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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 N101, Hong Kong Convention and Exhibition Centre, 1 Expo Drive, Wanchai, Hong Kong (use Expo Drive Entrance) on Thursday, 16 May 2019 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 2019

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**

Wong Ching Ying Belinda**

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 2019

Dear Shareholders,

On behalf of the Board, it is my pleasure to invite you to our AGM on Thursday, 16 May 2019 at 12:00 noon.

Notice of the AGM is set out on pages 2 to 4 of this circular. Details of the business to be considered at the AGM, together with the Board recommendations on the proposed resolutions, are set out on pages 5 to 8 of this circular.

You are advised to read this circular. If you are not able to attend the AGM, you are encouraged to complete the enclosed form of proxy to appoint a proxy to attend and vote on your behalf at the AGM.

We look forward to meeting you at the AGM.

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 N101, Hong Kong Convention and Exhibition Centre, 1 Expo Drive, Wanchai, Hong Kong (use Expo Drive Entrance) on Thursday, 16 May 2019 at 12:00 noon for the following purposes:

1. To receive and consider the Statement of Accounts for the year ended 31 December 2018 together with the Reports of Directors and Auditor thereon.
2. To re-elect Directors.
3. To approve revision of annual fees payable to Non-Executive Directors (such revision to take effect from 1 June 2019 and fees for the financial year ending 31 December 2019 be adjusted accordingly on a pro-rata basis) and such revised annual fees to remain the same until the Company in general meeting otherwise determines:

	per annum <i>HK\$</i>
Board of Directors	
Non-Executive Director	280,000
Audit and Risk Management Committee	
Chairman	180,000
Member	108,000
Remuneration Committee	
Chairman	75,000
Member	45,000
Nomination Committee	
Chairman	50,000
Member	30,000

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 or options 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 and options which would or might require the exercise of such powers after the end of the Relevant Period;

NOTICE OF ANNUAL GENERAL MEETING

- (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
- (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 2019

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/her 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 Friday, 10 May 2019 to Thursday, 16 May 2019, 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 Thursday, 9 May 2019.
4. Detailed information on the business to be transacted at the Meeting is set out in the section “Business of the Meeting” 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.

BUSINESS OF THE MEETING

RESOLUTION 1 – RECEIVING 2018 FINANCIAL STATEMENTS

1. The full audited financial statements together with the Reports of Directors and Auditor thereon, are set out on pages 121 to 174, pages 108 to 114 and pages 117 to 120 of the Annual Report 2018.
2. The audited financial statements have been reviewed by the Audit and Risk Management Committee. A report of the Audit and Risk Management Committee is set out on pages 80 to 84 of the Annual Report 2018.

RESOLUTION 2 – RE-ELECTION OF DIRECTORS

3. Churchouse Frederick Peter, Jebesen Hans Michael, Lee Anthony Hsien Pin and Lee Chien 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. According to Article 97 of the Company's Articles of Association, a Director appointed either to fill a casual vacancy or as an addition to the Board shall hold office only until the next following annual general meeting. In the regard, Wong Ching Ying Belinda will retire and, being eligible, offer herself for re-election at the AGM.
5. The Nomination Committee, having reviewed the Board's composition, nominated Mr. Churchouse, Mr. Jebesen, Mr. Anthony Lee, Mr. Chien Lee and Ms. Wong to the Board for it to recommend to shareholders for re-election at the AGM.
6. The nominations were made in accordance with the Nomination Policy and the diversity aspects (including without limitation, gender, age, cultural/educational and professional background, skills, knowledge and experience), as set out under the Diversity Policy. The Nomination Committee and the Board had also taken into account their respective contributions to the Board and their commitment to their roles. They were satisfied with the independence of each of the Independent Non-Executive Directors who have offered themselves for re-election at the AGM (namely Mr. Churchouse and Ms. Wong), having regard to the independence criteria as set out in Rule 3.13 of the Listing Rules. Both Mr. Churchouse and Ms. Wong have confirmed to the Company that they continue to be independent.
7. Details of the background information (including the number of other public companies directorships held by the Directors) on the retiring Directors who are proposed for re-election are set out on pages 9 to 14 of this circular.
8. Directors' interests in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance ("**SFO**") as at 25 March 2019, being the latest practicable date prior to the printing of this circular for ascertaining information referred to in this circular ("**Latest Practicable Date**"), are set out on pages 9 to 14 of this circular.
9. Further information about the Board's composition and diversity (including their gender, age, skills/ experience and length of services), and Directors' attendance record at Board/Committee meetings are disclosed in the Corporate Governance Report of the Annual Report 2018.

BUSINESS OF THE MEETING

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

10. It is proposed to increase annual fees payable to Non-Executive Directors. In making such revision to remuneration arrangements, the Remuneration Committee considered an overall review of the Group's compensation structure for Non-Executive Directors, conducted by an independent global consultancy company specialising in human resources and compensation. The Remuneration Committee also considered factors specific to the Company's position, including the full Board has assumed the role of the Strategy Committee to participate and contribute in setting and reviewing long term strategy; the Audit and Risk Management Committee has increasingly important role to support the Board in monitoring the Group's risks; as well as the level of responsibility, experience and abilities required of the Directors, level of care and amount of time required, as well as fees offered for similar positions in companies requiring the same talent. The proposed increases serve to reflect the time commitment and workload of the Non-Executive Directors.
11. The revised fees shall take effect from 1 June 2019 (and be payable on a pro-rata basis for the financial year ending 31 December 2019) and shall remain the same until the Company in general meeting otherwise determines.
12. The Remuneration Committee recommends, and the Board endorsed and proposed, changes to the remuneration of the Non-Executive Directors as set out below for Shareholders' approval at the AGM:

	HK\$ per annum	
	Current	Proposed
Board of Directors		
Non-Executive Director	250,000	280,000
Audit and Risk Management Committee		
Chairman	135,000	180,000
Member	70,000	108,000
Remuneration Committee		
Chairman	60,000	75,000
Member	40,000	45,000
Nomination Committee		
Chairman	30,000	50,000
Member	20,000	30,000

BUSINESS OF THE MEETING

RESOLUTION 4 – RE-APPOINTMENT OF AUDITOR

13. The Audit and Risk Management 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 2019.

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

14. At the last annual general meeting of the Company held on 8 May 2018, 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 were introduced in 2018, 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**").
15. 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 15 to 17 of this circular.
16. 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.
17. 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.
18. The Board therefore reduces the amount 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.

BUSINESS OF THE MEETING

19. The Company has not issued any new shares pursuant to the Share Issue Mandate granted in previous general meetings in the past decade. The Company has only issued new shares pursuant to: (i) the scrip dividend alternative; and (ii) the exercise of the options granted under the Company's share option schemes.
20. 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.

BOARD RECOMMENDATIONS

21. 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.

VOTING ARRANGEMENT

22. Pursuant to Rule 13.39(4) of the Listing Rules, all resolutions set out in the notice of the AGM will be decided by poll. The chairman of the AGM will demand, pursuant to Article 78 of the Company's Articles of Association, that all resolutions set out in the notice of the AGM be decided by poll.
23. On a poll, every shareholder present in person or by proxy shall have one vote for every share held by that shareholder. An explanation of the detailed procedures of voting by poll will be provided to the shareholders at the AGM. The results of the poll will be published on the Company's and the Stock Exchange's websites after market close on the AGM date.

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 2018 (HK\$)	Interests in shares within the meaning of Part XV of SFO as at the Latest Practicable Date
Churchouse Frederick Peter <i>Independent Non-Executive Director</i> Age: 69	Member of Audit and Risk Management Committee	309,659	Nil

Mr. Churchouse has been involved in Asian securities and property investment markets for more than 30 years. Currently, he is a private investor including having his own private family office company, Portwood Company Ltd. He is an independent non-executive director of Longfor Group Holdings Limited (formerly known as Longfor Properties Co. Ltd). He is also the publisher and author of *The Churchouse Letter*. In 2004, Mr. Churchouse set up an Asian investment fund under LIM Advisors. He acted as a director of LIM Advisors and as Responsible Officer until the end of 2009. Prior to this, Mr. Churchouse worked at Morgan Stanley as a managing director and advisory director from early 1988. He acted in a variety of roles including head of regional research, regional strategist and head of regional property research. He was also a board member of Macquarie Retail Management (Asia) Limited. Mr. Churchouse gained a Bachelor of Arts degree and a Master of Social Sciences degree from the University of Waikato in New Zealand. He was appointed an Independent Non-Executive Director in December 2012.

Mr. Churchouse 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. Churchouse 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. Churchouse received Director fee of HK\$239,659 and a fee of HK\$70,000 for serving as member of the Audit and Risk Management Committee in 2018.

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 2018 (HK\$)	Interests in shares within the meaning of Part XV of SFO as at the Latest Practicable Date
Jebsen Hans Michael <i>B.B.S.</i> <i>Non-Executive Director</i> Age: 62	1994	Nil	269,659	2,534,300 shares (Personal and corporate interests) <i>(Note 1)</i>

Mr. Jebsen is chairman of Jebsen and Company Limited as well as a director of other Jebsen Group companies worldwide. He is also an independent non-executive director of The Wharf (Holdings) Limited.

Mr. Jebsen currently holds a number of public offices, namely, chairman of the Asian Cultural Council Hong Kong, chairman of the Advisory Council of the Business School of The Hong Kong University of Science and Technology, a trustee of World Wide Fund for Nature Hong Kong and a member of Board of Trustees of Asia Society Hong Kong Center, Hong Kong-Europe Business Council of the Hong Kong Trade Development Council as well as Advisory Board of the Hong Kong Red Cross. Since 2015, he has also been a member of the Operations Review Committee of the Independent Commission Against Corruption.

Mr. Jebsen was awarded the Bronze Bauhinia Star by the Government of the Hong Kong Special Administrative Region in 2001, made a Knight of the Dannebrog by receiving the Silver Cross of the Order of Dannebrog by H. M. The Queen of Denmark in 2006, was awarded the Merit Cross of the Order of the Merit of the Federal Republic of Germany in 2009, received the title "Hofjægermester" by H. M. The Queen of Denmark in January 2011 and was awarded the Knight of 1st Class of the Order of Dannebrog, Denmark in 2014. In 2015, Mr. Jebsen was awarded Doctor of Business Administration honoris causa of The Hong Kong University of Science and Technology. He was appointed a Non-Executive Director in 1994.

Mr. Jebsen received Director fee of HK\$239,659 and a fee of HK\$30,000 for serving as member of the then Strategy Committee in 2018.

Save as disclosed above, Mr. Jebsen has no relationships 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 membership	Emoluments received in 2018 (HK\$)	Interests in shares within the meaning of Part XV of SFO as at the Latest Practicable Date
Lee Anthony Hsien Pin <i>Non-Executive Director</i> Age: 61	1994	Member of Audit and Risk Management Committee	309,659	Nil

Mr. Lee is a director and substantial shareholder of the Australian-listed Beyond International Limited, principally engaged in television programme production and international sales of television programmes and feature films. He is also a non-executive director of Television Broadcasts Limited. Mr. Lee is a member of the founding Lee family and a director of Lee Hysan Company Limited, a substantial shareholder of the Company. He is the brother of Ms. Lee Irene Yun-Lien, Chairman. Mr. Lee received a Bachelor of Arts Degree from Princeton University and a Master of Business Administration Degree from The Chinese University of Hong Kong. He was appointed a Non-Executive Director in 1994.

Mr. Lee received Director fee of HK\$239,659 and a fee of HK\$70,000 for serving as member of the Audit and Risk Management Committee in 2018.

Save as disclosed above, Mr. Lee has no relationships 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 membership	Emoluments received in 2018 (HK\$)	Interests in shares within the meaning of Part XV of SFO as at the Latest Practicable Date
Lee Chien <i>Non-Executive Director</i> Age: 65	1988	Member of Nomination Committee	289,659	800,000 Shares (Personal Interests)

Mr. Lee is a private investor and a non-executive director of Swire Pacific Limited and a number of private companies. He is a member of the founding Lee family and a director of Lee Hysan Company Limited, a substantial shareholder of the Company. Mr. Lee is a Council member of The Chinese University of Hong Kong and St. Paul's Co-educational College and a Trustee Emeritus of Stanford University. He is also a director of Stanford Health Care and CUHK Medical Centre. Mr. Lee received a Bachelor of Science Degree in Mathematical Science, a Master of Science Degree in Operations Research and a Master of Business Administration Degree from Stanford University. Mr. Lee was appointed a Non-Executive Director in 1988.

Mr. Lee received Director fee of HK\$239,659 and a fee of HK\$50,000 for serving as member of the Nomination Committee and the then Strategy Committee in 2018.

Save as disclosed above, Mr. Lee has no relationships 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 membership	Emoluments received in 2018 (HK\$)	Interests in shares within the meaning of Part XV of SFO as at the Latest Practicable Date
Wong Ching Ying Belinda <i>Independent</i> <i>Non-Executive Director</i> Age: 47	2018	Nil	9,590	Nil

Ms. Wong is currently the chief executive officer of Starbucks China. Ms. Wong joined Starbucks Coffee Company in 2000 and held leadership positions across a variety of business units and geographies, including marketing director for the Asia Pacific region of Starbucks Coffee, managing director of Starbucks Singapore and general manager of Starbucks Hong Kong. Prior to joining Starbucks group in 2000, Ms. Wong was the marketing manager of McDonald's China Development Company. She has extensive experience in retail, food and beverage, people, brand development and growth strategy across the Greater China and Asia Pacific regions. Ms. Wong holds a Bachelor of Commerce degree with a major in finance from the University of British Columbia (UBC) in Canada. She serves as a member on the Faculty Advisory Board for UBC's Sauder School of Business. She was appointed an Independent Non-Executive Director in December 2018.

Ms. Wong is also a director of certain entities of Starbucks Coffee Company. Starbucks Hong Kong is a tenant of the Group. Starbucks China is also a tenant of a commercial complex located in Shanghai, the People's Republic of China owned by an associate of the Company. The revenue or profit derived from those leases, either directly as retail sector revenue or indirectly as share of results of an associate, are immaterial to the Group. During her term as Independent Non-Executive Director of the Company, Ms. Wong will abstain from voting on any Board resolution in relation to any business dealings with Starbucks group.

Ms. Wong has confirmed to the Board her independence as regard each of the factors referred to in Rule 3.13(1) to (8) of the Listing Rules. She has no relationship with any Directors, senior management, substantial or controlling shareholders of the Company. The Board and its Nomination Committee had assessed the independence of Ms. Wong in light of the circumstances, including (i) Ms. Wong's background, experience, achievements, as well as character; (ii) the nature of the Company's relationship with Starbucks group and Ms. Wong's roles as described above; and is satisfied that she has the required character, integrity, independence and experience to fulfill the role of an Independent Non-Executive Director.

Ms. Wong received Director fee of HK\$9,590 on a pro-rata basis in 2018.

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. 60,984 shares were held by Jebsen Hans Michael personally and 2,473,316 shares were held by a corporation in which he was a member entitled to exercise no less than one-third of the voting power at general meeting.
2. 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. All of them also commit to Hysan that they will be able to give sufficient time and attention to meeting the high expectations placed upon them.
3. Details of the Director emoluments for year 2018 are set out in "Remuneration Committee Report" and notes to the consolidated financial statements set out in the Annual Report 2018. The amount stated in these sections represent total cash received.
4. The Audit Committee was renamed as Audit and Risk Management Committee with effect from 21 February 2019 to reflect and emphasise its important role of assessing and making recommendations on the Group's risk appetite, profile and tolerance. Details are set out in Annual Report 2018.
5. The Board had resolved to assume the role of the Strategy Committee and incorporate the Company's strategy discussions as an integral part of the Board meetings. Accordingly, the Strategy Committee was discontinued and assumed by the Board with effect from 1 January 2019. The full Board is involved in setting and reviewing longer-term directional strategy for the growth of the Group. Details are set out in Annual Report 2018.
6. 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 1,046,501,891 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 104,650,189 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 2018 and Financial Statements for the year ended 31 December 2018). 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 of 2018		
March	44.35	40.05
April	45.95	40.75
May	46.35	43.00
June	46.90	43.80
July	43.95	41.80
August	43.30	39.30
September	41.65	38.45
October	40.35	36.00
November	40.10	36.55
December	39.30	37.25
Year of 2019		
January	41.95	36.30
February	43.50	40.30
25 March (Latest Practicable Date)	42.55	40.15

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 Company Limited is the substantial shareholder of the Company, which is interested in approximately 41.39% of the issued shares of the Company. 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 Lee Hysan Company Limited would be increased to approximately 45.99%.
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.