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If you are in any doubt about this circular, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Hysan Development Company Limited 希慎興業有限公司 (the “Company”), you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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HYSAN DEVELOPMENT COMPANY LIMITED

希慎興業有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00014)

**NOTICE OF ANNUAL GENERAL MEETING
AND
PROPOSALS FOR
GENERAL MANDATES TO ISSUE AND TO REPURCHASE SHARES**

The notice convening the annual general meeting of the Company to be held at Meeting Room N201, Hong Kong Convention and Exhibition Centre, 1 Expo Drive, Wanchai, Hong Kong (use Expo Drive Entrance) on Tuesday, 8 May 2018 at 12:00 noon (“AGM” or “Annual General Meeting” or “Meeting”), at which, among other things, the proposals for general mandates to issue and to repurchase shares of the Company will be considered, is set out on pages 2 to 4 of this circular.

Shareholders or proxies who attend the AGM in person will each receive ONE souvenir as a token of the Company’s appreciation. If a shareholder is also appointed as proxy/proxies of other shareholder(s), or if a proxy represents multiple shareholders, the number of souvenir each of the aforesaid shareholder or proxy will receive is limited to ONE.

29 March 2018

INVITATION TO SHAREHOLDERS



HYSAN DEVELOPMENT COMPANY LIMITED

希慎興業有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00014)

Board of Directors:

Lee Irene Yun-Lien (*Chairman*)

Churchouse Frederick Peter**

Fan Yan Hok Philip**

Lau Lawrence Juen-Yee**

Poon Chung Yin Joseph**

Jebsen Hans Michael*

(*Yang Chi Hsin Trevor as his alternate*)

Lee Anthony Hsien Pin*

(*Lee Irene Yun-Lien as his alternate*)

Lee Chien*

Lee Tze Hau Michael*

Registered Office:

49/F. (Reception: 50/F.)

Lee Garden One

33 Hysan Avenue

Hong Kong

* *Non-Executive Directors*

** *Independent Non-Executive Directors*

29 March 2018

Dear Shareholders,

1. Notice of the AGM to be held on Tuesday, 8 May 2018 is set out on pages 2 to 4 of this circular. Detailed explanation on the businesses to be considered at the AGM, together with Board Recommendations on the proposed resolutions, are set out in this circular.
2. Whether you are able to attend the AGM or not, you are advised to read this circular and to complete the enclosed form of proxy in accordance with the instructions printed on it and return original of the completed form of proxy to the Company's registered office or to the Company's Registrar, not less than 48 hours before the time appointed for the Meeting or any adjourned meeting (as the case may be).
3. Form of proxy sent electronically will not be accepted. Submission of the form of proxy will not preclude you from attending and voting in person at the Meeting or any adjourned meeting, and in such event, the appointment of the proxy will be deemed to be revoked.

Yours faithfully,
Lee Irene Yun-Lien
Chairman

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of the members of Hysan Development Company Limited 希慎興業有限公司 will be held at Meeting Room N201, Hong Kong Convention and Exhibition Centre, 1 Expo Drive, Wanchai, Hong Kong (use Expo Drive Entrance) on Tuesday, 8 May 2018 at 12:00 noon for the following purposes:

1. To receive and consider the Statement of Accounts for the year ended 31 December 2017 together with the Reports of Directors and Auditor thereon.
2. To re-elect Directors.
3. To approve revision of Director fees payable to Non-Executive Directors to HK\$250,000 from HK\$225,000 per annum (such revision to take effect from 1 June 2018 and fees for Directors for the financial year ending 31 December 2018 be adjusted accordingly on a pro rata basis) and such revised Director fees to remain the same until the Company in general meeting otherwise determines.
4. To re-appoint Deloitte Touche Tohmatsu as Auditor and authorise the Directors to fix their remuneration.

To consider and, if thought fit, pass the following resolutions as Ordinary Resolutions:

ORDINARY RESOLUTIONS

5. **“That:**
 - (a) subject to paragraphs (b) to (d), a general mandate be and is hereby unconditionally granted to the Directors to exercise during the Relevant Period all the powers of the Company to allot, issue and deal with 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 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 aggregate number of shares allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to a share option or otherwise) by the Directors pursuant to the mandate in paragraph (a), otherwise than pursuant to (i) a Rights Issue, or (ii) any share option scheme or similar arrangement for the time being adopted for the grant or issue to the eligible participants 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) the exercise of rights 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 10% of the total number of shares of the Company in issue as at the date of passing this Resolution and the said mandate shall be limited accordingly;
 - (d) any shares 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 10% to the Benchmarked Price of such shares; and

NOTICE OF ANNUAL GENERAL MEETING

(e) for the purpose of this Resolution:

“Benchmarked Price” means the price which is the higher of:

- (i) the closing price of the shares as quoted on the Stock Exchange on the date of the agreement involving the relevant proposed issue of the shares; and
- (ii) the average closing price as quoted on the Stock Exchange of the shares for the 5 trading days immediately preceding the earlier of:
 - (A) the date of announcement of the transaction or arrangement involving the relevant proposed issue of the shares;
 - (B) the date of the agreement involving the relevant proposed issue of shares; and
 - (C) the date on which the price of the shares that are proposed to be issued is fixed.

“Relevant Period” means the period from the passing of this Resolution until whichever is the earliest 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 members in general meeting.

“Rights Issue” means an offer of shares open for a period fixed by the Directors 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 may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions 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 to exercise during the Relevant Period all the powers of the Company to purchase or otherwise acquire shares of the Company on the Stock Exchange in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”), provided that the aggregate number of shares so purchased or otherwise acquired shall not exceed 10% of the total number of shares of the Company in issue as at the date of passing of this Resolution, and the said mandate shall be limited accordingly; and

NOTICE OF ANNUAL GENERAL MEETING

(b) for the purpose of this Resolution:

“Relevant Period” means the period from the passing of this Resolution until whichever is the earliest 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 members in general meeting.”

By Order of the Board
Cheung Ka Ki
Company Secretary

Hong Kong, 29 March 2018

Notes:

1. A member entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and vote on his behalf. The proxy need not be a member of the Company. Shareholders or proxies who attend the AGM in person will each receive ONE souvenir as a token of the Company's appreciation. If a shareholder is also appointed as proxy/proxies of other shareholder(s), or if a proxy represents multiple shareholders, the number of souvenir each of the aforesaid shareholder or proxy will receive is limited to ONE.
2. An original of the completed form of proxy must be returned to the Company's registered office at 49/F. (Reception: 50/F.), Lee Garden One, 33 Hysan Avenue, Hong Kong or to the Company's Registrar, Tricor Standard Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not less than 48 hours before the time for holding the Meeting. Form of proxy sent electronically will not be accepted.
3. The register of members will be closed from Thursday, 3 May 2018 to Tuesday, 8 May 2018, both dates inclusive. In order to be entitled to attend and vote at the Meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Registrar, Tricor Standard Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:00 p.m. on Wednesday, 2 May 2018.
4. Detailed information on the businesses to be transacted at the Meeting is set out in the section “Businesses of the Meeting and Board Recommendations” of the circular to be sent to shareholders.
5. Each of the resolutions set out in this notice will be voted by poll.
6. If a Typhoon Signal No. 8 or above is hoisted or a Black Rainstorm Warning Signal is in force at or at any time between 9:00 a.m. and 12:00 noon on the date of the Meeting, the Meeting will be automatically postponed or adjourned. The Company will post an announcement on the Company's website (www.hysan.com.hk) and the Stock Exchange's website (www.hkexnews.hk) to notify shareholders of the date, time and place of the rescheduled meeting.

The Meeting will be held as scheduled when an Amber or a Red Rainstorm Warning Signal is in force. Shareholders should decide on their own whether they would attend the Meeting under bad weather condition bearing in mind their own situations.

BUSINESSES OF THE MEETING AND BOARD RECOMMENDATIONS

RESOLUTION 1 – RECEIVING 2017 FINANCIAL STATEMENTS

1. The full audited financial statements together with the Reports of Directors and Auditor thereon, are set out on pages 119 to 172, pages 103 to 112 and pages 115 to 118 of the Annual Report 2017.
2. The audited financial statements have been reviewed by the Audit Committee. A report of the Audit Committee is set out on pages 86 to 89 of the Annual Report 2017.

RESOLUTION 2 – RE-ELECTION OF DIRECTORS

3. Lau Lawrence Juen-Yee, Lee Tze Hau Michael, and Poon Chung Yin Joseph will retire and, being eligible, offer themselves for re-election at the AGM in accordance with Article 114 of the Company's Articles of Association.
4. Details of the background information on the retiring Directors who are proposed for re-election are set out on pages 8 to 12 of this circular.

RESOLUTION 3 – PROPOSED REVISION OF REMUNERATION OF NON-EXECUTIVE DIRECTORS

5. The current annual Director fee structure was approved by shareholders at the annual general meeting held on 13 May 2016. Executive Director(s) do not receive Director fee.
6. It is proposed to increase Director fees payable to Non-Executive Directors. In making such revision to remuneration arrangement, considerations have been given to the level of responsibility, experience, abilities required of Non-Executive Directors, level of care and amount of time needed to be spent, and fees offered for similar positions in companies requiring the same talent.
7. The revised Director fees shall take effect from 1 June 2018 (and be payable to Non-Executive Directors on a pro rata basis for the financial year ending 31 December 2018) and shall remain the same until the Company in general meeting otherwise determines. Details of the revised Director fees are set out in the Notice of AGM.
8. Subject to the approval of the shareholders at the AGM, the Director fees payable to Non-Executive Directors is proposed to be increased to HK\$250,000 from HK\$225,000 per annum.

RESOLUTION 4 – RE-APPOINTMENT OF AUDITOR

9. The Audit Committee has recommended to the Board (which in turn endorsed the view) that, subject to shareholders' approval at the AGM, Deloitte Touche Tohmatsu be re-appointed as the external auditor of the Company for 2018.

BUSINESSES OF THE MEETING AND BOARD RECOMMENDATIONS

RESOLUTIONS 5 AND 6 – GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES

10. At the last annual general meeting of the Company held on 15 May 2017, ordinary resolutions were passed giving general mandates to the Directors to issue and purchase shares in the Company. These general mandates will lapse at the conclusion of the AGM. Resolutions will therefore be proposed at the AGM to renew the grant of these general mandates. The relevant resolutions, in summary, are:
- **Resolution 5** – to give the Directors a general and unconditional mandate to allot, issue and deal with additional shares in the Company, not exceeding 10% of the Company's total number of shares in issue as at the date of passing the Resolution, for the period until the conclusion of the next annual general meeting of the Company (or such earlier period as stated in the resolution) (below the 20% limit permitted under the Listing Rules) (the "**Share Issue Mandate**"). In addition, any shares to be issued under the Share Issue Mandate shall not be issued at a discount of more than 10% to the Benchmarked Price (below the 20% limit permitted under the Listing Rules). Having taken into consideration stakeholders' concerns on the possible dilution of their shareholding interest resulting from the exercise of the general mandate to issue shares, the aforesaid maximum issue limit and discount rate have been introduced for the first time, and both the issue limit and the discount limit are below the permitted limits under the Listing Rules; and
 - **Resolution 6** – to give the Directors a general and unconditional mandate to exercise all the powers of the Company to purchase shares in the Company not exceeding 10% of the Company's total number of shares in issue as at the date of passing the Resolution, for the period until the conclusion of the next annual general meeting of the Company (or such earlier period as stated in the resolution) (the "**Share Repurchase Mandate**").
11. The full text of these resolutions is set out in the Notice of AGM. The Explanatory Statement required by the Listing Rules to be sent to shareholders in connection with the Share Repurchase Mandate is set out on pages 13 to 15 of this circular.
12. The Company's Articles of Association empowers Directors to allot unissued shares. Under the Companies Ordinance, a company issuing shares (or granting rights to subscribe for, or converting any securities into shares) for cash must offer its shareholders the first opportunity to subscribe for such shares or rights save where the shareholders have granted its (general or specific) approval. The Listing Rules further restrict the maximum number of shares to be allotted shall not exceed 20% of a listed issuer's then issued shares, without differentiating between cash and non-cash issuances.
13. The Board noted concerns expressed over cash issuance exercises in the market, particularly as regards the frequency and size of such issuances. The Board aims to strike a balance with business flexibility and the need to raise capital quickly in a cost-effective way which, in turn, enhance the Company's growth.
14. The Board therefore reduces the number of equity securities to be issued to 10% (whether wholly or partly for cash or otherwise). This is below the maximum limit permitted under the Listing Rules and in line with international best practices.
15. The Company has not issued any new shares pursuant to the Share Issue Mandate granted in previous general meetings in the past decade, other than pursuant to: (i) the scrip dividend alternative; and (ii) the exercise of the options granted under the Company's share option schemes.
16. The Directors wish to state that they have no immediate plan to issue any new shares other than relating to scrip dividends and exercise of employee share options as described above.

BUSINESSES OF THE MEETING AND BOARD RECOMMENDATIONS

BOARD RECOMMENDATIONS


17. The Directors consider that each of the Resolutions (1) to (6) as set out in the Notice of AGM is in the best interests of the Company and its shareholders as a whole, accordingly, recommend shareholders to vote in favour of the proposed resolutions.

RIGHT TO DEMAND A POLL

18. On a poll, every member present in person (or in the case of a corporation by its corporate representative) or by proxy (including where more than one proxy is appointed) shall have one vote for each share in the Company of which he/she is the holder. All shareholders, corporate representatives or proxies who attend the AGM will be given voting papers upon their registration at the AGM. You can cast your votes either for or against each resolution in respect of the number of shares held under your name.
19. Under the Listing Rules, all votes at the AGM are required to be taken by poll. Accordingly, the Chairman of the AGM will demand a poll regarding the voting for all the resolutions set out in the Notice of AGM. The results of the poll will be published on the website of the Company and the designated issuer website of the Stock Exchange after market close on the day of the AGM.

INFORMATION ON DIRECTORS PROPOSED TO BE RE-ELECTED

Information on Directors standing for re-election at the AGM is set out below:

	Director since	Board committee membership	Emoluments received in 2017 (HK\$)	Interests in shares within the meaning of Part XV of Securities and Futures Ordinance (“SFO”) as at 23 March 2018 (the “Latest Practicable Date”)
Lau Lawrence Juen-Yee <i>Independent Non-Executive Director</i> Age: 73	2014	Member of Nomination Committee	245,000.00	Nil

Professor Lau is currently Ralph and Claire Landau Professor of Economics at The Chinese University of Hong Kong. He serves as Chairman of the Board of Directors for The Chinese University of Hong Kong (Shenzhen) Finance Institute, aka Shenzhen Finance Institute. He is also an independent non-executive director of AIA Group Limited, CNOOC Limited and Far EasTone Telecommunications Co., Ltd. (listed on the Taiwan Stock Exchange).

Professor Lau received his B.S. degree (with Great Distinction) in Physics from Stanford University and his M.A. and Ph.D. degrees in Economics from the University of California at Berkeley. He joined the faculty of the Department of Economics at Stanford University in 1966, and had a long and distinguished career there. Upon his retirement in 2006, he became Kwoh-Ting Li Professor in Economic Development, Emeritus, at Stanford University. From 2004 to 2010, Professor Lau served as Vice-Chancellor (President) of The Chinese University of Hong Kong. From September 2010 to September 2014, he served as Chairman of CIC International (Hong Kong) Co., Limited, a subsidiary of China Investment Corporation. Professor Lau was also a non-executive director of Semiconductor Manufacturing International Corporation.

Professor Lau is a member of the Exchange Fund Advisory Committee of the Hong Kong Monetary Authority, Chairman of its Governance Sub-committee and member of its Currency Board Sub-committee and Investment Sub-committee, Vice-Chairman of Our Hong Kong Foundation, a member and Chairman of the Prize Recommendation Committee, LUI Che Woo Prize Company and a member of Hong Kong Trade Development Council (HKTDC) Belt and Road Committee. He was appointed a Justice of the Peace in July 2007, awarded the Gold Bauhinia Star in 2011 by the Government of the Hong Kong Special Administrative Region and served as a member of the 12th National Committee of the Chinese People's Political Consultative Conference and a Vice-Chairman of its Economics Sub-committee. He was appointed an Independent Non-Executive Director in December 2014.

INFORMATION ON DIRECTORS PROPOSED TO BE RE-ELECTED

Professor Lau's spouse is Partner in-charge, Tax, Hong Kong, at KPMG China, and a board member of KPMG China. KPMG is a tenant of the Group and provides taxation services principally as tax representative of the Company and certain subsidiaries, which are routine services in nature. Mrs. Lau has not been involved in any business negotiations with the Group, or in the provision of any services, and will refrain from doing so.

Professor Lau has confirmed to the Board his independence as regard each of the factors referred to in Rule 3.13(1) to (8) of the Listing Rules. He has no relationship with any Directors, senior management, substantial or controlling shareholders of the Company. The Board is not aware of any circumstance that might influence Professor Lau in exercising independent judgment in light of the circumstances, including (i) Professor Lau's background, experience, achievements, as well as character; (ii) the nature of the Company's relationship with KPMG and Mrs. Lau's roles as described above, and is satisfied that he has the required character, integrity, independence and experience to fulfill the role of an Independent Non-Executive Director.

Professor Lau received Director fee of HK\$225,000 and a fee of HK\$20,000 for serving as member of the Nomination Committee in 2017.

Save as disclosed above, there is no other matter that needs to be brought to the attention of the shareholders or other information that should be disclosed under Rule 13.51(2) of the Listing Rules.

INFORMATION ON DIRECTORS PROPOSED TO BE RE-ELECTED



	Director since	Board committee membership	Emoluments received in 2017 (HK\$)	Interests in shares within the meaning of Part XV of SFO as at the Latest Practicable Date
Lee Tze Hau Michael <i>Non-Executive Director</i> Age: 56	2010	Member of Remuneration Committee	265,000.00	Nil

Mr. Lee is currently a director of Oxer Limited, a private investment company. He is also an independent non-executive director of Chen Hsong Holdings Limited, Trinity Limited; and a Steward of The Hong Kong Jockey Club. He was previously an independent non-executive director of Hong Kong Exchanges and Clearing Limited and an independent non-executive director and chairman of OTC Clearing Hong Kong Limited. Mr. Lee was also a member of the Main Board and Growth Enterprise Market Listing Committees of The Stock Exchange of Hong Kong Limited. Mr. Lee is a member of the founding Lee family, a director of Lee Hysan Estate Company, Limited and a director of Lee Hysan Company Limited. (Lee Hysan Estate Company, Limited, a wholly-owned subsidiary of Lee Hysan Company Limited, is a substantial shareholder of the Company.) He joined the Board in January 2010, having previously served as a Director from 1990 to 2007. Mr. Lee received his Bachelor of Arts Degree from Bowdoin College and his Master of Business Administration Degree from Boston University.

Mr. Lee received Director fee of HK\$225,000 and a fee of HK\$40,000 for serving as member of the Remuneration Committee in 2017.

Save as disclosed above, Mr. Lee has no relationship with any Directors, senior management, substantial or controlling shareholders of the Company. There is no other matter that needs to be brought to the attention of the shareholders or other information that should be disclosed under Rule 13.51(2) of the Listing Rules.

INFORMATION ON DIRECTORS PROPOSED TO BE RE-ELECTED



	Director since	Board committee memberships	Emoluments received in 2017 (HK\$)	Interests in shares within the meaning of Part XV of SFO as at the Latest Practicable Date
Poon Chung Yin Joseph <i>Independent Non-Executive Director</i> Age: 63	2010	Chairman of Audit Committee, Member of Nomination Committee, Remuneration Committee and Strategy Committee	445,603.00	Nil

Mr. Poon is group managing director and deputy chief executive officer of a private company and an independent non-executive director of AAC Technologies Holdings Inc. He was formerly managing director and deputy chief executive of Hang Seng Bank Limited and had held senior management posts in HSBC Group and a number of international renowned financial institutions. Mr. Poon was the former chairman of Hang Seng Index Advisory Committee, Hang Seng Indexes Company Limited, a former member of the Board of Inland Revenue of Hong Kong Special Administrative Region and the Environment and Conservation Fund Investment Committee, and a former committee member of the Chinese General Chamber of Commerce. Mr. Poon holds a Bachelor of Commerce degree from the University of Western Australia, is a member of Chartered Accountants Australia and New Zealand, and the Hong Kong Institute of Certified Public Accountants. Mr. Poon is also a Fellow of the Hong Kong Institute of Directors. He was appointed an Independent Non-Executive Director in January 2010.

Mr. Poon has confirmed to the Board his independence as regard each of the factors referred to in Rule 3.13(1) to (8) of the Listing Rules. He has no relationship with any Directors, senior management, substantial or controlling shareholders of the Company. The Board is not aware of any circumstance that might influence Mr. Poon in exercising independent judgment, and is satisfied that he has the required character, integrity, independence and experience to fulfill the role of an Independent Non-Executive Director.

Mr. Poon received Director fee of HK\$225,000 and a fee of HK\$220,603 for serving as chairman of Audit Committee, and member of the Nomination Committee, Remuneration Committee and Strategy Committee in 2017.

Save as disclosed above, there is no other matter that needs to be brought to the attention of the shareholders or other information that should be disclosed under Rule 13.51(2) of the Listing Rules.

INFORMATION ON DIRECTORS PROPOSED TO BE RE-ELECTED

Notes:

1. On an annual basis, the Board reviews the performance of the Directors to ensure they are contributing to the Board in a manner that allows them to perform their responsibilities to the Company and that they are spending sufficient time doing so. Through this review, the Board was satisfied that the Directors for re-election had a strong commitment to the Company and positively contributed to the Board through their participation in the Company's affairs and the Board's discussions and decisions, as reflected in their high attendance record on the Board and its Committee meetings during the year.
2. Details of the Director emoluments for year 2017 are set out in "Remuneration Committee Report" and notes to the consolidated financial statements set out in the Annual Report 2017. The amount stated in these sections represent total cash received.
3. Last revision of annual Director fees for serving on the Board and certain of its Committees were approved by the shareholders in annual general meeting held on 13 May 2016 having given consideration to the level of responsibility, experience, abilities required of the Directors, level of care and amount of time needed to be spent, and fees offered for similar positions in companies requiring the same talent. Executive Director(s) do not receive Director fee. Save as disclosed above, the Directors received no other compensation from the Group in 2017.
4. No Director proposed for re-election at the AGM has a service contract with the Company or any of its subsidiaries that is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

EXPLANATORY STATEMENT ON PROPOSED SHARE REPURCHASE 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 Repurchase Mandate to be granted to the Directors of the Company.

Share Capital

1. As at the Latest Practicable Date, the Company has a total of 1,045,936,225 issued shares.
2. On the basis that no further shares are issued or repurchased prior to the AGM, the Directors would be authorised to repurchase a maximum of 104,593,622 shares.

Reasons for Repurchase

3. The Directors believe that the Share Repurchase Mandate is in the best interests of the Company and its shareholders.
4. Such purchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net assets and/or earnings per share and will only be made when the Directors believe that such a purchase will benefit the Company and its shareholders.

Funding of Repurchase

5. In repurchasing shares, the Company may only apply funds legally available for such purpose in accordance with its Articles of Association and the laws of Hong Kong. Such funds may include the distributable profits of the Company and/or the proceeds of a new issue of shares made for the purpose of the repurchase.
6. In the event that the proposed share repurchases is exercised in full, there might have a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the Annual Report 2017 and Financial Statements for the year ended 31 December 2017). However, the Directors do not propose to exercise the Share Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

EXPLANATORY STATEMENT ON PROPOSED SHARE REPURCHASE MANDATE

Share Prices

7. The highest and lowest prices at which the shares have traded on the Stock Exchange during each of the previous 12 months and as at the Latest Practicable Date were as follows:

	Highest	Lowest
	<i>HK\$</i>	<i>HK\$</i>
Year 2017		
March	36.95	34.65
April	37.20	35.25
May	37.40	35.70
June	38.00	36.15
July	37.80	35.95
August	37.90	35.60
September	38.20	35.70
October	38.20	36.25
November	42.05	37.90
December	42.95	40.20
Year 2018		
January	46.00	41.40
February	46.00	42.30
23 March (Latest Practicable Date)	44.35	40.05

Undertaking

8. The Directors have undertaken to the Stock Exchange to exercise the power of the Company to repurchase its own shares pursuant to resolution 6 in accordance with the Listing Rules and the laws of Hong Kong.
9. None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, their close associates (as defined in the Listing Rules), have any present intention to sell any shares to the Company under the Share Repurchase Mandate if such mandate is approved by the shareholders.
10. No core connected person (as defined in the Listing Rules) has notified the Company that he/she has a present intention to sell shares to the Company or has undertaken not to do so in the event that the Share Repurchase Mandate is approved by the shareholders.

EXPLANATORY STATEMENT ON PROPOSED SHARE REPURCHASE MANDATE

The Codes on Takeovers and Mergers and Share Buy-backs (the “Takeovers Code”)

11. If, as a result of share repurchases by the Company, a shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. As a result, a shareholder or group of shareholders acting in concert could, depending on the level of increase of shareholders' interest, obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code.
12. As at the Latest Practicable Date, Lee Hysan Estate Company, Limited (“LHE”) is the substantial shareholder of the Company, which is interested in approximately 41.41% of the issued shares of the Company. Lee Hysan Company Limited (“LHC”), being LHE's holding company, is also deemed to have the same interests pursuant to the SFO. In the event that the Directors exercise in full the power to repurchase shares which are proposed to be granted pursuant to the Share Repurchase Mandate, the shareholding of LHC and LHE would be increased to approximately 46.01%.
13. Such increase will give rise to an obligation to make a mandatory offer under Rule 26 of the Takeovers Code. The Directors have no present intention to exercise the Share Repurchase Mandate to such an extent as would result in takeover obligations.
14. Save as disclosed above, the Directors are not aware of any shareholder or group of shareholders acting in concert, who may become obliged to make a mandatory offer under Rule 26 of the Takeovers Code as a consequence of any purchases pursuant to the Share Repurchase Mandate.

Share Repurchase made by the Company

15. The Company has not made any repurchase of the shares during the six months prior to the Latest Practicable Date.