board. He also serves on the boards of various wholly-owned subsidiaries of the Company; namely the Executive Director of CLP Power Asia Limited (and a member of its Finance & General Committee), the Director of China Light & Power (Australia) Limited, CLP Enterprises Limited, CLP India Private Limited, CLP Power HK Finance Ltd., CLP Power Hong Kong Financing Limited, CLP Power Hong Kong Limited (and a member of its Finance & General Committee) and CLP Treasury Services Limited. He is also a Non-executive Director of EnergyAustralia Holdings Limited (and a member of its Audit and Risk Committee). In the past three years, Mr Peeters served on the boards of several listed energy companies including International Power plc. (listed in UK), E-CL (listed in Chile) and Glow Energy (listed in Thailand). He has no financial or family relationships with any other Directors, Senior Management or substantial or controlling shareholders of the Company.

11.3 Mr Nicholas Charles Allen (aged 60)

Mr Allen is an Independent Non-executive Director of the Company and a Member of the Audit Committee, Sustainability Committee, Finance & General Committee, Human Resources & Remuneration Committee and Nomination Committee of the CLP Holdings Board. He has submitted to the Stock Exchange a written confirmation concerning his independence to the Company. He has also given to the Company a confirmation of his independence. The Board, therefore, considers him to be independent and believes that he should be re-elected. In the past three years and as at the latest practicable date, Mr Allen has served as an independent non-executive director of Link Asset Management Ltd., Lenovo Group Ltd., Hysan Development Co. Ltd., Vinaland Ltd. and Texon International Group Ltd. He has no financial or family relationships with any other Directors, Senior Management or substantial or controlling shareholders of the Company.

11.4 Mrs Law Fan Chiu Fun Fanny (aged 63)

Mrs Law is an Independent Non-executive Director of the Company and a Member of the Audit Committee and Sustainability Committee of the CLP Holdings Board. She has submitted to the Stock Exchange a written confirmation concerning her independence to the Company. She has also given to the Company a confirmation of her independence. The Board, therefore, considers her to be independent and believes that she should be re-elected. In the past three years and as at the latest practicable date, Mrs Law has served as an independent non-executive director of China Unicom (Hong Kong) Limited and DTXS Silk Road Investment Holdings Company Limited (previously known as UDL Holdings Limited), and the chairperson of the Hong Kong Science and Technology Parks Corporation. She has no financial or family relationships with any other Directors, Senior Management or substantial or controlling shareholders of the Company.

11.5 Ms Lee Yun Lien Irene (aged 62)

Ms Lee is an Independent Non-executive Director of the Company and a Member of Audit Committee, Finance & General Committee and Sustainability Committee of the CLP Holdings Board. She has submitted to the Stock Exchange a written confirmation concerning her independence to the Company. She has also given to the Company a confirmation of her independence. The Board, therefore, considers her to be independent and believes that she should be re-elected. In the past three years and as at the latest practicable date, Ms Lee has served as an executive chairman of Hysan Development Company Limited, an independent non-executive director of Cathay Pacific Airways Limited, Hang Seng Bank Limited, HSBC Holdings plc and Noble Group Limited (listed on Singapore Exchange Limited). She is also an independent non-executive director of The Hongkong and Shanghai Banking Corporation Limited. Previously, Ms Lee has been a non-executive director of QBE Insurance Group Limited (listed on the Australian Securities Exchange) (until 20 August 2013); the non-executive chairman of Keybridge Capital Limited, a financial services company listed on the Australian Securities Exchange; an executive director of Citicorp Investment Bank Limited in New York, London and Sydney; head of corporate finance at Commonwealth Bank of Australia and chief executive officer of Sealcorp Holdings Limited, both based in Sydney; a non-executive director of ING Bank (Australia) Limited and The Myer Family Company Pty Limited; and a director of Sydney Symphony Orchestra Holdings Pty Ltd. She has no financial or family relationships with any other Directors, Senior Management or substantial or controlling shareholders of the Company.

11.6 Mr Richard Kendall Lancaster (aged 54)

Mr Lancaster is the Chief Executive Officer of the Company, the Chairman of the Sustainability Committee and a Member of the Finance & General Committee of the CLP Holdings Board. He also serves on the boards of various wholly-owned subsidiaries of the Company; namely the Chairman and Director of CLP India Private Limited, the Chairman and Executive Director of CLP Power Asia Limited (and the Chairman of its Finance and General Committee), the Deputy Chairman of EnergyAustralia Holdings Limited (and a member of its Remuneration Committee and the Chairman of its Health, Safety, Security and Environment Committee), the Deputy Chairman and Executive Director of CLP Properties Limited, the Deputy Chairman of CLP Property Investment Limited, and a Director of CLP Power Hong Kong Limited (and a member of its Finance & General Committee), CLP Energy Infrastructure Limited, CLP Nuclear Investment Company Limited, CLP Enterprises Limited, CLP Treasury Services Limited and Hong Kong Pumped Storage Development Company, Limited. Mr Lancaster also serves as a Director of Castle Peak Power Company Limited, a CLP Group company. He is also a Director of Business Environment Council Limited and a founding member of the Advisory Council of The Australian Chamber of Commerce Hong Kong & Macau. He is also a Fellow of the Hong Kong Management Association. In the past three years and as at the latest practicable date, Mr Lancaster has not served as a director of any other listed public companies in Hong Kong or overseas. He has no financial or family relationships with any other Directors, Senior Management or substantial or controlling shareholders of the Company.

11.7 Mr John Andrew Harry Leigh (aged 62)

Mr Leigh is a Non-executive Director of the Company. Prior to joining the CLP Group in 1986, Mr Leigh was in private practice as a solicitor in Hong Kong and the UK. He was the Senior Legal Advisor, Company Secretary and General Manager — Corporate Affairs in the CLP Group between 1986 and 1996. He is a director of Sir Elly Kadoorie & Sons Ltd. Mr Leigh oversees a number of Kadoorie family interests in Hong Kong and overseas and, as such, is associated with certain substantial shareholders of the Company. During the past three years and as at the latest practicable date, Mr Leigh has served as a director of The Hongkong and Shanghai Hotels, Ltd.

12. Pursuant to Article 122 of the Articles of Association of the Company, if a Shareholder wishes to propose a person other than a Director of the Company for election as a director at the AGM, he/she can deposit a written notice to that effect at the registered office of the Company for the attention of the Company Secretary. In order for the Company to inform Shareholders of that proposal, the written notice must state the full name of the person proposed for election as a director, include the person's biographical details as required by rule 13.51(2) of the Listing Rules, and be signed by the Shareholder concerned and that person indicating his/her willingness to be elected. The period for lodgment of such a written notice will commence no earlier than 31 March 2016 being the day after the despatch of the Notice and end no later than 28 April 2016 which is seven days prior to the date of the AGM. If the notice is received less than 15 days prior to the AGM, the Company will need to consider the adjournment of the AGM in order to allow Shareholders 14 days' notice of the proposal.

Independent Auditor's Remuneration – Resolution (3)

13. In relation to Resolution (3) in the Notice regarding the authorisation of Directors to fix the Auditor's remuneration, Shareholders should note that, in practice, the amount of Auditor's remuneration for the year 2016 audit cannot be determined at the beginning of the financial year. This is because Auditor's remuneration for any given year varies, in particular by reference to the scope and extent of the audit work which is undertaken during that year.
14. In order to be able to charge the amount of Auditor's remuneration as operating expenses for the year ending 31 December 2016, Shareholders' approval to delegate the authority to the Directors to fix the Auditor's remuneration for the year ending 31 December 2016 is required at the AGM.
15. The work of the Auditor and the amount of remuneration paid to the Auditor for the year 2015 audit has been reviewed by the Audit Committee, which comprises only Independent Non-executive Directors. The approved amount of Auditor's remuneration and fees paid to the Auditor for permissible audit related and non-audit services are disclosed on page 123 of CLP Holdings' 2015 Annual Report. All permissible audit related and non-audit services performed by the Auditor were pre-approved by the Audit Committee.

Non-executive Directors' Remuneration – Resolution (4)

16. CLP Code on Corporate Governance issued on 28 February 2005 (most recently updated in February 2015) provides that Non-executive Directors (NEDs) of the Company are paid fees in line with market practice based on a formal independent review undertaken no less frequently than every three years. Those fees were previously reviewed in 2013. The methodology adopted in the previous review and the resulting fees were approved by Shareholders at the Annual General Meeting held on 30 April 2013. The resulting fees, which are currently paid to NEDs, are set out below:

	Current Fees per annum HK\$
Board	
Chairman	666,900
Vice Chairman	524,000
Non-executive Director	476,400
Audit Committee	
Chairman	463,800
Member	334,700
Finance & General Committee	
Chairman	397,500
Member	287,400
Human Resources & Remuneration Committee	
Chairman	85,300
Member	58,800
Sustainability Committee	
Chairman	106,100
Member	78,400
Nomination Committee	
Chairman	14,000
Member	10,000
Provident & Retirement Fund Committee	
Chairman	14,000
Member	10,000

17. In February 2016, management completed a review of the level of fees payable to NEDs for 2016-2019 (the 2016 Review), following the same methodology used in the previous reviews. The 2016 Review takes into account the workload, scale and complexity of the business and the responsibility of Directors in determining the remuneration of the Company's NEDs. The resulting fees from the 2016 Review were then benchmarked against the levels of fees paid to non-executive directors of other leading Hong Kong listed companies included within the Hang Seng Index and other Hong Kong indices, as well as fees paid to non-executive directors of utility companies listed on exchanges in London, Hong Kong, Australia and New Zealand.
18. The methodology is aligned with the recommendations of "The UK Corporate Governance Code" published in September 2014, as well as the recommendations contained in the Stock Exchange's Corporate Governance Code and associated Listing Rules, and includes:
- the application of an average of the hourly rates at partner level charged by legal, accounting and consulting firms in providing professional services to CLP. Based on this, the average hourly rate at partner level has been increased from HK\$4,500 to HK\$5,000 for 2016. It should be noted that the previous hourly rate of HK\$4,500 has remained unchanged since its first application to the calculation of NEDs' fees in 2010. The proposed increase in hourly rate is also broadly comparable with increases in the Consumer Price Index over the past three years;
 - a calculation of the time spent by NEDs on CLP's affairs (including attendance at Board and Board Committee meetings, reading papers, etc.); and
 - an additional fee of about 40% and 10% per annum for the Chairmen of the Board/Board Committees and the Vice Chairman of the Board respectively (reflecting the additional workload and responsibility which these offices involve).

19. The 2016 Review revealed a significant increase in the overall time spent by NEDs in performing their duties on the Board and Board Committees during the period from 2013 to 2015, when compared to the period from 2010 to 2012 examined in the last review. However, it was also noted that there could be significant year-to-year fluctuations in the time spent by NEDs, based on the data CLP has collected since 2004. This led to a recommendation to take an average of time spent by NEDs over a longer duration of three review periods, rather than over the three years immediately preceding the review, in order to smooth out the effect of short-term fluctuations in workload.
20. The fee review takes place every three years and the methodology takes into account past and present data, rather than any forward-looking projections.
21. The application of this methodology, including the benchmarking exercise, has led management to propose a moderate but justifiable increase in the remuneration of the Company's NEDs. This is in line with a measurable increase in the workload shouldered by our NEDs, albeit now measured over a longer duration of three review periods. As in the case of the 2013 review, the Board has recommended that, instead of implementing the increase under the 2016 Review at once, the adjustment in fees should be partially deferred by being spread out over the next three years. Accordingly, the proposed fees for the next three years are as set out in Resolution (4) in this Notice.
22. The methodology and resulting levels of fees proposed to be payable to the Company's NEDs in the 2016 Review have been independently reviewed by J.S. Gale & Co (JSG), solicitors, who have provided an opinion to the effect that the methodology adopted by CLP is reasonable and appropriate, has been fairly and consistently applied and that the resulting proposed levels of fees are reasonable and appropriate having regard to current corporate governance practices in Hong Kong and in the UK.
23. The proposed revised levels of fees have been considered and endorsed by the Human Resources & Remuneration Committee, and recommended to Shareholders for approval.
24. Further details of the methodology and resulting fees are set out in the Human Resources & Remuneration Committee Report on pages 149 and 150 of CLP Holdings' 2015 Annual Report. The 2016 Review which contains JSG's opinion is available on the CLP website and can be obtained on request to the Company Secretary.

General Mandate to Issue Shares – Resolution (5)

25. In relation to the general mandate referred to in Resolution (5) in the Notice, an Ordinary Resolution was passed at the Annual General Meeting held on 7 May 2015 giving a general mandate to the Directors to issue up to five per cent of the share capital of the Company in issue and any shares of the Company to be allotted and issued pursuant to this general mandate shall not be at a discount of more than ten per cent of the Benchmarked Price of such shares of the Company. No shares have been issued pursuant to this mandate as at the latest practicable date. The general mandate will lapse at the conclusion of the forthcoming AGM, unless the mandate is renewed at that meeting. The Company acknowledges the possible concern of some minority Shareholders with respect to possible dilution of their shareholding interest resulting from the exercise of the general mandate to issue shares, and has reaffirmed its commitment to use the mandate sparingly and in the interest of all our Shareholders. Accordingly, the Board has continued to propose to limit the general mandate to five per cent of the total number of shares of the Company in issue (rather than twenty per cent allowed by the Listing Rules) as at the date of the Resolution passed by the Shareholders, and that any shares of the Company to be allotted and issued pursuant to this general mandate shall not be at a discount of more than ten per cent (rather than twenty per cent as limited under the Listing Rules) of the Benchmarked Price of such shares of the Company unless and until there is a material change in circumstances or market condition.
26. The Directors believe that it is in the best interests of the Company and its Shareholders to have a general authority from Shareholders to enable the Directors to issue shares for flexibility in raising capital as and when needed.

Share Buy-back Mandate – Resolution (6)

27. In relation to the general mandate referred to in Resolution (6) in the Notice, an Ordinary Resolution was passed at the Annual General Meeting on 7 May 2015 giving a general mandate to the Directors to repurchase shares of the Company on the Stock Exchange representing up to ten per cent of the share capital of the Company in issue. Up to the latest practicable date, no shares were bought back pursuant to this general mandate, which will lapse at the conclusion of the forthcoming AGM, unless the mandate is renewed at that meeting. The Directors believe that it is in the best interests of the Company and its Shareholders to have a general authority from Shareholders to enable the Directors to buy back its own shares on an opportunistic basis for the enhancement of long-term shareholder value. Shareholders' attention is particularly drawn to the implication of share buy-backs under the Codes on Takeovers and Mergers and Share Buy-backs (Takeovers Code) as set out in the Explanatory Statement on Share Buy-back Mandate which accompanies the Notice.

Recommendation

28. The Board of the Company considers that each of the Resolutions (1) to (6) as set out in the Notice is in the best interests of the Company and its Shareholders as a whole and, accordingly, recommends Shareholders to vote in favour of the Resolutions (1) to (6) to be proposed at the AGM.

Right to demand a poll

29. Pursuant to the new Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (and as reflected in article 76 of the Articles of Association of the Company), a poll may be demanded at the AGM on any of the Resolutions by:
- (a) at least five Shareholders present in person or by proxy having the right to vote at the AGM;
 - (b) a Shareholder or Shareholders present in person or by proxy representing at least five per cent of the total voting rights of all the Shareholders having the right to vote at the AGM;
 - (c) a Shareholder or Shareholders present in person or by proxy holding shares conferring a right to vote at the meeting, being shares on which an aggregate sum has been paid up equal to at least five per cent of the total sum paid up on all the shares conferring the right; or
 - (d) the Chairman of the AGM.
30. Since 2004, the Chairman has demanded a poll on each of the resolutions submitted for determination at General Meetings of Shareholders. The Chairman will continue to demand a poll on each of the resolutions submitted for determination at the forthcoming AGM. The results of the poll will be published on the Company's and the Stock Exchange's websites not later than the business day following the AGM, as well as in the Minutes of the AGM which will also be published on CLP website.

EXPLANATORY STATEMENT ON SHARE BUY-BACK MANDATE

This Explanatory Statement includes information required under Rule 10.06(1)(b) of the Listing Rules to be given to Shareholders in connection with the proposed share buy-back mandate to be granted to the Directors of the Company.

1. Exercise of the Buy-back Mandate

- 1.1 Resolution (6) set out in the Notice will, if passed, give a general unconditional mandate to the Directors authorising the buy-back by the Company of up to ten per cent of the total number of shares of the Company in issue at the date of the AGM at any time from the passing of the Resolution until the conclusion of the next Annual General Meeting of the Company, the expiration of the period within which the next Annual General Meeting of the Company is required by law to be held, or at any time when the aforementioned mandate is revoked or varied by ordinary resolution of the Shareholders in general meeting, whichever occurs first (Relevant Period).
- 1.2 On the basis of 2,526,450,570 shares in issue as at the latest practicable date, exercise in full of the buy-back mandate would result in up to 252,645,057 shares being bought back by the Company during the Relevant Period.

2. Reasons for Buy-backs

- 2.1 The Directors believe that it is in the best interests of the Company and its Shareholders to have a general authority from Shareholders to enable the Directors to buy back its own shares. Such buy-back may, depending on market conditions and funding arrangements at the time, lead to an enhancement in the value of the shares and/or earnings per share and will only be made when the Directors believe that such buy-back will benefit the Company and its Shareholders.

3. Funding of Buy-backs

- 3.1 In buying back its own shares, the Company may only apply funds legally available for such purpose in accordance with the laws of Hong Kong and the Articles of Association of the Company. Such funds may include profits available for distribution and the proceeds of a fresh issue of shares made for the purpose of the buy-backs.
- 3.2 In the event that the buy-back mandate is exercised in full, there might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the Company's Annual Report and Financial Statements for the year ended 31 December 2015). However, the Directors do not propose to exercise the buy-back mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or gearing level which in the opinion of the Directors is from time to time appropriate to the Company.

4. Status of Bought-back Shares

- 4.1 The Listing Rules provide that all the shares purchased by the Company are automatically delisted and the Company must ensure that the corresponding certificates are cancelled and destroyed. Under the new Companies Ordinance, the shares so purchased in accordance with the proposed mandate will be regarded as cancelled.

5. Share Prices

- 5.1 The highest and lowest prices at which shares have been traded on the Stock Exchange during each of the previous 12 months and as at the latest practicable date were as follows:

	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2015		
March	69.50	64.25
April	69.00	65.35
May	69.40	67.50
June	68.20	63.95
July	66.45	62.75
August	67.90	62.20
September	66.55	62.00
October	69.20	65.75
November	68.85	64.70
December	66.10	64.05

	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2016		
January	65.80	62.35
February	68.50	65.05
16 March (latest practicable date)	69.15	68.50

6. Disclosure of Interests

- 6.1 None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their close associates currently intends to sell any shares to the Company or its subsidiaries under the buy-back mandate if such buy-back mandate is approved by Shareholders.
- 6.2 The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the buy-back mandate pursuant to the proposed resolution in accordance with the Listing Rules and the laws of Hong Kong.
- 6.3 No core connected persons (as defined in the Listing Rules) have notified the Company that they have a present intention to sell shares to the Company or have undertaken not to do so in the event that the buy-back mandate is approved by Shareholders.

7. The Codes on Takeovers and Mergers and Share Buy-backs

- 7.1 If, as a result of share buy-backs by the Company, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition of voting rights for the purposes of Rule 32 of the Takeovers Code. Accordingly, a Shareholder, or group of Shareholders acting in concert, may be treated, as a result of share buy-backs by the Company, as having obtained or consolidated control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code.
- 7.2 As at the latest practicable date, the Kadoorie Family's interests in the Company (which included interests held through/by (i) various discretionary trusts of which members of the Kadoorie Family are beneficiaries, (ii) the charities associated with the Kadoorie Family, and (iii) some members of the Kadoorie Family personally (collectively, the Parties)), amounted in aggregate to 884,628,074 shares, representing 35.0147% of the shares of the Company in issue.
- 7.3 If the Parties' holding of voting rights in the Company increases by more than 2% from their lowest percentage holding in the 12 months ending on date of an acquisition of shares or buy-back of shares by the Company, the Parties may be obliged to make a mandatory general offer under the Takeovers Code unless a waiver is granted by the Securities and Futures Commission. The Company does not presently envisage exercising the buy-back mandate to effect on-market share buy-backs in circumstances where this will trigger a mandatory general offer obligation on the part of the Parties under the Takeovers Code.

8. Buy-backs made by the Company

- 8.1 The Company has not repurchased any shares on the Stock Exchange in the six months prior to the date of the Notice.

GUIDE FOR SHAREHOLDERS TO ATTEND THE AGM

WHERE TO ATTEND?

The eighteenth AGM of Shareholders of the Company will be held at the Grand Ballroom, 1/F., Crowne Plaza Hong Kong Kowloon East, 3 Tong Tak Street, Tseung Kwan O, Hong Kong. Please see the location plan of the Crowne Plaza Hong Kong Kowloon East as printed overleaf for the location of the AGM venue. In addition, the adjacent shopping mall to Crowne Plaza Hong Kong Kowloon East, "PopCorn" Mall provides access to the MTR (Mass Transit Railway) Station "Tseung Kwan O" with the closest exit being Exit C; the "PopCorn" Mall floor plan is also provided for Shareholders' reference.

Shareholders are asked not to take items such as large bags, cameras, audio recording equipment or video recorders to the AGM. For security reasons, Shareholders may have their bags searched and will be requested to leave all such items at the entrance of the AGM venue before entering.

HOW TO VOTE?

If you are a registered member of the Company, you are entitled to attend the AGM and cast your vote in person. If you are a registered Shareholder and do not plan to attend the AGM, you may appoint a proxy to exercise your rights at the AGM. You may also appoint separate proxies to represent respectively the number of the shares held by you as specified in each of your proxy forms and instruct your proxy(ies) to cast your vote(s) at the AGM. Please refer to the Explanatory Notes to the Notice on page 4 of this document for further information regarding the appointment of proxies.

If you are not a registered member of the Company (e.g. your shares are held through a nominee or broker), you may instruct them to appoint you as their proxy or corporate representative to attend and vote at the AGM.

A voting paper or voting device will be given to every Shareholder or proxy upon his/her registration at the AGM. Please use the voting paper or voting device to cast your votes on a poll at the AGM.

GALE OR BLACK RAINSTORM WARNING

In the event that a gale warning (tropical cyclone no. 8 or above) or black rainstorm warning is in effect at any time between 9:00 a.m. and 11:00 a.m. on the day of the AGM, the AGM will be automatically postponed to a later date.

In this event, the Company will, as soon as practicable, post an announcement on its website and on the website of the Stock Exchange to notify Shareholders that the meeting has been postponed (however, a failure to post such a notice shall not affect the automatic postponement of such meeting). Shareholders may also telephone the Company's hotline on (852) 2678 8228 to enquire whether the meeting has been cancelled.

When the date, time and location of the rescheduled meeting has been fixed, the Company will post a further announcement on its website and on the website of the Stock Exchange to notify Shareholders of the date, time and location of the rescheduled meeting. At least seven clear days' notice shall be given of the rescheduled meeting.

Shareholders should in any event exercise due care and caution when deciding to attend the AGM in adverse weather conditions.



香港國際
機場方向
Direction to
Hong Kong
International
Airport




CROWNE PLAZA[®]
HONG KONG KOWLOON EAST
香港九龍東皇冠假日酒店

至善街 Chi Shin St.

唐俊街 Tong Chun St.

禮樂街 Lai Ngok St.

寶邑路

寶邑路

Chui Ling Rd.

發麟路

寶順路 Po Shun Rd.

香港知專設計學院
Hong Kong
Design Institute

寶光街
Ling Kwong St.

將軍澳運動場
Tseung Kwan O
Sports Ground

將軍澳廣場
Tseung Kwan O
Plaza

尚德商場
Sheung Tak
Shopping Centre

將軍澳
Tseung Kwan O

將軍澳中心
Park Central

Adjacent shopping mall to AGM venue

毗連年會場地的商場

PopCorn

LEVEL G

地下

