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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,
GENERAL MANDATES TO ISSUE AND TO REPURCHASE SHARES
AND
AMENDMENTS TO ARTICLES OF ASSOCIATION**

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 3 to 5.

PRECAUTIONARY MEASURES FOR THE ANNUAL GENERAL MEETING

To ensure the safety of the AGM attendees and to prevent the spreading of the COVID-19 pandemic, the following precautionary measures will be implemented at the AGM. These measures include, but are not limited to:

1. limiting the number of the AGM attendees to avoid a large gathering;
2. arranging venue seating to allow for appropriate social distancing;
3. conducting compulsory body temperature checks and requiring health declarations;
4. wearing of surgical face mask at all times; and
5. not providing souvenirs and beverages.

Any attendee who (a) does not comply with the precautionary measures; (b) is subject to any HKSAR Government prescribed quarantine or has close contact with any person under quarantine; or (c) has any flu-like symptoms or is otherwise unwell will be denied entry into or be requested to leave the meeting venue.

Shareholders are strongly encouraged to appoint the Chairman of the AGM as their proxy, instead of attending the AGM in person in consideration of health and safety reasons.

PRECAUTIONARY MEASURES FOR THE ANNUAL GENERAL MEETING

To ensure the safety of the AGM attendees and to prevent the spreading of the COVID-19 pandemic, the following precautionary measures will be implemented at the AGM.

LIMITING ATTENDANCE AT THE AGM VENUE

Under the Prevention and Control of Disease (Prohibition on Group Gathering) Regulation 2020 (Chapter 599G of the Laws of Hong Kong), group gatherings of more than 20 persons for shareholders' meetings are required to be accommodated in separate rooms or partitioned areas of not more than 20 persons each.

The Company will limit attendance at the AGM venue in compliance with the prevailing requirements at the time of the AGM. Given the limited capacity of the AGM venue and the prevailing requirements for social distancing, only limited capacity for shareholders will be admitted, and admission will not be granted in excess of the capacity.

A webcast of the AGM will be arranged on the AGM date and its details will be available on the Company's website (www.hysan.com.hk) in due course.

HEALTH AND SAFETY MEASURES AT THE AGM

The Company will implement the following measures at the AGM:

1. arranging the AGM venue seating to allow for appropriate social distancing;
2. conducting compulsory body temperature checks and requiring health declarations;
3. all attendees are required to wear surgical face masks before they are permitted to attend, and during their attendance of, the AGM;
4. not providing souvenirs and beverages; and
5. any other additional precautionary measures in accordance with the prevailing requirements or guidelines of the HKSAR Government and/or regulatory authorities, or as considered appropriate by the Company in light of the development of the pandemic.

Any attendee who (a) does not comply with the precautionary measures; (b) is subject to any HKSAR Government prescribed quarantine or has close contact with any person under quarantine; or (c) has any flu-like symptoms or is otherwise unwell will be denied entry into or be requested to leave the meeting venue.

Shareholders are strongly encouraged to appoint the Chairman of the AGM as their proxy, instead of attending the AGM in person in consideration of health and safety reasons.

LETTER FROM THE BOARD OF DIRECTORS



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**
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:

50/F Lee Garden One
33 Hysan Avenue
Hong Kong

* *Non-Executive Directors*

** *Independent Non-Executive Directors*

31 March 2021

Dear Shareholders,

The Company's AGM will be held on Friday, 21 May 2021 at 4:00 pm. Notice of the AGM is set out on pages 3 to 5. Information regarding the business to be considered at the AGM is set out on pages 6 to 9.

You are advised to read this circular. In light of the pandemic situation of COVID-19, shareholders are strongly encouraged to appoint the Chairman of the AGM as his/her proxy to vote on the resolutions, instead of attending the AGM in person in consideration of health and safety reasons. 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.

Information regarding the precautionary measures to be implemented at the AGM is set out on page 1.

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

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 N206, Hong Kong Convention and Exhibition Centre, 1 Expo Drive, Wanchai, Hong Kong (use Expo Drive Entrance) on Friday, 21 May 2021 at 4:00 pm for the following purposes:

1. To receive and consider the Statement of Accounts for the year ended 31 December 2020 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

NOTICE OF ANNUAL GENERAL MEETING

(e) for the purpose of this Resolution:

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

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

“Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by law to be held; or
- (iii) the date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the members in general meeting.

“Rights Issue” means an offer of shares open for a period fixed by the Directors to holders of shares of the Company or any class thereof on the register on a fixed record date in proportion to their then holdings of such shares or class thereof (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions under the laws of, or the requirements of any 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

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.”

SPECIAL RESOLUTION

6. “**That** the Articles of Association of the Company be and are hereby amended as detailed in the “Explanatory Statement on Proposed Amendments to Articles of Association”, which forms part of the Notice of Annual General Meeting.”

By Order of the Board

Cheung Ka Ki

Company Secretary

Hong Kong, 31 March 2021

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 pandemic situation of COVID-19, shareholders are strongly encouraged to appoint the Chairman of the AGM as his/her proxy to vote on the resolutions, instead of attending the AGM in person.
2. An original of the completed form of proxy must be returned to the Company’s registered office at 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 Monday, 17 May 2021 to Friday, 21 May 2021, 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 pm on Friday, 14 May 2021.
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 after 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 websites of the Company (www.hysan.com.hk) and the Stock Exchange (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.

7. Subject to the development of the COVID-19 pandemic and the requirements or guidelines of the HKSAR Government and/or regulatory authorities, the Company may announce further updates on the AGM arrangement on the websites of the Company and/or the Stock Exchange as and when appropriate.

BUSINESS OF THE MEETING

RESOLUTION 1 – RECEIVING 2020 FINANCIAL STATEMENTS

1. The full audited financial statements together with the Reports of Directors and Auditor thereon, are set out on pages 89 to 144, pages 78 to 84 and pages 86 to 88 of the Annual Report 2020.
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 61 to 64 of the Annual Report 2020.

RESOLUTION 2 – RE-ELECTION OF DIRECTORS

3. Churchouse Frederick Peter, Poon Chung Yin Joseph 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. Their proposed re-election will be considered by separate resolutions.
4. In considering the re-appointment of any existing members of the Board, the Nomination Committee shall review the overall contribution to the Company of the retiring directors, the diversity aspects (including without limitation, gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service), as well as selection criteria set out in the Nomination Policy and Diversity Policy of the Company. The Committee will then make recommendations to the Board for its consideration, with the Board determining whether to recommend the proposed candidates for re-election at a general meeting. Further details of the Board's composition and diversity (including Directors' gender, age, length of services and skill matrix), Directors' attendance record at Board/Committee meetings, and the number of other public company directorships held by Directors are disclosed in the Corporate Governance Report of the Annual Report 2020.
5. The Nomination Committee, having reviewed the Board's composition, nominated Mr. Churchouse, Mr. Poon and Mr. Lee to the Board for it to recommend to shareholders for re-election at the AGM. Mr. Churchouse, Mr. Poon and Mr. Lee who are members of the Nomination Committee, abstained from voting at the Nomination Committee meeting when his own nomination was being considered.
6. In nominating the Directors, the Nomination Committee has also taken into account Mr. Churchouse's, Mr. Poon's and Mr. Lee's expertise and experience in governance, risk management, finance, property investment, people and culture as well as technology, all of which are relevant to the Group's business, as well as their respective contributions to the diversity of the Board detailed in the section headed "Information on Directors Proposed To Be Re-elected".
7. Mr. Churchouse, Mr. Poon and Mr. Lee all attended 100% of the Board and the relevant Board Committee meetings and annual general meeting of the Company held in 2020.
8. The Nomination Committee has considered the relevant independence assessment requirements set out in Rule 3.13 of the Listing Rules. Each of Mr. Churchouse and Mr. Poon does not hold any cross-directorships, nor has any significant links with other Directors through involvement in other companies or bodies that could give rise to conflicts of interests in the role of Independent Non-Executive Director of the Company or affect his independent judgement. Mr. Churchouse and Mr. Poon have confirmed to the Company that they continue to be independent.

BUSINESS OF THE MEETING

9. The Nomination Committee formed the view that, notwithstanding that Mr. Poon has served on the Board for over nine years, he remains independent, taking into account, his impartial views and comments expressed during the Board and Board Committee meetings. Mr. Poon has consistently demonstrated a healthy level of professional scepticism, and has not held back from asking probing questions and making recommendations. There is no evidence to suggest that his tenure has had any impact on his independence and effective oversight of the executive management. In addition, the unique expertise of Mr. Poon in governance, risk management, finance, property investment, people and culture as well as technology, all of which are relevant to the Group's business, enable him to provide valuable and independent guidance to the Group's business. At each of the Company's 2010, 2013, 2015, and 2018 annual general meetings, over 96% of the votes were in favour of Mr. Poon's re-election as Director.
10. The Board has resolved that Mr. Churchouse and Mr. Poon continue to be independent and recommended them to be re-elected as Directors at the AGM upon the recommendation of the Nomination Committee.
11. Accordingly, the Nomination Committee and the Board are 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. 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. Accordingly, the Board has recommended all retiring Directors to stand for re-election as Directors at the AGM.
12. Details of the information on the retiring Directors who are proposed for re-election are set out on pages 10 to 12 of this circular. Information includes the number of other public company directorships held by the Directors, their emoluments (representing total cash) received for 2020, 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 2021, 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 2020 are set out in "Remuneration Committee Report" and notes to the consolidated financial statements set out in the Annual Report 2020.
13. 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).

BUSINESS OF THE MEETING

RESOLUTION 3 – RE-APPOINTMENT OF AUDITOR

14. 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 2021.

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

15. At the last annual general meeting of the Company held on 13 May 2020, 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
 - **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**").
16. The full text of these resolutions is set out in the Notice of AGM. The Explanatory Statement required by the Listing Rules to be sent to shareholders in connection with the Share Repurchase Mandate is set out on pages 13 to 14 of this circular.
17. 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.
18. 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.

BUSINESS OF THE MEETING

19. 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.
20. 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.
21. 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.

RESOLUTION 6 – AMENDMENTS TO THE ARTICLES OF ASSOCIATION

22. Details of the proposed amendments are set out in the Explanatory Statement. Such amendments allow the Company having the flexibility to hold a general meeting at one or more locations using facilities that enables the members of the Company who are not together at the same place to listen, speak and vote at the meeting. The proposed amendments also explicitly set out other related powers of the Board and the Chairman of the general meeting, including making arrangements for attendance at the meetings as well as ensuring the security and orderly conduct of the meetings. Other minor amendments to the Articles of Association are also made to introduce corresponding as well as house-keeping changes.
23. The Directors consider that these amendments have provided flexibility to the Company in relation to the conduct of general meetings, which allow the Company in dealing with their corporate affairs more efficiently and are therefore beneficial to the Company and the shareholders as a whole. Advice has been obtained from independent legal advisor that these provisions comply with Hong Kong legal as well as Listing Rules requirements. This special business will be considered as a special resolution at the AGM, which requires at least 75% of the votes cast by shareholders attending and entitled to vote at the AGM.
24. The Chinese translation of the Articles of Association is for shareholders' reference only. In case there is any inconsistency between the English version and the Chinese version, the English version shall prevail.

BOARD RECOMMENDATIONS

25. 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

26. 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.
27. On a poll, every shareholder presents 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 websites of the Company and the Stock Exchange 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	Director Since	Board Committee memberships	Emoluments received for 2020 (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: 71	2012	Member of Audit and Risk Management Committee and Nomination Committee	407,099	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. He was 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 as an Independent Non-Executive Director in December 2012.

Mr. Churchouse has confirmed to the Board his independence as regards 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 a Director fee of HK\$280,000 and a fee of HK\$127,099 for serving as a member of the Audit and Risk Management Committee and the Nomination Committee in 2020.

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 memberships	Emoluments received for 2020 (HK\$)	Interests in shares within the meaning of Part XV of SFO as at the Latest Practicable Date
Poon Chung Yin Joseph <i>Independent</i> <i>Non-Executive Director</i> Age: 66	2010	Chairman of Audit and Risk Management Committee, Member of Nomination Committee and Remuneration Committee	535,000	Nil

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

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

Mr. Poon received a Director fee of HK\$280,000 and a fee of HK\$255,000 for serving as the chairman of the Audit and Risk Management Committee, and a member of the Nomination Committee and the Remuneration Committee in 2020.

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 memberships	Emoluments received for 2020 (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: 67	1988	Member of Nomination Committee	310,000	970,000 Shares (Person Interests)

Mr. Lee is 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 as a Non-Executive Director in 1988.

Mr. Lee received a Director fee of HK\$280,000 and a fee of HK\$30,000 for serving as a member of the Nomination Committee in 2020.

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.

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 1,039,700,891 issued shares.
2. 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 103,970,089 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 repurchase 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 2020 and Financial Statements for the year ended 31 December 2020). 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\$
Year of 2020		
March	28.65	21.25
April	26.85	24.20
May	25.35	20.00
June	26.00	21.00
July	25.90	20.55
August	25.70	21.65
September	24.95	22.70
October	25.65	23.25
November	31.15	24.65
December	31.10	28.00
Year of 2021		
January	30.40	27.85
February	33.70	28.00
26 March (Latest Practicable Date)	33.80	29.00

EXPLANATORY STATEMENT ON PROPOSED SHARE REPURCHASE MANDATE

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.
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) of the Company 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 41.66% 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 46.29%.
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 2,200,000 shares on the Stock Exchange during the six months immediately preceding the Latest Practicable Date (i.e. from 26 September 2020 to 26 March 2021) and details of which are as follows:

Date of Repurchase	Number of shares Repurchased	Price per share	
		Highest HK\$	Lowest HK\$
6 October 2020	200,000	24.20	23.95
8 October 2020	200,000	24.65	24.10
15 October 2020	175,000	24.80	24.55
20 October 2020	225,000	25.20	24.90
22 October 2020	300,000	25.20	24.85
23 October 2020	300,000	25.15	24.95
27 October 2020	200,000	25.00	24.60
28 October 2020	88,000	25.00	24.60
29 October 2020	312,000	25.30	24.90
30 October 2020	200,000	24.80	24.60
	2,200,000		

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.

EXPLANATORY STATEMENT ON PROPOSED AMENDMENTS TO ARTICLES OF ASSOCIATION

The followings set out in details the proposed amendments to the Articles of Association of the Company. The background and purposes of the amendments are summarized in the “Business of the Meeting – Resolution 6” section.

The proposed amendments:

1. Article 71A

By deleting the words “for notices of the change of place and/or postponement to appear at the original place and/or at the original time” in the second line of sub-paragraph (i) and replaced by the words “for the change of place and/or postponement of the time at which the meeting is to be held”.

2. Article 74

By adding the words “or by proxy and entitled to vote” in the second line immediately after the words “personally present”.

3. Article 75

By adding the words “or by proxy” in the sixth line immediately before the words “shall be a quorum”.

4. Article 77A

By adding the following new article as Article 77A:

“77A. The Board may, at its absolute discretion, convene a general meeting at one or more places using facilities that enable members who are not together at the same place to listen, speak and vote at such meeting. Members can simultaneously attend and participate by using electronic means at such location or locations determined by the Board, provided that at least one location shall be in Hong Kong which shall be the principal meeting place for the general meeting. The following provisions shall apply to any such arrangement:

- (i) the members present or by proxy at the meeting venue(s) shall be counted in the quorum for and entitled to vote at the meeting in question, and that meeting shall be duly constituted and its proceedings valid provided that the Chairman of the meeting is satisfied that adequate facilities are available throughout the meeting to ensure that members attending at all the meeting locations are able to participate in the business for which the meeting has been convened;
- (ii) the Chairman of the meeting shall be present at, and the meeting shall be deemed to take place at, the principal meeting place;
- (iii) if members present at more than one location attend a general meeting, a failure (for any reason) of communication equipment, or any other failure in the arrangements for enabling those in a location other than the principal meeting place to participate in the business for which the meeting has been convened, shall not affect the validity of the meeting at the principal meeting place, or any business conducted there or any action taken pursuant to such business; and
- (iv) if any of the meeting locations is outside Hong Kong, the provisions of these Articles concerning the service and giving of notice for the meeting, and the time for lodging proxies, shall be applied by reference to the principal meeting place in Hong Kong.”

5. Article 77B

By adding the following new article as Article 77B:

“77B. The Board and, at any general meeting, the Chairman of the meeting may from time to time make such arrangements for managing attendance at any location or locations at which the meeting will take place (whether involving the issue of tickets or some other means of identification, seat reservation or otherwise) as it shall in its absolute discretion consider appropriate, and may from time to time change any such arrangements, provided that a member who, pursuant to such arrangements, is not entitled to attend, in person or by proxy, at any particular location shall be entitled so to attend at one of the other locations; and the entitlement of any member so to attend the meeting or adjourned meeting at such location or locations shall be subject to any such arrangement as may be for the time being in force and by the notice of meeting or adjourned meeting stated to apply to the meeting.”

EXPLANATORY STATEMENT ON PROPOSED AMENDMENTS TO ARTICLES OF ASSOCIATION

6. Article 77C

By adding the following new article as Article 77C:

“77C. If it appears to the Chairman of a general meeting that:

- (i) the facilities at the principal meeting place or at such other location or locations at which the meeting may be attended have become inadequate; or
- (ii) it is not possible to ascertain the view of those present or to give all persons entitled to do so a reasonable opportunity to communicate and/or vote at the meeting; or
- (iii) there is no quorum; or
- (iv) there is violence or the threat of violence, unruly behaviour or other disruption occurring at the meeting or it is not possible to secure the proper and orderly conduct of the meeting;

then, without prejudice to any other power which the Chairman of the meeting may have under these Articles or at common law, the Chairman may, at his/her absolute discretion, without the consent of the meeting, interrupt or adjourn the meeting. All business conducted at the meeting up to the time of such adjournment shall be valid.”

7. Article 77D

- (1) By renumbering the current Article 77A as Article 77D;
- (2) By deleting a colon in the fifth line of sub-paragraph (a) immediately after the words “is able to” and adding the words “listen, speak, vote and participate in the business for which the meeting has been convened.”; and
- (3) By deleting the following under sub-paragraph (a) in their entirety:
 - “(i) participate in the business for which the meeting has been convened;
 - (ii) hear and see all persons present who speak (whether by use of microphone, loud-speakers, audio-visual communications equipment or otherwise), whether in the meeting place or elsewhere; and
 - (iii) be heard and seen by all other persons so present in the same way”

8. Article 89A

By adding the following new article as Article 89A:

“89A. The Company may, at its absolute discretion, provide an electronic address for the receipt of any document or information relating to proxies for a general meeting (including any instrument of proxy or invitation to appoint a proxy, any document necessary to show the validity of, or otherwise relating to, an appointment of proxy and notice of termination of the authority of a proxy). If such an electronic address is provided, the Company shall be deemed to have agreed that any such document or information (relating to proxies as aforesaid) may be sent by electronic means to that address, subject as hereafter provided and subject to any other limitations or conditions specified by the Company when providing the address. Without limitation, the Company may from time to time determine that any such electronic address may be used generally for such matters or specifically for particular meetings or purposes and, if so, the Company may provide different electronic addresses for different purposes. The Company may also impose any conditions on the transmission of and its receipt of such electronic communications including, for the avoidance of doubt, imposing any security or encryption arrangements as may be specified by the Company.”

9. Article 90

By adding the words “(or if the Company has provided an electronic address in accordance with Article 89A, shall be received at the electronic address specified in the notice)” in the third line immediately before the words “as is specified in the notice”.

10. Article 97

By deleting the sentence “Any Director so appointed shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election at that meeting” and replaced by “Any Director so appointed to fill a casual vacancy shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election at that meeting. Any Director so appointed as an addition to the Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election at that meeting”.