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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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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  
RE-ELECTION OF DIRECTORS  
AND  
GENERAL MANDATES TO ISSUE AND TO REPURCHASE SHARES**

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The notice convening the annual general meeting of the Company (“AGM” or “Annual General Meeting” or “Meeting”) is set out in this circular on pages 2 to 3.

**Due to concerns over large gatherings during the COVID-19 epidemic, the upcoming AGM will not serve beverages or distribute souvenirs. All sums earmarked for such have been donated to charity to support those affected by COVID-19 in Hong Kong.**

31 March 2020

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LETTER FROM THE BOARD OF DIRECTORS

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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)

**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*

31 March 2020

Dear Shareholders,

The Company's AGM will be held on Wednesday, 13 May 2020 at 12:00 noon. Notice of the AGM is set out on pages 2 to 3. Information regarding the business to be considered at the AGM is set out on pages 4 to 6.

You are advised to read this circular. If you do not plan to attend the AGM, I encourage you to appoint a proxy to attend and vote on your behalf at the AGM. In light of the epidemic situation of COVID-19, shareholders may consider appointing the Chairman of the AGM as his/her proxy to vote on the resolutions, instead of attending the AGM in person. The Board considers that the proposed resolutions as set out in the notice of the AGM are in the best interests of the Company and its shareholders as a whole, and recommends you vote in favour of all the resolutions.

If you have any questions concerning the AGM, please contact the Company's Registrar (telephone: +852 2980 1333).

Yours faithfully,

**Lee Irene Yun-Lien**

*Chairman*

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## NOTICE OF ANNUAL GENERAL MEETING

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**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 Wednesday, 13 May 2020 at 12:00 noon for the following purposes:

1. To receive and consider the Statement of Accounts for the year ended 31 December 2019 together with the Reports of Directors and Auditor thereon.
2. To re-elect Directors.
3. To re-appoint Deloitte Touche Tohmatsu as Auditor and authorize the Directors to fix their remuneration.

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

### ORDINARY RESOLUTIONS

4. **“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 authorize 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;
  - (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

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## NOTICE OF ANNUAL GENERAL MEETING

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- (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 recognized regulatory body or any stock exchange in, any territory outside Hong Kong).”

5. **“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

- (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, 31 March 2020

*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. In light of the epidemic situation of COVID-19, shareholders may consider appointing the Chairman of the AGM as his/her proxy to vote on the resolutions, instead of attending the AGM in person. Due to concerns over large gatherings during the COVID-19 epidemic, the upcoming AGM will not serve beverages or distribute souvenirs. Any person who does not comply with the precautionary measures to be taken at the AGM, or is subject to any HKSAR Government prescribed quarantine may be denied entry into the meeting venue.
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 54, 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, 8 May 2020 to Wednesday, 13 May 2020, 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 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:00 p.m. on Thursday, 7 May 2020.
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 or “extreme conditions after super typhoons” announced by the HKSAR Government is/are in force at or at any time between 9:00 a.m. and 12:00 noon on the date of the Meeting, or in the event that the COVID-19 situation requires the date of the AGM to be changed, the Meeting will be automatically postponed or adjourned. The Company will post an announcement on the Company's website ([www.hysan.com.hk](http://www.hysan.com.hk)) and the Stock Exchange's website ([www.hkexnews.hk](http://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.

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## BUSINESS OF THE MEETING

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### RESOLUTION 1 – RECEIVING 2019 FINANCIAL STATEMENTS

1. The full audited financial statements together with the Reports of Directors and Auditor thereon, are set out on pages 115 to 170, pages 102 to 108 and pages 111 to 114 of the Annual Report 2019.
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 74 to 77 of the Annual Report 2019.

### RESOLUTION 2 – RE-ELECTION OF DIRECTORS

3. Lee Irene Yun-Lien, Fan Yan Hok Philip, Lee Tze Hau Michael and Lau Lawrence Juen-Yee will retire at the AGM. Lau Lawrence Juen-Yee has informed the Board that he will not stand for re-election and accordingly will retire as Independent Non-Executive Director after the conclusion of the forthcoming AGM. The other retiring Directors, being eligible, offer themselves for re-election at the AGM in accordance with Article 114 of the Company's Articles of Association. Their proposed re-election will be considered by separate resolutions.
4. The Nomination Committee, having reviewed the Board's composition, nominated Ms. Lee, Mr. Fan and Mr. Lee to the Board for it to recommend to shareholders for re-election at the AGM. Ms. Lee and Mr. Fan who are members of the Nomination Committee, abstained from voting at the Nomination Committee meeting when his/her own nomination was being considered.
5. 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) with due regard for the benefits of diversity, as set out under the Diversity Policy. The Nomination Committee and the Board have also taken into account their respective contributions to the Board and their commitment to their roles.
6. The Nomination Committee (with Mr. Fan abstaining from the discussion given his interest), has considered the relevant independence assessment requirements set out in Rule 3.13 of the Listing Rules, and formed the view that, notwithstanding the fact that Mr. Fan has served on the Board for over 9 years, he remains independent, taking into account, amongst other things, his impartial views and comments expressed during the Board and Board Committee meetings. In addition, the unique expertise of Mr. Fan in governance, risk management, finance as well as people and culture, enable him to provide valuable and independent guidance to the Group's business. Mr. Fan does not hold any cross-directorships, nor has any significant links with other Directors through involvements in other companies or bodies that could give rise to conflicts of interests in the role of Independent Non-Executive Director of the Company, nor could affect his independent judgement. Mr. Fan has confirmed to the Company that he continues to be independent. At each of the Company's 2012, 2015, and 2017 annual general meetings, over 94% of the votes were in favour of Mr. Fan's re-election as Director. Mr. Fan attended 100% of the Board and the relevant Board Committee meetings and annual general meeting of the Company held in 2019. Accordingly, the Board has resolved that Mr. Fan continues to be independent and recommended him to be re-elected as a Director at the AGM. The re-appointment of Mr. Fan at the AGM will be made in accordance with the Corporate Governance Code as contained in Appendix 14 to the Listing Rules.

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## BUSINESS OF THE MEETING

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7. The Board is satisfied that the Directors for re-election have 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 at the Board and its Committee meetings during 2019. All of them have also committed to the Company that they will be able to give sufficient time and attention to meeting the high expectations placed upon them.
8. Details of the information on the retiring Directors who are proposed for re-election are set out on pages 7 to 9 of this circular. Information includes the number of other public companies' directorships held by the Directors, their emoluments (representing total cash) received for 2019, and their interests in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance ("**SFO**") as at 26 March 2020, being the latest practicable date prior to the printing of this circular for ascertaining information referred to in this circular ("**Latest Practicable Date**"). Details of their emoluments for year 2019 are set out in "Remuneration Committee Report" and notes to the consolidated financial statements set out in the Annual Report 2019.
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 the Board/Committee meetings are disclosed in the Corporate Governance Report of the Annual Report 2019.
10. 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).

### RESOLUTION 3 – RE-APPOINTMENT OF AUDITOR

11. 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 2020.

### RESOLUTIONS 4 AND 5 – GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES

12. At the last annual general meeting of the Company held on 16 May 2019, 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 4** – 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

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## BUSINESS OF THE MEETING

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- **Resolution 5** – 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**").
13. 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 10 to 11 of this circular.
  14. The Company's Articles of Association empower 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 to not exceed 20% of a listed issuer's then issued shares, without differentiating between cash and non-cash issuances.
  15. 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.
  16. 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.
  17. 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.
  18. 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

19. The Directors consider that each of the Resolutions (1) to (5) 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

20. 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.
21. 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:



<b>Director since</b>	<b>Board Committee membership</b>	<b>Emoluments received for 2019 (HK\$)</b>	<b>Interests in shares within the meaning of Part XV of SFO as at the Latest Practicable Date</b>
<b>Lee Irene Yun-Lien</b> <i>Chairman</i> Age: 66	Chairman of Nomination Committee	22,947,348	354,000 shares and 3,169,400 options (Personal interests)

Ms. Lee leads the Group in her executive Chairman role. Ms. Lee is an independent non-executive director of HSBC Holdings plc, The Hongkong and Shanghai Banking Corporation Limited and Hang Seng Bank Limited. She is a Member of the Exchange Fund Advisory Committee of the Hong Kong Monetary Authority. She has held senior positions in investment banking and fund management in a number of renowned international financial institutions. Previously, Ms. Lee was an executive director of Citicorp Investment Bank Limited in New York, London and Sydney, and head of corporate finance at Commonwealth Bank of Australia and chief executive officer of Sealcorp Holdings Limited, both based in Sydney. She was also the non-executive chairman of Keybridge Capital Limited (listed on the Australian Stock Exchange), a non-executive director of ING Bank (Australia) Limited, QBE Insurance Group Limited and The Myer Family Company Pty Limited, an independent non-executive director of Noble Group Limited (listed on Singapore Exchange Limited), CLP Holdings Limited and Cathay Pacific Airways Limited, and a member of the Advisory Council of JP Morgan Australia. Ms. Lee was formerly a member of the Australian Government Takeovers Panel. She is a member of the founding Lee family, sister of Mr. Lee Anthony Hsien Pin (Non-Executive Director) and his alternate on the Board. Ms. Lee holds a Bachelor of Arts Degree from Smith College, United States of America, and is a Barrister-at-Law in England and Wales and a member of the Honourable Society of Gray's Inn, United Kingdom. She was appointed as a Non-Executive Director in March 2011, Non-Executive Chairman in May 2011, and executive Chairman in March 2012. She also serves as a director of certain subsidiaries of the Group.

Following review by the Remuneration Committee in January 2020, Ms. Lee's compensation package as Chairman for 2020 includes a fixed package (including base salary and pensions) of HK\$8,018,000 per annum, and will be entitled to a performance bonus at a level to be approved by the Remuneration Committee having regard to the performance of the Group and the individual concerned. She may also be granted long-term incentives in the form of share options. This compensation package is determined having given consideration to the level of responsibility, experience and abilities required of the Chairman and the remuneration offered for similar positions in comparable companies.

Save as disclosed above, Ms. 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.

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## INFORMATION ON DIRECTORS PROPOSED TO BE RE-ELECTED

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	<b>Director since</b>	<b>Board Committee memberships</b>	<b>Emoluments received for 2019 (HK\$)</b>	<b>Interests in shares within the meaning of Part XV of SFO as at the Latest Practicable Date</b>
<b>Fan Yan Hok Philip</b> <i>Independent Non-Executive Director</i> Age: 70	2010	Chairman of Remuneration Committee, Member of Audit and Risk Management Committee, Nomination Committee and Sustainability Committee	454,527	Nil

Mr. Fan is an independent non-executive director of China Everbright International Limited, First Pacific Company Limited, China Aircraft Leasing Group Holdings Limited and PFC Device Inc. He was previously an independent non-executive director of Guolian Securities Co., Ltd. and an independent director of Goodman Group. Mr. Fan holds a Bachelor's Degree in Industrial Engineering and a Master's Degree in Operations Research from Stanford University, as well as a Master's Degree in Management Science from the Massachusetts Institute of Technology. He was appointed as an Independent Non-Executive Director in January 2010.

Mr. Fan 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. Fan 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. Fan received Director fee of HK\$267,589 and a fee of HK\$186,938 for serving as the chairman of the Remuneration Committee, and a member of the Audit and Risk Management Committee and the Nomination Committee in 2019.

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.

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## INFORMATION ON DIRECTORS PROPOSED TO BE RE-ELECTED

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<b>Director since</b>	<b>Board Committee membership</b>	<b>Emoluments received for 2019 (HK\$)</b>	<b>Interests in shares within the meaning of Part XV of SFO as at the Latest Practicable Date</b>
<b>Lee Tze Hau Michael</b> <i>Non-Executive Director</i> Age: 58	Member of Remuneration Committee	310,521	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 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 Trinity 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 and a director of Lee Hysan Company Limited, 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\$267,589 and a fee of HK\$42,932 for serving as a member of the Remuneration Committee in 2019.

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.

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## EXPLANATORY STATEMENT ON PROPOSED SHARE REPURCHASE MANDATE

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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 1,043,600,891 issued shares of which 1,700,000 shares were repurchased and pending for cancellation.
2. After cancellation of the shares repurchased up to the Latest Practicable Date and on the basis that no further shares are issued or repurchased prior to the AGM, the Directors would be authorized to repurchase a maximum of 104,190,089 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 2019 and Financial Statements for the year ended 31 December 2019). 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.

### 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 HK\$	Lowest HK\$
<b>Year of 2019</b>		
March	42.70	40.15
April	44.65	41.60
May	44.95	39.90
June	41.55	38.60
July	42.50	37.25
August	37.45	31.50
September	33.25	30.20
October	31.80	28.35
November	31.95	28.50
December	31.05	28.65
<b>Year of 2020</b>		
January	32.10	28.85
February	30.60	28.00
26 March (Latest Practicable Date)	28.65	21.25

### 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 5 in accordance with the Listing Rules and the laws of Hong Kong.

## EXPLANATORY STATEMENT ON PROPOSED SHARE REPURCHASE MANDATE

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.

### 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 41.50% of the issued shares of the Company. After cancellation of the shares repurchased up to the Latest Practicable Date and 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 46.19%.
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 repurchased a total of 4,650,000 shares on the Stock Exchange during the six months immediately preceding the Latest Practicable Date (i.e. from 26 September 2019 to 26 March 2020) and details of which are as follows:

Date of Repurchase	Number of shares Repurchased	Price per share	
		Highest HK\$	Lowest HK\$
26 September 2019	150,000	31.20	30.65
27 September 2019	100,000	31.70	31.45
3 October 2019	300,000	31.10	30.45
4 October 2019	150,000	31.00	30.65
8 October 2019	600,000	31.00	30.10
9 October 2019	400,000	29.60	29.15
10 October 2019	100,000	28.90	28.70
11 November 2019	200,000	31.15	30.80
12 November 2019	200,000	31.00	30.70
3 December 2019	80,000	28.95	28.95
6 December 2019	100,000	30.15	30.00
9 December 2019	100,000	29.90	29.80
11 December 2019	100,000	30.30	30.05
18 December 2019	100,000	30.25	30.10
30 December 2019	270,000	31.00	30.40
9 March 2020	600,000	25.40	25.25
13 March 2020	377,000	24.60	24.10
16 March 2020	200,000	24.45	24.25
18 March 2020	123,000	23.65	23.65
19 March 2020	400,000	22.20	21.65
	4,650,000		

16. Save as disclosed above, the Company has not made any repurchase of the shares during the six months prior to the Latest Practicable Date.