

HEIDRICK & STRUGGLES

Suite 1408, Two Pacific Place
88 Queensway
Hong Kong
telephone +852 2103 9300
facsimile +852 2519 8411
www.heidrick.com

To:

The Board of Directors

CLP Holdings Limited

Dear Directors,

Re: External evaluation of the effectiveness of the Board and the Board Committees

We have been engaged by CLP Holdings Limited (the “Company” or “CLP”) to conduct an external evaluation of the effectiveness of the Company’s Board and Board Committees.

The methodology that we adopted for the evaluation was a customised and engaging process. It involved a series of discussions with key stakeholders, in particular, one-on-one interview sessions with each of the Directors and members of the Company’s Senior Management. The interview sessions were structured conversations framed around CLP’s strategic issues and priorities and considered the fundamental question of “how can the Board act as a strategic asset to the Company”.

As part of the evaluation process, we benchmarked the performance of the Board and the Board Committees against a global utility, an Australian-listed utility, and two similar sized Hong Kong-listed companies.

From our evaluation process, we are pleased to conclude that CLP’s Board and Board Committees have been performing effectively and in addition, our findings regarding the business performance and key strengths of the Board and the Committees are highlighted below:

1) the Board and Board Committees performed favourably in terms of the following:

- diversity in culture, gender and skillsets;
- good age spread, ensuring continuity of the corporate ethos;
- financial skills including risk, audit and oversight of internal controls;
- government relations especially in CLP’s key market in Hong Kong; and
- corporate governance; and

2) a number of signature strengths were identified, namely:

- the Board plays an important corporate governance role and effectively oversees and contributes to CLP’s core businesses;
- the Board and management have a highly transparent and collaborative partnership;
- the Board and Committees were run efficiently; and
- the Board has a culture of high integrity reflecting the Chairman’s values.

We have also identified some opportunities to further enhance the effectiveness of the Board and the Committees. The recommendations are made having regard to the changing external landscape the Group is subject to in terms of markets, regulatory and technology developments and the importance of the Board and the Committees' continued strong oversight of the Company's future development. These include:

- greater use of external consultants as subject matter experts to the Board and the Committees in light of the changing business, regulatory and technology landscape; and
- strengthening of the collaboration and information-sharing between, the Board, Committees and senior management.

Yours faithfully,



Robert Knight

Partner, CEO & Board Practice

Heidrick & Struggles Hong Kong Limited

27 February 2017