



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 and General Mandates to Issue and Buy Back Shares

股東週年大會通告、 重選行將屆滿退任的董事及 發行及回購股份的一般性授權

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.

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此乃要件 請即處理

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The notice convening the Annual General Meeting of the Company to be held at The Peninsula Hong Kong, Salisbury Road, Kowloon, Hong Kong on Monday, 8 May 2017 at 12:00 noon is set out on pages 2 and 3 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.

本公司將於2017年5月8日(星期一)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14及15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。



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 Monday, 8 May 2017 at 12:00 noon (the "2017 Annual General Meeting").

Notice and information regarding the business to be considered at the 2017 Annual General Meeting are set out in this circular. A proxy form for use at the 2017 Annual General Meeting is attached. Whether or not you intend to attend the 2017 Annual General Meeting, 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 2017 Annual General Meeting 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 2017 Annual General Meeting 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 2017 Annual General Meeting.

Yours faithfully,

The Hon. Sir Michael Kadoorie

Chairman

31 March 2017

Non-Executive Directors

Ronald James McAulay

William Elkin Mocatta

John Andrew Harry Leigh

Nicholas Timothy James Colfer

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

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 Monday, 8 May 2017 (the “2017 Annual General Meeting”) 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 2016.
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.”

By Order of the Board
Christobelle Liao
Company Secretary
31 March 2017

Notes:

1. A member entitled to attend, speak and vote at the 2017 Annual General Meeting convened by the above notice is entitled to appoint one or more proxies to attend, speak and vote instead of him/her. A proxy need not be a member 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 2017 Annual General Meeting.
 4. The register of members of the Company will be closed during the following periods:-
 - (i) from Tuesday, 2 May 2017 to Monday, 8 May 2017, both days inclusive, for the purpose of ascertaining shareholders' entitlement to attend, speak and vote at the 2017 Annual General Meeting. In order to be entitled to attend, speak and vote at the 2017 Annual General Meeting, 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 4:30pm on Friday, 28 April 2017.
 - (ii) from Friday, 12 May 2017 to Tuesday, 16 May 2017, 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 4:30pm on Thursday, 11 May 2017.
- During the periods mentioned in sub-paragraphs (i) and (ii) above, no transfers of shares will be registered.
5. Subject to the passing of the necessary resolution at the 2017 Annual General Meeting, the final dividend will be payable on 16 June 2017, to shareholders whose names appear on the register of members on 16 May 2017. Shareholders will be given the option to receive their dividend in the form of scrip rather than cash.
 6. The retiring Directors are Mr Andrew Brandler, Mr Clement K.M. Kwok, Mr William E. Mocatta, Mr Pierre R. Boppe and Dr William K.L. Fung who will retire at the 2017 Annual General Meeting 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 2017 Annual General Meeting are set out in Appendix I of the circular to the shareholders dated 31 March 2017.
 7. Detailed information on other business to be transacted at the 2017 Annual General Meeting is set out in the circular to the shareholders dated 31 March 2017.
 8. At the meeting, 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 2017 Annual General Meeting.

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 2016 are set out in the 2016 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 15 HK cents per share (2015: 15 HK cents per share) for the year ended 31 December 2016. Subject to the approval by shareholders at the 2017 Annual General Meeting, such dividend will be payable on 16 June 2017 to shareholders whose names appear on the register of members on 16 May 2017.

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 19 May 2017.

Resolution 3 – Re-election of Retiring Directors

In accordance with the Articles of Association of the Company, Mr Andrew Brandler, Mr Clement K.M. Kwok, Mr William E. Mocatta, Mr Pierre R. Boppe and Dr William K.L. Fung will retire at the 2017 Annual General Meeting and being eligible, have agreed to offer themselves for re-election. The Nomination Committee and the Board recommended the re-election of retiring Directors as these Directors continue to contribute effectively.

Biographical details of the Directors proposed to be re-elected at the 2017 Annual General Meeting are set out in Appendix I of this circular.

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 2017 Annual General Meeting, KPMG be re-appointed as the external auditor of the Company for 2017.

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

At the annual general meeting of the Company held on 11 May 2016, 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 11 May 2016, 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 11 May 2016.

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 2017 Annual General Meeting, unless renewed at that meeting. Resolutions will be proposed at the 2017 Annual General Meeting 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 1,566,854,007 shares in issue as at 24 March 2017, 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 313,370,801 shares, subject to adjustment in the case of any subdivision and consolidation of shares after the 2017 Annual General Meeting.

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.

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 2017 Annual General Meeting.

Andrew Clifford Winawer Brandler

Mr Andrew Clifford Winawer Brandler is the Non-Executive Deputy Chairman and a member of the Audit Committee, Remuneration Committee and Executive Committee and the Chairman of Finance Committee of the Company. Mr Brandler was appointed a Director and Deputy Chairman in May 2014 and he is also Chairman of two subsidiaries of the Company. From May 2000 to September 2013, Mr Brandler was the Group Managing Director and Chief Executive Officer of CLP Holdings Limited and he remains a Non-Executive Director of this company. He is a Non-Executive Director of Tai Ping Carpets International Limited and Chairman 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. Prior to joining CLP Holdings Limited, Mr Brandler worked for Schroders, a UK investment bank, based in London, in Singapore and latterly in Hong Kong, where his last position was Head of Asia-Pacific Corporate Finance. He was the Chairman of The Hong Kong General Chamber of Commerce between 2008 and 2010. He holds BA and MA degrees from the University of Cambridge, an MBA degree from Harvard Business School, and is a Member of the Institute of Chartered Accountants in England and Wales. He is 60 years old. Except as disclosed above, Mr Brandler has not held any directorships in any listed companies in Hong Kong or overseas in the last three years.

Save as disclosed above, Mr Brandler does not have any other relationship with any Directors, members of senior management or substantial or controlling shareholders of the Company. As at the Latest Practicable Date, Mr Brandler did not have any interest in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

As a Non-Executive Director, Mr Brandler does not have a service contract with the Company but he does have a letter of appointment detailing the terms of his appointment. He receives a Non-Executive Director's fee of HK\$300,000 per annum. Mr Brandler also receives a further fee of HK\$150,000 per annum as a member of Audit Committee (The Board of Directors approved a revision of the fee payable to members of Audit Committee from HK\$120,000 to HK\$150,000 per annum. The revised fee took effect on 20 March 2017 and was paid to Mr Brandler on a pro rata basis for the financial year ending 31 December 2017). In addition, he was paid HK\$60,000 per annum as a member of Remuneration Committee and HK\$100,000 per annum as a member of the Executive Committee. Each of the above fees payable to Mr Brandler as a Non-Executive Director was reviewed by the Remuneration Committee with reference to market benchmarks and taking into account the relevant responsibilities and workload. Details are disclosed in the Remuneration Committee Report of the Company's 2016 Annual Report.

Mr Brandler's appointment is subject to retirement at the conclusion of the third annual general meeting following his appointment and to re-election at the annual general meetings of the Company in accordance with the Articles of Association of the Company.

Save as disclosed above, there are no other matters relating to Mr Brandler's re-election 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.

Clement King Man Kwok

Chevalier de la Légion d'Honneur

Mr Clement King Man Kwok is an Executive Director of the Company. He was appointed to the Board as Managing Director and Chief Executive Officer in February 2002. Mr Kwok is a member of the Executive Committee and Finance Committee as well as a Director of the majority of the Group's entities. His career began with Price Waterhouse and Barclays de Zoete Wedd in the UK, following which he returned to Hong Kong in 1986 to work with Schroders Asia where he was appointed as Head of Corporate Finance in 1991. From 1996 to 2002, Mr Kwok served as Finance Director of MTR Corporation. He was an Independent Non-Executive Director of Swire Pacific Limited until May 2015. He is an Independent Non-Executive Director of Orient Overseas (International) Limited, a Fellow of The Hong Kong Management Association, a Council Member of the World Travel & Tourism Council, a Board Member of the Faculty of Business and Economics of The University of Hong Kong and an Honorary Adviser to the Financial Reporting Council. Over his long career in Hong Kong, he has served on the Stock Exchange Listing Committee, the Takeovers and Mergers Panel, the Securities and Futures Appeals Tribunal, the Hang Seng Index Advisory Committee and the Harbourfront Commission, as well as the Interpretations Committee of the International Accounting Standards Board in London. He holds a Bachelor of Science in Economics from the London School of Economics and is a Member of the Institute of Chartered Accountants in England and Wales and the Hong Kong Institute of Certified Public Accountants. He is 57 years old. Except as disclosed above, Mr Kwok has not held any directorships in any listed companies in Hong Kong or overseas in the last three years.

Mr Kwok does not have any relationship with any Directors, members of senior management or substantial or controlling shareholders of the Company. As at the Latest Practicable Date, Mr Kwok had personal interests in 709,700 shares in the Company within the meaning of Part XV of the Securities and Futures Ordinance.

Mr Kwok has an existing service contract with the Company. The total amount of his emoluments, inclusive of basic salary, various allowances, retirement benefits, a guaranteed bonus payment and a discretionary bonus payment depending on the performance of the Company and other benefits in kind, amounted to approximately HK\$15.3 million for the financial year ended 31 December 2016. Mr Kwok is eligible to join the Company's 1994 Retirement Plan and the Company contributes a percentage of his basic salary to the retirement fund. Mr Kwok's service contract does not have a specified term. As an Executive Director of the Company, Mr Kwok is not entitled to any Director's fees for serving on the Board and Board Committees. The amount of the emoluments payable to Mr Kwok under his service contract was reviewed by the Remuneration Committee with reference to market benchmarks, his qualifications and experience. Details are disclosed in the Remuneration Committee Report of the Company's 2016 Annual Report.

Mr Kwok's appointment is subject to retirement at the conclusion of the third annual general meeting following his appointment and to re-election at the annual general meetings of the Company in accordance with the Articles of Association of the Company.

Save as disclosed above, there are no other matters relating to Mr Kwok's re-election 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 I

William Elkin Mocatta

Mr William Elkin Mocatta is a Non-Executive Director of the Company. He was appointed to the Board in May 1985. Mr Mocatta served as Deputy Chairman from 1993 until May 2002. He is also a Director of several subsidiaries of the Company. Mr Mocatta is an Executive 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 holds other non-executive positions including Vice Chairman of CLP Holdings Limited and Chairman of CLP Power Hong Kong Limited, CLP Properties Ltd., CLP Property Investment Limited, Castle Peak Power Company Limited and Hong Kong Pumped Storage Development Company, Limited. Mr Mocatta is also an Alternate Director for The Hon. Sir Michael Kadoorie in CK Hutchison Holdings Limited. He was an Alternate Director for The Hon. Sir Michael Kadoorie in Hutchison Whampoa Limited until July 2015. He is a Fellow of the Institute of Chartered Accountants in England and Wales. He is 64 years old. Except as disclosed above, Mr Mocatta has not held any directorships in any listed companies in Hong Kong or overseas in the last three years.

Save as disclosed above, Mr Mocatta does not have any other relationship with any Directors, members of senior management or substantial or controlling shareholders of the Company. As at the Latest Practicable Date, Mr Mocatta had personal interests in 17,000 shares in the Company within the meaning of Part XV of the Securities and Futures Ordinance.

As a Non-Executive Director, Mr Mocatta does not have a service contract with the Company but he does have a letter of appointment detailing the terms of his appointment. He receives a Non-Executive Director's fee of HK\$300,000 per annum. The above fee payable to Mr Mocatta as a Non-Executive Director was reviewed by the Remuneration Committee with reference to market benchmarks and taking into account the relevant responsibilities and workload. Details are disclosed in the Remuneration Committee Report of the Company's 2016 Annual Report.

Mr Mocatta's appointment is subject to retirement at the conclusion of the third annual general meeting following his appointment and to re-election at the annual general meetings of the Company in accordance with the Articles of Association of the Company.

Save as disclosed above, there are no other matters relating to Mr Mocatta's re-election 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.

Pierre Roger Boppe

Chevalier dans l'Ordre National de la Légion d'Honneur

Mr Pierre Roger Boppe is an Independent Non-Executive Director of the Company. He was Managing Director and Chief Executive Officer of the Group from 1996 until January 2002 and was re-designated from a Non-Executive Director to an Independent Non-Executive Director in June 2009. Upon his return to Europe, Mr Boppe continues to be active in the hotel and travel industries. He holds Master of Science degrees from both the Swiss Federal Institute of Technology and Stanford University. Mr Boppe has held various executive positions with the international quality control company SGS. He is 69 years old. Save for his directorship in the Company, Mr Boppe has not held any directorships in any listed companies in Hong Kong or overseas in the last three years.

Mr Boppe has met the independence guidelines set out in rule 3.13 of the Listing Rules and has submitted to the Stock Exchange a written confirmation concerning his independence to the Company. He has also given an annual confirmation of his independence to the Company. The Nomination Committee and the Board, therefore, considered him to be independent and recommended him to be re-elected.

Mr Boppe does not have any relationship with any Directors, members of senior management or substantial or controlling shareholders of the Company. As at the Latest Practicable Date, Mr Boppe had personal interests in 150,000 shares in the Company within the meaning of Part XV of the Securities and Futures Ordinance.

As an Independent Non-Executive Director, Mr Boppe does not have a service contract with the Company but he does have a letter of appointment detailing the terms of his appointment. He receives an Independent Non-Executive Director's fee of HK\$350,000 per annum. The above fee payable to Mr Boppe as an Independent Non-Executive Director was reviewed by the Remuneration Committee with reference to market benchmarks and taking into account the relevant responsibilities and workload. Details are disclosed in the Remuneration Committee Report of the Company's 2016 Annual Report.

Mr Boppe's appointment is subject to retirement at the conclusion of the third annual general meeting following his appointment and to re-election at the annual general meetings of the Company in accordance with the Articles of Association of the Company.

Save as disclosed above, there are no other matters relating to Mr Boppe's re-election 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 I

Dr William Kwok Lun Fung, SBS, OBE, JP

Dr William Kwok Lung Fung is an Independent Non-Executive Director and a member of Audit Committee and Nomination Committee of the Company. He was appointed to the Board in January 2011. Dr Fung is the Group Chairman of Li & Fung Limited and also serves as a Non-Executive Director of other Fung Group companies including Convenience Retail Asia Limited, Trinity Limited and Global Brands Group Holding Limited. Dr Fung is an Independent Non-Executive Director of VTech Holdings Limited, Shui On Land Limited, Sun Hung Kai Properties Limited and Singapore Airlines Limited. He is a past Chairman of the Hong Kong General Chamber of Commerce, the Hong Kong Exporters' Association and Hong Kong Committee for the Pacific Economic Cooperation Council. Dr Fung graduated from Princeton University with a Bachelor of Science degree in Engineering. He also holds an MBA degree from the Harvard Graduate School of Business. He was conferred with Honorary Doctorate degrees of Business Administration by The Hong Kong University of Science and Technology and by The Hong Kong Polytechnic University. He is 68 years old. Except as disclosed above, Dr Fung has not held any directorships in any listed companies in Hong Kong or overseas in the last three years.

Dr Fung has met the independence guidelines set out in rule 3.13 of the Listing Rules and has submitted to the Stock Exchange a written confirmation concerning his independence to the Company. He has also given an annual confirmation of his independence to the Company. The Nomination Committee and the Board, therefore, considered him to be independent and recommended him to be re-elected.

Dr Fung does not have any relationship with any Directors, members of senior management or substantial or controlling shareholders of the Company. As at the Latest Practicable Date, Dr Fung did not have any interest in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

As an Independent Non-Executive Director, Dr Fung does not have a service contract with the Company but he does have a letter of appointment detailing the terms of his appointment. He receives an Independent Non-Executive Director's fee of HK\$350,000 per annum. Dr Fung also receives a further fee of HK\$150,000 per annum as a member of Audit Committee (The Board of Directors approved a revision of the fee payable to members of Audit Committee from HK\$120,000 to HK\$150,000 per annum. The revised fee took effect on 20 March 2017 and was paid to Dr Fung on a pro rata basis for the financial year ending 31 December 2017). In addition, he was paid HK\$40,000 per annum as a member of Nomination Committee. Each of the above fees payable to Dr Fung as an Independent Non-Executive Director was reviewed by the Remuneration Committee with reference to market benchmarks and taking into account the relevant responsibilities and workload. Details are disclosed in the Remuneration Committee Report of the Company's 2016 Annual Report.

Dr Fung's appointment is subject to retirement at the conclusion of the third annual general meeting following his appointment and to re-election at the annual general meetings of the Company in accordance with the Articles of Association of the Company.

Save as disclosed above, there are no other matters relating to Dr Fung's re-election 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 1,566,854,007. 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 156,685,400 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.

APPENDIX II

- (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 58.99% 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 65.54% will be held by such shareholders.
- (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\$)
2016		
March	8.60	7.60
April	9.27	7.79
May	9.24	8.19
June	8.28	7.50
July	8.40	7.72
August	8.44	7.85
September	8.07	7.63
October	8.80	7.63
November	9.49	7.96
December	9.10	8.12
2017		
January	8.80	8.27
February	8.93	8.53
1 March to 24 March (Latest Practicable Date)	9.12	8.57

- (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.