



THE HONGKONG AND SHANGHAI HOTELS, LIMITED
香港上海大酒店有限公司

(Incorporated in Hong Kong with limited liability 於香港註冊成立的有限公司)

(Stock Code 股份代號: 00045)

Notice of Annual General Meeting, Re-election of Retiring Directors, General Mandates to Issue and Buy Back Shares and Revision of Directors' Fees

股東週年大會通告、 重選行將屆滿退任的董事、 發行及回購股份的一般性授權及 修訂董事袍金

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action you should take, you should consult an exchange participant or other securities dealer licensed as a licensed person under the Securities and Futures Ordinance, bank manager, solicitor, certified public accountant or other professional adviser.

If you have sold or transferred all your shares in The Hongkong and Shanghai Hotels, Limited (the "Company"), you should at once hand this circular and the attached proxy form to the purchaser or transferee or to the bank, exchange participant or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

The notice convening the Annual General Meeting of the Company to be held at The Peninsula Hong Kong, Salisbury Road, Kowloon, Hong Kong on Wednesday, 9 May 2018 at 12:00 noon is set out on pages 2 to 4 of this circular. Shareholders are advised to read the notice and to complete and return the attached proxy form in accordance with the instructions printed thereon as soon as possible and in any event so that it arrives not less than 24 hours before the time of the meeting.

One gift set will be given to each person present in person (no matter how many shares he or she represents or as the proxy for other shareholders).

6 April 2018

此乃要件 請即處理

閣下如對本通函的任何內容或應採取的行動有任何疑問，應諮詢交易所參與者或其他根據證券及期貨條例獲發牌為持牌人的證券交易商、銀行經理、律師、會計師或其他專業顧問。

閣下如已售出或轉讓名下所有的香港上海大酒店有限公司（「本公司」）股份，應立即將本通函及隨附的代表委任表格送交買主或承讓人，或經手買賣或轉讓的銀行、交易所參與者或其他代理商，以便轉交買主或承讓人。

香港交易及結算所有限公司及香港聯合交易所有限公司對本通函的內容概不負責，對其準確性或完整性亦不發表任何聲明，並明確表示，概不對因本通函全部或任何部分內容而產生或因倚賴該等內容而引致的任何損失承擔任何責任。

本公司將於2018年5月9日（星期三）正午12時假座香港九龍梳士巴利道香港半島酒店舉行股東週年大會，召開大會的通告載於本通函第12至14頁。務請各股東細閱通告並盡速按照所列印的指示填妥及交回隨附的代表委任表格，惟無論如何不得遲於大會舉行時間24小時前交回。

每位親身出席（不論本人或代表其他股東出席所持有的股份數目多少）之人士將會獲贈一份禮品。

2018年4月6日



THE HONGKONG AND SHANGHAI HOTELS, LIMITED
香港上海大酒店有限公司

(Incorporated in Hong Kong with limited liability)
(Stock Code: 00045)

Directors

Non-Executive Chairman

The Hon. Sir Michael Kadoorie

Non-Executive Deputy Chairman

Andrew Clifford Winawer Brandler

Executive Directors

Managing Director and Chief Executive Officer

Clement King Man Kwok

Chief Operating Officer

Peter Camille Borer

Chief Financial Officer

Matthew James Lawson

Registered Office

8th Floor, St. George's Building
2 Ice House Street
Central
Hong Kong

Dear Shareholders,

On behalf of the Board, it is my pleasure to invite you to our annual general meeting to be held at The Peninsula Hong Kong, Salisbury Road, Kowloon, Hong Kong on Wednesday, 9 May 2018 at 12:00 noon (the "AGM").

Notice and information regarding the business to be considered at the AGM are set out in this circular. A proxy form for use at the AGM is attached. Whether or not you intend to attend the AGM, you are advised to complete the proxy form and return it to the Company's share registrar, Computershare Hong Kong Investor Services Limited, as soon as possible, but in any case, to arrive no later than 24 hours before the time of the meeting. Completion and return of the proxy form will not preclude you from attending and voting in person at the AGM and at any adjournment thereof, should you so wish to do so.

The Board considers that the proposed resolutions as set out in the notice of AGM are in the best interests of the Company and its shareholders, and recommends you to vote in favour of the resolutions.

I will demand that each of the proposed resolutions be voted by way of a poll. The results of the poll will be posted on the websites of the Company and the Stock Exchange after the market closes on the day of the AGM.

Yours faithfully,

The Hon. Sir Michael Kadoorie

Chairman

6 April 2018

Non-Executive Directors

William Elkin Mocatta

John Andrew Harry Leigh

Nicholas Timothy James Colfer

James Lindsay Lewis

Philip Lawrence Kadoorie

Independent Non-Executive Directors

Dr the Hon. Sir David Kwok Po Li

Patrick Blackwell Paul

Pierre Roger Boppe

Dr William Kwok Lun Fung

Dr Rosanna Yick Ming Wong

Dr Kim Lesley Winser

Ada Koon Hang Tse

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of shareholders of The Hongkong and Shanghai Hotels, Limited (the “Company”) will be held at The Peninsula Hong Kong, Salisbury Road, Kowloon, Hong Kong on Wednesday, 9 May 2018 (the “AGM”) at 12:00 noon for the following purposes:

1. To receive and consider the audited Financial Statements and the Reports of the Directors and independent auditor for the year ended 31 December 2017.
2. To declare a final dividend.
3. To re-elect retiring Directors.
4. To re-appoint the auditor and authorise the Directors to fix their remuneration.

As special business, to consider and, if thought fit, pass with or without modification the following resolutions as ordinary resolutions:

5. **“THAT:**

- (a) subject to paragraph (c), a general mandate be unconditionally granted to the Directors of the Company to exercise during the Relevant Period all the powers of the Company to allot, issue and deal with additional shares in the Company and to make or grant offers, agreements, options or warrants (including securities convertible into shares of the Company) which would or might require the exercise of such powers;
- (b) the mandate in paragraph (a) shall authorise the Directors of the Company during the Relevant Period to make or grant offers, agreements, options and rights which would or might require the exercise of such powers after the end of the Relevant Period;
- (c) the total number of shares of the Company allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors of the Company pursuant to the mandate in paragraph (a), otherwise than pursuant to (i) a Rights Issue, or

(ii) any option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries 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, shall not exceed 20% of the total number of shares of the Company in issue at the date of passing this Resolution (subject to adjustment in the case of any subdivision and consolidation of shares after the passing of this Resolution) and the said mandate shall be limited accordingly; and

(d) for the purpose of this Resolution:

‘Relevant Period’ means the period from the passing of this Resolution until whichever is the earlier 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 given under this Resolution is revoked or varied by an ordinary resolution of the shareholders in general meeting.

‘Rights Issue’ means an offer of shares or an issue of options, warrants or other securities giving the right to subscribe for shares, open for a period fixed by the Directors of the Company 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 of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations 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 unconditionally granted to the Directors of the Company to exercise during the Relevant Period all the powers of the Company to buy back or otherwise acquire shares of the Company in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, provided that the total number of shares so bought back or otherwise acquired shall not exceed 10% of the total number of shares of the Company in issue at the date of passing this Resolution (subject to adjustment in the case of any subdivision and consolidation of shares after the passing of this Resolution); and

(b) for the purpose of this Resolution:

‘Relevant Period’ means the period from the passing of this Resolution until whichever is the earlier 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 given under this Resolution is revoked or varied by an ordinary resolution of the shareholders in general meeting.”

7. **“THAT,** subject to the passing of Resolutions 5 and 6 set out in the notice of this meeting, the total number of shares of the Company which are bought back or otherwise acquired by the Company pursuant to Resolution 6 shall be added to the total number of shares of the Company which may be issued pursuant to Resolution 5.”

8. **“THAT,** the ordinary remuneration of Non-Executive Directors and Independent Non-Executive Directors be respectively fixed at HK\$325,000 each per annum and HK\$375,000 each per annum with effect from 9 May 2018.”

Notes:

1. A shareholder may appoint separate proxies to attend, speak and vote in his/her stead at the AGM provided that each proxy is appointed to represent the respective number of shares held by the shareholder as specified in the relevant proxy forms. The proxy does not need to be a shareholder of the Company.
2. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the order in which the names stand in the register of members in respect of the joint holding.
3. In order to be valid, the proxy form together with the power of attorney or other authority (if any) under which it is signed or a certified copy of that power of attorney or authority must be deposited at the Company’s share registrar, Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, at least 24 hours before the time appointed for holding the AGM.
4. The register of members of the Company will be closed during the following periods:-
 - (i) from Friday, 4 May 2018 to Wednesday, 9 May 2018, both days inclusive, for the purpose of ascertaining shareholders’ entitlement to attend, speak and vote at the AGM. In order to be entitled to attend, speak and vote at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, for registration no later than 4:30 pm on Thursday, 3 May 2018.
 - (ii) from Tuesday, 15 May 2018 to Thursday, 17 May 2018, both days inclusive, for the purpose of ascertaining shareholders’ entitlement to receive the final dividend. In order to be entitled to receive the final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s share registrar, Computershare Hong Kong Investor Services Limited for registration at the address as set out in sub-paragraph (i) above no later than 4:30 pm on Monday, 14 May 2018.

During the periods mentioned in sub-paragraphs (i) and (ii) above, no transfers of shares will be registered.

By Order of the Board
Christobelle Liao
Company Secretary
6 April 2018

NOTICE OF ANNUAL GENERAL MEETING

5. Subject to the passing of the necessary resolution at the AGM, the final dividend will be payable on 22 June 2018, to shareholders whose names appear on the register of members on 17 May 2018. Shareholders will be given the option to receive their dividend in the form of scrip rather than cash.
6. The retiring Directors are Dr the Hon. Sir David Li, Mr John Leigh, Mr Nicholas Colfer, Ms Ada Tse, Mr James Lewis and Mr Philip Kadoorie who will retire at the AGM and, being eligible, have agreed to offer themselves for re-election. The re-election of these retiring Directors will be voted on individually by shareholders. Details of the Directors proposed to be re-elected at the AGM are set out in Appendix I of the circular to the shareholders dated 6 April 2018.
7. Detailed information on other business to be transacted at the AGM is set out in the circular to the shareholders dated 6 April 2018.
8. At the AGM, the Chairman will demand each of the above resolutions to the vote by way of a poll in accordance with Article 58 of the Articles of Association of the Company. The results of the poll will be posted on the websites of the Company and the Stock Exchange after the market closes on the day of the AGM.
9. **One gift set** will be given to each person present in person (no matter how many shares he or she represents or as the proxy for other shareholders).

BUSINESS OF ANNUAL GENERAL MEETING

Resolution 1 – Receiving the Audited Financial Statements

The audited Financial Statements of the Company and the Reports of the Directors and independent auditor for the year ended 31 December 2017 are set out in the 2017 Annual Report which are available in English and Chinese on the Company's website at www.hshgroup.com and the website of the Stock Exchange at www.hkexnews.hk.

The Financial Statements have been reviewed by the Audit Committee and audited by KPMG.

Resolution 2 – Declaration of Final Dividend

The Board has recommended a final dividend of 16 HK cents per share (2016: 15 HK cents per share) for the year ended 31 December 2017. Subject to the approval by shareholders at the AGM, such dividend will be payable on 22 June 2018 to shareholders whose names appear on the register of members on 17 May 2018.

The proposed final dividend will be offered with a scrip alternative for shareholders to elect to receive such final dividend wholly or partly in the form of new fully paid shares instead of in cash. The new shares to be issued pursuant to the scrip dividend scheme are subject to their listing being granted by the Listing Committee of the Stock Exchange.

A circular containing details of this scrip dividend scheme will be dispatched to shareholders together with an election form for the scrip dividend on 23 May 2018.

Resolutions 3(a) to (f) – Re-Election of Retiring Directors

In accordance with the Articles of Association of the Company, Dr the Hon. Sir David Li, Mr John Leigh and Mr Nicholas Colfer will retire at the AGM and, being eligible, have agreed to offer themselves for re-election. The Nomination Committee considered that they continue to contribute effectively.

Ms Ada Tse, Mr James Lewis and Mr Philip Kadoorie who were appointed as Directors with effect from 1 December 2017 will hold office until the AGM. They will retire at the AGM in accordance with the Articles of Association and, being eligible, have agreed to offer themselves for re-election.

Details of the retiring Directors proposed for re-election at the AGM are set out in Appendix I of this circular.

Both Dr the Hon. Sir David Li and Ms Ada Tse, being Independent Non-Executive Directors of the Company, have met the independence guidelines set out in rule 3.13 of the Listing Rules and have submitted to the Stock Exchange written confirmations concerning their independence to the Company. Sir David has served in this capacity for more than nine years and has also given annual confirmation of his independence to the Company. The Nomination Committee and the Board believe that it is not appropriate to apply an arbitrary period of service beyond which a director is assumed to have lost his or her independence. The importance is that each Independent Non-Executive Director has an independent mindset and is prepared to challenge conventional wisdom in a constructive fashion. The Nomination Committee and the Board, therefore, considered Sir David and Ms Tse to be independent.

The Nomination Committee and the Board recommended the re-election of each retiring Director as separate resolution.

BUSINESS OF ANNUAL GENERAL MEETING

Resolution 4 – Re-Appointment of Auditor

The Audit Committee has assessed the performance of the external auditor, KPMG, and recommended to the Board (which endorsed the view) that, subject to shareholders' approval at the AGM, KPMG be re-appointed as the external auditor of the Company for 2018.

Resolutions 5 to 7 – General Mandates to Issue and Buy Back Shares

At the annual general meeting of the Company held on 8 May 2017, ordinary resolutions were passed giving general mandates to Directors (i) to allot, issue and otherwise deal with shares equal to 20% of the total number of shares of the Company in issue at 8 May 2017, plus the aggregate number of shares bought back by the Company and (ii) to buy back shares of the Company on the Stock Exchange up to 10% of the total number of shares of the Company in issue as at 8 May 2017.

Under the terms of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the "Companies Ordinance") and the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), these general mandates will lapse at the conclusion of the AGM, unless renewed at that meeting. Resolutions will be proposed at the AGM to give the Directors the mandates to allot or issue new shares or to grant rights to subscribe for or convert to new shares and buy back shares in accordance with the terms of those resolutions.

Based on the 1,589,031,033 shares in issue as at 27 March 2018, being the latest practicable date prior to the printing of this circular (the "Latest Practicable Date") (and assuming that there is no change in respect of the total number of shares of the Company in issue after the Latest Practicable Date and up to the passing of the relevant resolution), the Directors will be authorised under the general mandate to issue a maximum of 317,806,206 shares, subject to adjustment in the case of any subdivision and consolidation of shares after the AGM.

The Explanatory Statement required by the Listing Rules to be sent to shareholders in connection with the proposed general mandate for the share buy-back is set out in Appendix II of this circular.

Resolution 8 – Revision of Directors' Fees

The Board has carried out a review of the level of fees payable to Non-Executive Directors ("NEDs") and Independent Non-Executive Directors ("INEDs"), being their ordinary remuneration, and has proposed a revision of fees payable to NEDs and INEDs taking into account their responsibilities, workload and time required and spent on the Board. The respective current fees payable to NEDs and INEDs were approved by the shareholders on 11 May 2016 at HK\$300,000 and HK\$350,000 each per annum. Under the proposal, the fees of the NEDs and INEDs are to be respectively fixed at HK\$325,000 and HK\$375,000 each per annum. The proposed revised level of fees has been reviewed and endorsed by Remuneration Committee and the Board, and is recommended to shareholders for approval.

In accordance with the Articles of Association of the Company, the ordinary remuneration of the Directors shall from time to time be determined by an ordinary resolution of the Company. Resolution will accordingly be proposed at the AGM to approve that the ordinary remuneration of the NEDs and INEDs be respectively fixed at HK\$325,000 and HK\$375,000 each per annum with effect from 9 May 2018. These fees will be payable to NEDs and INEDs on a pro rata basis for the financial year ending 31 December 2018.

As a matter of good corporate governance, all NEDs and INEDs who are shareholders will be asked to abstain from voting on the proposed resolution relating to their own remuneration at the AGM.

APPENDIX I

Details of retiring Directors proposed for re-election

The following are the particulars of the Directors proposed to be re-elected at the AGM:

Dr the Hon. Sir David Kwok Po Li

GBM, GBS, OBE, JP, MA Cantab. (Economics & Law), Hon. LLD (Cantab), Hon. DSc. (Imperial), Hon. LLD (Warwick), Hon. DBA (Edinburgh Napier), Hon. D.Hum.Litt. (Trinity, USA), Hon. LLD (Hong Kong), Hon. DSocSc (Lingnan), Hon. DLitt (Macquarie), Hon. DSocSc (CUHK), FCA, FCPA, FCPA (Aust.), FCIB, FHKIB, FBCS, CITP, FCIArb, Officier de l'Ordre de la Couronne, Grand Officer of the Order of the Star of Italian Solidarity, The Order of the Rising Sun, Gold Rays with Neck Ribbon, Commandeur dans l'Ordre National de la Légion d'Honneur

Dr the Hon. Sir David Kwok Po Li is an Independent Non-Executive Director and a member of the Nomination Committee of the Company. He was appointed to the Board in October 1987. Sir David is the Chairman and Chief Executive of The Bank of East Asia, Limited (listed in Hong Kong). He is an Independent Non-Executive Director of Guangdong Investment Limited, The Hong Kong and China Gas Company Limited, PCCW Limited, San Miguel Brewery Hong Kong Limited and Vitasoy International Holdings Limited (all listed in Hong Kong). He is also a Director of Hong Kong Interbank Clearing Limited. Sir David was an Independent Non-Executive Director of SCMP Group Limited (now known as Great Wall Pan Asia Holdings Limited) until June 2016. Sir David is a Member of the Council of the Treasury Markets Association. He is Founding Chairman of The Friends of Cambridge University in Hong Kong Limited, Chairman of the Advisory Board of The Salvation Army, Hong Kong and Macau Command and Chairman of the Executive Committee of St. James' Settlement. He was a Member of the Legislative Council of Hong Kong from 1985 to 2012. He is 79 years old.

John Andrew Harry Leigh

Mr John Andrew Harry Leigh is a Non-Executive Director and a member of the Executive Committee and Finance Committee of the Company. He was appointed to the Board in May 2006. Mr Leigh serves on the Boards of CLP Holdings Limited and Sir Elly Kadoorie & Sons Limited, overseeing a number of Kadoorie family interests in Hong Kong and overseas and, as such, is associated with the major shareholders of the Company. Previously, he worked in private practice as a solicitor in Hong Kong and the UK. He is 64 years old.

Nicholas Timothy James Colfer

Mr Nicholas Timothy James Colfer is a Non-Executive Director of the Company. He was appointed to the Board in May 2006. Mr Colfer is Chairman of Tai Ping Carpets International Limited and a Director of Sir Elly Kadoorie & Sons Limited, overseeing a number of Kadoorie family interests in Hong Kong and overseas and, as such, is associated with the major shareholders of the Company. He also serves on several other corporate Boards in Hong Kong. He holds a Master of Arts and has over 35 years of experience in corporate management in the Asia Pacific region, principally in real estate, manufacturing and distribution. He is 58 years old.

Ada Koon Hang Tse

Ms Ada Koon Hang Tse is an Independent Non-Executive Director and a member of the Audit Committee of the Company. She was appointed to the Board in December 2017. Ms Tse is a Senior Advisor of PineBridge Investments Asia (formerly, AIG Investments Asia). She joined AIG in 1996 and was President and Chief Executive Officer of AIG Investments Asia before assuming an advisory role in 2011. Ms Tse previously worked in financial advisory services and equity capital markets at Morgan Stanley in New York and Hong Kong. Prior to joining Morgan Stanley, she worked as a lawyer with Sullivan and Cromwell in New York. Ms Tse now serves on the Appeal Board Panel (Town Planning) and the Municipal Services Appeals Board of the Hong Kong SAR Government. She has also served on the Securities and Futures Commission Advisory Committee, Film Censorship Review Board and Travel Industry Compensation Fund Management Board. In addition, she runs her family's YangTse Foundation focusing on supporting education and arts initiatives. Ms Tse holds a BA in Applied Mathematics from Harvard University and JD from Harvard Law School. She is 51 years old.

APPENDIX I

James Lindsay Lewis

Mr James Lindsay Lewis is a Non-Executive Director of the Company. He was appointed to the Board in December 2017. Mr Lewis is an Independent Non-Executive Director of Hong Kong Aircraft Engineering Company Limited, and a Director of Sir Elly Kadoorie & Sons Limited, being involved in a number of Kadoorie family interests in Hong Kong and overseas and, as such, is associated with the major shareholders of the Company. Mr Lewis has experience in private equity, hotel, charity and aviation operations and currently serves on the Boards of several private companies in the United Kingdom, Hong Kong and the Philippines. Mr Lewis is a graduate of the Kellogg-HKUST Executive MBA program, holds a Master of Aviation Management from The University of Newcastle, Australia, a Certification of Hospitality Management from Cornell University, U.S.A. and is a Member of The Society of Trust and Estate Practitioners. He is 43 years old.

Philip Lawrence Kadoorie

Mr Philip Lawrence Kadoorie is a Non-Executive Director of the Company. He was appointed to the Board in December 2017. Mr Kadoorie is the son of The Hon. Sir Michael Kadoorie. He is a Director of Sir Elly Kadoorie & Sons Limited, overseeing a number of Kadoorie family interests in Hong Kong and overseas and, as such, is associated with the major shareholders of the Company. Mr Kadoorie holds a Bachelor of Science in Communication from Boston University. Prior to his appointment to the Board, Mr Kadoorie completed various internships in commercial property companies in London and at CLP Group in Hong Kong. He holds an FAA Commercial Pilot's License (Helicopter). He is 26 years old.

Other information on the retiring Directors proposed for re-election is set out below:

1. Unless otherwise disclosed in the individual retiring Directors' information, they i) do not hold any other position with Company or its subsidiaries; ii) have not held any directorships in any listed companies in Hong Kong or overseas in the last three years; and iii) do not have any relationships with any Directors, members of senior management or substantial or controlling shareholders of the Company.
2. Among the six retiring Directors, Dr the Hon. Sir David Li, Mr John Leigh and Mr Philip Kadoorie have interests in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance as at 31 December 2017. Their interests are disclosed in "Interests of Directors" in the Directors' Report of the Company's 2017 Annual Report and have remained unchanged as at the Latest Practicable Date.
3. The Company has not entered into any service agreements with the retiring Directors, whose terms of appointment are detailed in their respective letters of appointment. After they have been elected at the AGM, they are subject to retirement at the conclusion of the third annual general meeting following their appointments and to re-election at the annual general meeting of the Company in accordance with the Articles of Association of the Company.
4. The Directors' fees paid for the year ended 31 December 2017 and the proposed revision of NEDs and INEDs fees (subject to shareholders' approval at the AGM) to the retiring Directors are set out in the Remuneration Committee Report of the Company's 2017 Annual Report. Their fees were reviewed by the Remuneration Committee with reference to market benchmarks and taking into account relevant responsibilities and workload.
5. Save for the information set out above, there are no other matters relating to the retiring Directors that need to be brought to the attention of the shareholders of the Company and there is no other information which is required to be disclosed pursuant to rule 13.51(2) of the Listing Rules.

APPENDIX II

Explanatory Statement

The following is the Explanatory Statement required to be sent to shareholders under rule 10.06(1)(b) of the Listing Rules in connection with the proposed general mandate for the share buy-back and also constitutes the memorandum required under Section 239(2) of the Companies Ordinance. References in this Appendix to “Shares” mean ordinary share(s) in the capital of the Company:

- (a) It is proposed that up to 10% of the total number of Shares in issue at the date of passing of the resolution to approve the general mandate may be bought back (subject to adjustment in the case of any subdivision and consolidation of Shares after the passing of the relevant resolution). As at the Latest Practicable Date for determining such figures, the total number of Shares of the Company in issue was 1,589,031,033. On the basis of such figures (and assuming no further Shares are bought back or issued after the Latest Practicable Date and up to the date of passing such resolution) the Directors would be authorised to buy back Shares up to a limit of 158,903,103 Shares, subject to adjustment in the case of any subdivision and consolidation of Shares after the passing of the relevant resolution.
- (b) The Directors believe that the ability to buy back Shares is in the interests of the Company and its shareholders. Buy-backs may, depending on the circumstances, result in an increase in net assets and/or earnings per share. The Directors are seeking the grant of a general mandate to buy back Shares to give the Company the flexibility to do so if and when appropriate. The timing and the number(s), the price and other terms upon which the same are bought back will be decided by the Directors at the relevant time having regard to the circumstances then pertaining.
- (c) It is envisaged that the funds required for any buy-back would be derived from the distributable profits of the Company being funds legally available for such buy-back in accordance with the Company’s Articles of Association and the laws of Hong Kong.
- (d) There could be an adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in its most recent published audited financial statements) in the event that the proposed Share buy-backs were to be carried out in full at any time during the proposed buy-back period. However, the Directors do not propose to exercise the general mandate to such 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.
- (e) There are no Directors or (to the best of the knowledge of the Directors, having made all reasonable enquiries) any close associates (as defined in the Listing Rules) of Directors of the Company who have a present intention, in the event that the general mandate is granted by shareholders, to sell Shares to the Company.
- (f) The Directors have undertaken to the Stock Exchange to exercise the power of the Company to make purchases pursuant to the general mandate in accordance with the Listing Rules and the laws of Hong Kong.
- (g) The Directors are not aware of any consequences which would arise under the Code on Takeovers and Mergers as a result of any buy-backs pursuant to the general mandate. As at the Latest Practicable Date, approximately 59.29% of the total number of Shares in issue was held by controlling shareholders and, assuming full exercise of the buy-back mandate given to the Directors, approximately 65.88% will be held by such shareholders.

APPENDIX II

- (h) No core connected persons (as defined in the Listing Rules) of the Company have notified the Company of a present intention to sell Shares of the Company to the Company and no such persons have undertaken not to sell any such Shares to the Company in the event that the general mandate is granted by shareholders.
- (i) The highest and lowest prices at which Shares of the Company have traded on the Stock Exchange in each of the previous 12 months up to and including the Latest Practicable Date were as follows:

	Highest (HK\$)	Lowest (HK\$)
2017		
March	9.18	8.57
April	9.21	8.91
May	9.47	8.93
June	14.16	9.06
July	17.12	13.00
August	14.28	12.38
September	14.18	12.78
October	13.20	12.18
November	12.70	10.90
December	11.68	10.60
2018		
January	12.80	11.48
February	12.20	10.76
1 March to 27 March (Latest Practicable Date)	13.38	11.66

- (j) The Company had not purchased any of its Shares (whether on the Stock Exchange or otherwise) during the six months prior to the Latest Practicable Date.