

**CLP Holdings Limited**  
**Continuous Disclosure Obligation Procedures**

**1. Introduction**

These Continuous Disclosure Obligation Procedures (the Procedures) document the system which is now in place in CLP Holdings Limited (the Company or CLP) for monitoring the developments in our business so that potentially inside information/transactions can be quickly escalated up the organisation to those responsible for deciding whether an announcement should be made in order to ensure compliance with the continuous disclosure obligation under the Listing Rules of the Hong Kong Stock Exchange (the Exchange) and the disclosure of inside information of the Securities & Futures Ordinance (SFO).

**2. Principles of Disclosures**

- 2.1 CLP is aware of its disclosure obligations under the Listing Rules and the SFO and the statutory obligations to disclose inside information as soon as reasonably practicable after the information has come to its knowledge. In this respect, CLP has a continuous disclosure obligation to announce the information necessary to avoid a false market in its securities as soon as reasonably practicable, where in the view of the Exchange there is or there is likely to be a false market in its securities.
- 2.2 CLP conducts its affairs with close regard to the “Guidelines on Disclosure of Inside Information” issued by the Securities & Futures Commission in 2012; and the “Guide on Disclosure of Price-sensitive information” and “Recent Economic Developments and the Disclosure Obligations of Listed Issuers” issued by the Exchange in 2002 and 2008 respectively.
- 2.3 CLP has adopted an overall policy of open communication by pursuing the broad, non-exclusionary distribution of information to the public. This is referred to as CLP’s Fair Disclosure Policy, details of which are set out in Section V of the CLP Code on Corporate Governance.
- 2.4 CLP has imposed a strict prohibition on the unauthorised use of confidential or inside information. Such prohibition is included in CLP’s Code of Conduct which applies to all Directors, Management and staff.

**3. Application of Principles of Disclosures**

We apply these principles of disclosures in three respects:

- determining whether information constitutes inside information and requires immediate disclosure;
- monitoring information disclosure having regard to the Listing Rules and SFO requirements; and
- disseminating information to our shareholders and other stakeholders.

- 3.1 Management of individual business units and functions have the obligation to notify Senior Management (the usual channel is through the Company Secretary) of any potential transactions or developments of business which may give rise to disclosure obligations at CLP Holdings level. In addition, processes such as the Company Management Authority Manual, subsidiary board and board committee meetings, management reporting and ongoing functional and business unit reporting ensure that significant issues come to the attention of Senior Management on a timely basis.
- 3.2 Senior Management is responsible for providing the CLP Holdings Board with adequate, reliable and timely information which will enable Directors to make an informed decision on whether the transaction or developments in question are likely to constitute inside information and should be announced immediately. For the purpose of this decision, the Company Secretary, liaising with the Chief Executive Officer, Chief Financial Officer or Managing Director or Head of the relevant business unit or function as appropriate, will recommend to the Board whether any given circumstances when measured against the disclosure obligations give rise to the need for an announcement.
- 3.3 The Company Secretary is responsible for documenting any decision about whether a matter should be referred to the Board for decision on whether the transaction or developments in question are likely to constitute inside information and should be announced immediately. The Company Secretary is also responsible for recording the decision of the Board itself.
- 3.4 In monitoring the continuous disclosure obligations arising from any business transactions or developments, we pay regard to the Listing Rules and the SFO in relation to share price movements, inside information, notifiable transactions, connected/related parties transactions and advance/financial assistance and guarantees to affiliated companies.

#### 3.4.1 Share Price Movements

CLP responds promptly to any enquiries made by the Exchange concerning unusual movements in the price or trading volume of our securities.

The daily closing price and trading volume of CLP shares are recorded by Investor Relations. A monthly share price report prepared by Investor Relations is circulated to the Chief Financial Officer, the Company Secretary and the Director – Group Financial Control no later than the 5<sup>th</sup> business day of the following month.

When the closing price differs 5% or more than the closing price of the previous trading day, Investor Relations will notify Senior Management who will then analyse whether there is any matter that might be influencing the share price movements and consider whether an announcement is required to be made.

### 3.4.2 Inside Information

The guiding principle is that information which is expected to constitute inside information under the Listing Rules or the SFO will be announced as soon as reasonably practicable after it becomes known to the Board of the Company and/or is the subject of a decision by the Board of the Company unless the information falls within any of the safe harbours as provided in the SFO.

In cases where a decision by the Board of the Company is pending or in cases of incomplete negotiations, we implement procedures to maintain the confidentiality of information such as using codenames in correspondence, private fax lines and password protected e-mails, limiting dissemination of the information to those who “need to know”, and reminding parties involved of the need to keep all such information strictly confidential. Until an announcement is made, Directors and Management ensure that such information is kept strictly confidential. Where it is felt that the necessary degree of security cannot be maintained or that security may have been breached, an announcement will be made as soon as practicable.

### 3.4.3 Notifiable Transactions

Business development teams are alerted as to the importance of keeping information on potential acquisition/disposal of assets/investments confidential, and that whenever there is a leakage of information during the course of development, they will inform Senior Management immediately so that remedial actions, including making an inside information announcement, can be taken at the earliest opportunity.

Group Finance will keep track of the Group's threshold levels for disclosure pursuant to the size tests under the Listing Rules, so that an announcement can be made as soon as practicable should a notifiable transaction arise.

### 3.4.4 Connected/Related Parties Transactions

In monitoring disclosure of connected/related parties transactions, we follow our Guidelines on Disclosure of Related Party Transactions of the CLP Group which is published on CLP Group website.

### 3.4.5 Advance/Financial Assistance and Guarantees to Affiliated Companies

We will make an announcement pursuant to the requirements of the Listing Rules in the event that

- our advance made to an entity (excluding subsidiaries); or
- financial assistance extended to affiliated companies and guarantees given for facilities granted to affiliated companies together in aggregate

exceeds 8% of the Group's total assets. If the amount of advance increases by 3% or more since that last announced, we will make a further disclosure. Where circumstances giving rise to disclosure continue, we will publish the relevant information in our next interim or annual report.

In monitoring whether any advance/financial assistance and guarantee to affiliated companies will hit the 8% or 3% thresholds set under the Listing Rules, we undertake regular reviews of the advance/financial assistance and guarantee to affiliated companies, including:

- monthly review by Group Finance on the status of the outstanding advances/financial assistance and guarantees made to affiliated companies relative to the Group's total assets; and
- ad hoc reviews on the impact of any transaction involving advance/financial assistance and guarantee to affiliated companies with reference to the Group's total assets.

3.5 In disseminating inside information, CLP has established and implemented procedures for responding to external enquiries (including from shareholders, analysts and media and other stakeholders) about the Group's affairs. Senior managers of the Group are identified and authorised to act as the Company's spokespersons and to respond to enquiries in allocated areas of issues. To avoid potential conflict of interest, Company's issues relating to an individual manager will not be commented or responded by the individual manager concerned. Periodic training and refresher courses on dealing with the media are provided to the Company's spokespersons.

#### 3.5.1 Shareholders

CLP aims to present a clear and balanced assessment of its financial position and prospects. Financial results are announced as early as possible, and audited financial statements are published within three months after the end of the financial year. Interim financial statements are published within two months after the end of the half-year period. Quarterly statements are issued to keep shareholders informed of the performance and operations of the Group.

Inside information is announced promptly through the Stock Exchange and CLP Group websites. CLP has a framework agreement with external legal advisors for involving them at short notice in the assessment of the potential inside information and to involve them in the preparation of announcements.

#### 3.5.2 Analysts

A briefing on CLP's performance and results is normally organised for analysts in the afternoon on the same day after the interim/annual results have been announced. The briefing is simultaneously broadcast on CLP Group website and the recording is posted on the CLP Group website as soon as practical and no later than the following working day.

Investor Relations review the research reports regarding CLP Holdings received from brokerage firms. For matters that require Management attention, Investor Relations circulate a summary of reports to Senior Management. Under normal circumstances, we make no comment on an analyst's financial projections or opinions. Where a research report contains inaccurate information, Investor Relations will inform the analyst of the correct information if that information is already in the public domain and does not constitute inside information.

### 3.5.3 Media

A briefing on CLP's performance and results is normally organised for the media in the afternoon on the same day after the interim/annual results have been announced.

In order to proactively manage dissemination of information about significant issues or major development in business, a press release will be issued to major media via e-mail or fax. An electronic copy of the press release will be posted on the CLP Group website. The issue of press releases or strategic announcements by CLP's subsidiaries and majority-owned joint ventures is subject to a set of agreed procedures.

For CLP's wholly-owned subsidiaries and those joint ventures where we hold a majority stake or have operational control, local Public Affairs team or business heads will inform Public Affairs (Group), where practical, of any planned interviews or communication prior to these taking place and report any media inquiries concerning issues which may impact the position of CLP Holdings and its share price. Upon final agreement of the key messages and lines-to-take, which is subject to an internal clearance procedure, the responsible Public Affairs Manager or his/her designate will respond to the media.

For those joint ventures where CLP has a minority stake and without operational control, local Public Affairs teams or CLP secondees will notify Public Affairs (Group) of any incidents or issues. Should the matters entail notification to the media, Public Affairs (Group) will review all relevant materials and provide comments and/or support where practical. In the event of planned media interviews, local partners are required to notify Public Affairs (Group) beforehand, and Public Affairs (Group) will then review all key messages/lines-to-take where applicable.

For matters relating to CLP Holdings, all media inquiries will be referred to Public Affairs (Group).

When confronted with questions by journalists about rumours circulating in the market, our policy is not to comment on the issue where journalists are pressing for unannounced inside information. Where sufficient inside information has been leaked for the reported story to be broadly accurate, we will make an announcement in order to ensure that the correct information is widely available.

Ongoing monitoring of news relating to CLP is conducted to unveil issues which may impact the position of CLP and its share price. A gist of news reports related to and of interest to CLP, covering news in our operating region from print, electronic media and wire services is provided to Management on a daily basis.

### 3.5.4 Other Stakeholders

Announcements by industry regulators, government departments and other bodies may affect the share price of the Company or market activity in our shares. If such announcement is expected to have a particularly significant impact on the Company, an announcement will be made by the Company providing the Company's view on the impact of the relevant announcement.

## **4. Evolution**

4.1 To ensure that the existing Procedures continue to operate smoothly in practice, we

will undertake regular reviews of the Procedures having regard to the regulatory requirements and the expectations of our shareholders and other stakeholders. Changes to the Procedures will be posted on the CLP Group Website.

- 4.2 Comments, questions or queries regarding these Procedures may be addressed to the Company Secretary at 8 Laguna Verde Avenue, Hung Hom, Kowloon, Hong Kong or by e-mail to [cosec@clp.com.hk](mailto:cosec@clp.com.hk).

CLP Holdings Limited  
Group Corporate Secretarial Department  
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