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## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the twentieth Annual General Meeting of Shareholders of CLP Holdings Limited 中電控股有限公司 (the Company) will be held at the Grand Ballroom, 1/F., Crowne Plaza Hong Kong Kowloon East, 3 Tong Tak Street, Tseung Kwan O, Hong Kong on Friday, 4 May 2018, at 11:00 a.m. for the following purposes:

- (1) To receive the audited Financial Statements and the Reports of the Directors and Independent Auditor for the year ended 31 December 2017.
- (2) To re-elect Directors.
- (3) To re-appoint PricewaterhouseCoopers as independent Auditor and authorise Directors to fix the Auditor's remuneration for the year ending 31 December 2018.

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

- (4) "That:
  - (a) subject to paragraphs (c) and (d), a general mandate be and is hereby unconditionally granted to the Directors of the Company to exercise during the Relevant Period all the powers of the Company to allot, issue and dispose of additional shares in the Company; to make or grant offers, agreements, options or warrants which would or might require the exercise of such powers and to grant rights to subscribe for, or to convert any security into, shares in the Company;
  - (b) the mandate in paragraph (a) shall authorise the Directors of the Company during the Relevant Period to make or grant offers, agreements, options and warrants which would or might require the exercise of such powers after the end of the Relevant Period;
  - (c) the shares 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 the 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, or (iv) an allotment of shares made in accordance with a grant of the right 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 five per cent of the total number of shares of the Company in issue at the date of this Resolution (as such number of shares may be adjusted in the event of any subdivision or consolidation of shares after the date of this Resolution) and the said mandate shall be limited accordingly;
  - (d) any shares of the Company 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 ten per cent to the Benchmarked Price of such shares of the Company; and

- (e) for the purpose of this Resolution:

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

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

“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 set out in this Resolution is revoked or varied by an ordinary resolution of the Shareholders in general meeting.

“Rights Issue” means an offer of 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).”

- (5) “That:

- (a) a general mandate be and is hereby unconditionally given to the Directors of the Company to exercise during the Relevant Period all the powers of the Company to purchase/buy back or otherwise acquire shares of the Company in issue 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 aggregate number of shares so purchased/bought back or otherwise acquired shall not exceed ten per cent of the total number of shares of the Company in issue at the date of this Resolution (as such number of shares may be adjusted in the event of any subdivision or consolidation of shares after the date of this Resolution).

- (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 set out in this Resolution is revoked or varied by an ordinary resolution of the Shareholders in general meeting.”

By Order of the Board  
**David Simmonds**  
Company Secretary

## EXPLANATORY NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING

### Proxy Information and Voting Record Date

1. A Shareholder entitled to attend and vote at the Annual General Meeting (the AGM) is entitled to appoint a proxy to exercise the Shareholder's rights at the AGM. A Shareholder may also appoint separate proxies to represent respectively the number of the shares held by the Shareholder that is specified in the proxy forms. A proxy may attend, speak and vote instead of the Shareholder and need not be a Shareholder of the Company.
2. Proxy forms for use at the AGM were sent to Shareholders together with the 2017 Annual Report on 28 March 2018. The proxy form is also available on the websites of the Company ([www.clpgroup.com](http://www.clpgroup.com)) and The Stock Exchange of Hong Kong Limited (the Hong Kong Stock Exchange) ([www.hkexnews.hk](http://www.hkexnews.hk)). Proxy forms must be completed, signed and deposited either at the Company's Registrars, Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong or via email to [CLP2018.eproxy@computershare.com.hk](mailto:CLP2018.eproxy@computershare.com.hk), in each case, not less than 48 hours (excluding any part of a day that is a public holiday) before the time for holding the AGM.
3. The email address provided in paragraph 2 is provided only for receiving proxy forms relating to this AGM and will not be in use after the deadline stated in paragraph 2 above.
4. The Register of Shareholders will be closed from 30 April 2018 to 4 May 2018, both days inclusive, during which period the registration of transfers of shares will be suspended. To be entitled to attend and vote at the AGM, all transfers should be lodged with the Company's Registrars, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17<sup>th</sup> Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Friday, 27 April 2018.

### Re-election of Directors – Resolutions (2)

5. As at the date of the Notice of AGM (the Notice), Directors of the Company are:

Non-executive Directors:	The Honourable Sir Michael Kadoorie, Mr William Elkin Mocatta, Mr John Andrew Harry Leigh, Mr Andrew Clifford Winawer Brandler and Dr Lee Yui Bor
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Independent Non-executive Directors:	Mr Vernon Francis Moore, Sir Roderick Ian Eddington, Mr Nicholas Charles Allen, Mr Cheng Hoi Chuen Vincent, Mrs Law Fan Chiu Fun Fanny, Ms Lee Yun Lien Irene and Mrs Zia Mody
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Executive Directors:	Mr Richard Kendall Lancaster and Mr Geert Herman August Peeters
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6. In relation to Resolutions (2) regarding re-election of Directors, the following Directors will retire at the AGM by rotation pursuant to Article 119 of the Company's Articles of Association: The Hon Sir Michael Kadoorie, Mr Andrew Brandler, Mr Nicholas C. Allen, Mrs Fanny Law and Ms Irene Lee.
7. Ms Irene Lee, who has been an Independent Non-executive Director of the Company since 2012, has decided to retire as a Director of the Company in May 2018 as she would like to devote more time to her other business commitments and engagements. Ms Lee has informed the Company that she will not be seeking re-election at the 2018 AGM and will therefore retire at the conclusion of the 2018 AGM. All the other retiring Directors, being eligible, offer themselves for re-election at the AGM. The re-election of these retiring Directors will be individually voted on by Shareholders.
8. All four Directors who stand for re-election at the AGM, namely The Hon Sir Michael Kadoorie, Mr Andrew Brandler, Mr Nicholas C. Allen and Mrs Fanny Law, have interests in the shares of the Company. Such Directors' interests in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance are set out in the Directors' Report on page 161 of CLP Holdings' 2017 Annual Report and have remained unchanged as at 14 March 2018, being the latest practicable date prior to the printing of the Notice (latest practicable date).
9. The basis of determining Directors' emoluments and the amount of emoluments paid for the year ended 31 December 2017 to each of the Directors who stands for re-election at the AGM are set out in the Human Resources & Remuneration Committee Report on page 146 of CLP Holdings' 2017 Annual Report.

10. The biographical details (as at the latest practicable date) of each of the Directors who stand for re-election at the AGM are set out in Schedule 1 to the Explanatory Notes. In addition, their responsibilities and attendance at Board and Board Committees meetings are set out in the Corporate Governance Report on page 102 of the Company's 2017 Annual Report. Our website also contains the comprehensive biographical details of all our Directors (as updated from time to time).
11. Save for the information referred to in paragraphs 6 to 10 above and set out in Schedule 1 to the Explanatory Notes, there is no other information that need to be disclosed pursuant to any of the requirements under paragraphs 13.51(2)(h) to 13.51(2)(v) of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (Listing Rules) nor are there other matters that need to be brought to the attention of Shareholders in respect of the Directors who stand for re-election at the AGM.
12. All of our Independent Non-executive Directors provide valuable contributions and insights to the Board. Moreover, since only Independent Non-executive Directors can serve on certain Board Committees under the Listing Rules, their independence is a valuable asset to the Board and its Committees. Each of the Independent Non-executive Directors (including Mr Nicholas C. Allen and Mrs Fanny Law who are seeking for re-election) has met the independence guidelines set out in rule 3.13 of the Listing Rules. Each of the Independent Non-executive Directors has submitted to the Hong Kong Stock Exchange a written confirmation concerning his/her independence to the Company and has also given to the Company an annual confirmation of his/her independence. Having regard to the confirmations as well as the actual contributions that each of the Independent Non-executive Directors has made, the Board concluded that each of the Independent Non-executive Directors to be independent.
13. Pursuant to Article 122 of the Articles of Association of the Company, if a Shareholder wishes to propose a person other than a Director of the Company for election as a director at the AGM, he/she can deposit a written notice to that effect at the registered office of the Company for the attention of the Company Secretary. In order for the Company to inform Shareholders of that proposal, the written notice must state the full name of the person proposed for election as a director, include the person's biographical details as required by rule 13.51(2) of the Listing Rules, and be signed by the Shareholder concerned and that person indicating his/her willingness to be elected. The period for lodgement of such a written notice will commence no earlier than 29 March 2018 being the day after the despatch of the Notice and end no later than 27 April 2018 which is seven days prior to the date of the AGM. If the notice is received less than 15 days prior to the AGM, the Company will need to consider the adjournment of the AGM in order to allow Shareholders 14 days' notice of the proposal.

#### **Independent Auditor's Remuneration – Resolution (3)**

14. In relation to Resolution (3) in the Notice regarding the authorisation of Directors to fix the Auditor's remuneration, Shareholders should note that, in practice, the amount of Auditor's remuneration for the year 2018 audit cannot be determined at the beginning of the financial year. This is because Auditor's remuneration for any given year varies, in particular by reference to the scope and extent of the audit work which is undertaken during that year.
15. In order to be able to charge the amount of Auditor's remuneration as operating expenses for the year ending 31 December 2018, Shareholders' approval to delegate the authority to the Directors to fix the Auditor's remuneration for the year ending 31 December 2018 is required at the AGM.
16. CLP Holdings recognises the Auditor's independence is a fundamental governance principle. The lead audit partner of PricewaterhouseCoopers (PwC) is subject to rotation every seven years (as per The Independent Federation of Accountants rules on independence of external auditors). As part of the rotation, the current lead audit partner was first appointed for the 2014 financial year-end audit and he did not have any involvement in CLP Group for 10 years prior to the appointment in 2014. PwC is required to give an annual confirmation on their independence.
17. In addition, PwC will not be engaged to perform non-audit work unless the non-audit work meets the criteria suggested in the Listing Rules and has been pre-approved by the Audit & Risk Committee or its delegates. There must be clear efficiencies and value-added benefits to CLP from the work undertaken by PwC, with no adverse effect on the independence of their audit work, or the perception of such independence.
18. The work of PwC and the amount of remuneration paid to PwC for the year 2017 audit were reviewed by the Audit & Risk Committee, which comprises only Independent Non-executive Directors. In addition, the permissible audit related and non-audit services performed by PwC for the year 2017 were pre-approved by the Audit & Risk Committee or its delegates.

19. We summarise below the amount of remuneration paid to PwC for the audit and permissible audit related and non-audit services for the past three years:

	2017 HK\$M	2016 HK\$M	2015 HK\$M
Audit	39	39	39
Permissible audit related fee (percentage to total fees)	6 (12.5%)	4 (8.3%)	4 (8.5%)
Permissible non-audit services fee (percentage to total fees)	3 (6.3%)	5 (10.4%)	4 (8.5%)
Total	48	48	47

(For these purposes, **Permissible audit related and non-audit services** include any entity under common control, ownership or management with PwC or any entity that a reasonable and informed third party having knowledge of all relevant information would reasonably conclude as part of the audit firm nationally or internationally.)

#### General Mandate to Issue 5% Shares at 10% Benchmarked Price Discount – Resolution (4)

20. In relation to the general mandate referred to in Resolution (4) in the Notice, an Ordinary Resolution was passed at the Annual General Meeting held on 5 May 2017 giving a general mandate to the Directors to issue up to five per cent (5%) of the share capital of the Company in issue and any shares of the Company to be allotted and issued pursuant to this general mandate shall not be at a discount of more than ten per cent (10%) to the Benchmarked Price of such shares of the Company. No shares have been issued pursuant to this mandate as at the latest practicable date. The general mandate will lapse at the conclusion of the forthcoming AGM, unless the mandate is renewed at that meeting.
21. The Company acknowledges the possible concern of some minority Shareholders with respect to possible dilution of their shareholding interest resulting from the exercise of the general mandate to issue shares, and has reaffirmed its commitment to use the mandate sparingly and in the interest of all our Shareholders. Accordingly, the Board has continued to propose to limit the general mandate to five per cent (5%) of the total number of shares of the Company in issue (rather than twenty per cent and without any increase for shares repurchased as allowed by the Listing Rules) as at the date of the Resolution passed by the Shareholders, and that any shares of the Company to be allotted and issued pursuant to this general mandate shall not be at a discount of more than ten per cent (10%) (rather than twenty per cent as limited under the Listing Rules) to the Benchmarked Price of such shares of the Company unless and until there is a material change in circumstances or market condition.
22. The Directors believe that it is in the best interests of the Company and its Shareholders to have a general authority from Shareholders to enable the Directors to issue shares for flexibility in raising capital as and when needed.

#### Share Buy-back Mandate of 10% Shares in Issue – Resolution (5)

23. In relation to the general mandate referred to in Resolution (5) in the Notice, an Ordinary Resolution was passed at the Annual General Meeting on 5 May 2017 giving a general mandate to the Directors to repurchase shares of the Company on the Hong Kong Stock Exchange representing up to ten per cent (10%) of the share capital of the Company in issue. Up to the latest practicable date, no shares were bought back pursuant to this general mandate, which will lapse at the conclusion of the forthcoming AGM, unless the mandate is renewed at that meeting. The Directors believe that it is in the best interests of the Company and its Shareholders to have a general authority from Shareholders to enable the Directors to buy back its own shares on an opportunistic basis for the enhancement of long-term shareholder value. Shareholders' attention is particularly drawn to the implication of share buy-backs under the Codes on Takeovers and Mergers and Share Buy-backs (Takeovers Code) as set out in the Explanatory Statement on Share Buy-back Mandate which accompanies the Notice.

## Recommendation

24. The Board of the Company considers that each of the Resolutions (1) to (5) as set out in the Notice is in the best interests of the Company and its Shareholders as a whole and, accordingly, recommends Shareholders to vote in favour of the Resolutions (1) to (5) to be proposed at the AGM.

## Right to demand a poll

25. Pursuant to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (and as reflected in Article 76 of the Articles of Association of the Company), a poll may be demanded at the AGM on any of the Resolutions by:
- (a) at least five Shareholders present in person or by proxy having the right to vote at the AGM;
  - (b) a Shareholder or Shareholders present in person or by proxy representing at least five per cent of the total voting rights of all the Shareholders having the right to vote at the AGM;
  - (c) a Shareholder or Shareholders present in person or by proxy holding shares conferring a right to vote at the meeting, being shares on which an aggregate sum has been paid up equal to at least five per cent of the total sum paid up on all the shares conferring the right; or
  - (d) the Chairman of the AGM.
26. Since 2004, the Chairman has demanded a poll on each of the resolutions submitted for determination at General Meetings of Shareholders. The Chairman will continue to demand a poll on each of the resolutions submitted for determination at the forthcoming AGM. The results of the poll will be published on the Company's and the Hong Kong Stock Exchange's websites not later than the business day following the AGM, as well as in the Minutes of the AGM which will also be published on CLP website.

## Schedule 1 – Biographical Details of Directors Standing for Re-election at the AGM

### 1. The Honourable Sir Michael Kadoorie

Chairman (Non-executive)

GBS, LLD (Hon.), DSc (Hon.)

Aged 76

Appointed on 19 January 1967\*

#### **Titles, Qualifications and Education**

Gold Bauhinia Star; Commandeur de la Légion d'Honneur; Commandeur de l'Ordre des Arts et des Lettres; Commandeur de l'Ordre de la Couronne; Commandeur de l'Ordre de Leopold II

#### **Major positions held with CLP Group**

CLP Holdings Ltd.

- Nomination Committee (Chairman)

#### **Other major offices**

- ⌚ The Hongkong and Shanghai Hotels, Ltd. (Non-executive Chairman)  
Sir Elly Kadoorie & Sons Ltd. (Director)  
Heliservices (Hong Kong) Ltd. (Chairman)
- ⌚ CK Hutchison Holdings Ltd. (Independent Non-executive Director)

#### **Past experience**

- ⌚ Hutchison Whampoa Ltd. (privatised by way of a scheme of arrangement on 3 June 2015) (Independent Non-executive Director) (until July 2015)
- ⌚ Hong Kong Aircraft Engineering Company Ltd. (Alternate Director) (January 2007 – May 2016)

#### **Expertise**

Global market experience; Other listed board roles; Related industry experience (Power/Property); Other industries (Aviation/Travel & leisure)

#### **Relationships with any Directors, Senior Management or Substantial or Controlling Shareholders of the Company**

The Hon Sir Michael Kadoorie is a substantial shareholder of the Company.

\* The date given is that of appointment to the Board of China Light & Power Company, Ltd., the holding company of the CLP Group prior to the Group Reorganisation in 1998. The Hon Sir Michael Kadoorie was appointed to the Board of CLP Holdings on 31 October 1997.

⌚ The securities of these companies are or were (at the relevant times) listed on the Hong Kong Stock Exchange or overseas stock exchange(s).

2. Mr Andrew Clifford Winawer Brandler

Non-executive Director

MA, MBA, ACA

Aged 61

Appointed on 6 May 2000

**Titles, Qualifications and Education**

Member of The Institute of Chartered Accountants in England and Wales; Master of Arts, the University of Cambridge; Master in Business Administration, Harvard Business School

**Major positions held with CLP Group**

CLP Holdings Ltd.

- Finance & General Committee (Member)
- Sustainability Committee (Member)

EnergyAustralia Holdings Ltd. (Director)

**Other major offices**

① The Hongkong and Shanghai Hotels, Ltd. (Non-executive Deputy Chairman)  
Sir Elly Kadoorie & Sons Ltd. (Chairman)

① Tai Ping Carpets International Ltd. (Non-executive Director)

① MTR Corporation Ltd. (Independent Non-executive Director)

**Public service**

Hong Kong Golf Association Ltd. (Alternate Director)

The Chinese International School Foundation (Chairman of the Board of Governors)

**Past experience**

Mr Brandler was the Group Managing Director and Chief Executive Officer of CLP Holdings from 6 May 2000 to 30 September 2013. He continued to serve on the Board of CLP Holdings as an Executive Director until his redesignation as a Non-executive Director on 1 April 2014.

**Expertise**

Company executive; Global market experience; Other listed board roles; Professional (Accounting/Banking and Finance); Related industry experience (Power)

**Relationships with any Directors, Senior Management or Substantial or Controlling Shareholders of the Company**

Mr Brandler is the chairman of Sir Elly Kadoorie & Sons Ltd. (which manages the Kadoorie Family's interests in Hong Kong and overseas) and, as such, is associated with a substantial shareholder of the Company.



3. Mr Nicholas Charles Allen

Independent Non-executive Director

Aged 62

Appointed on 12 May 2009 <sup>(Note)</sup>

**Titles, Qualifications and Education**

Fellow of The Institute of Chartered Accountants in England and Wales; Member of The Hong Kong Institute of Certified Public Accountants; Bachelor of Arts in Economics/Social Studies, the University of Manchester (UK)

**Major positions held with CLP Group**

CLP Holdings Ltd.

- Audit & Risk Committee (Member)
- Finance & General Committee (Member)
- Human Resources & Remuneration Committee (Member)
- Nomination Committee (Member)
- Sustainability Committee (Member)

**Other major offices**

- ④ Link Asset Management Ltd. (as manager of The Link Real Estate Investment Trust) (Independent Non-executive Chairman)
- ④ Lenovo Group Ltd. (Independent Non-executive Director)

**Past experience**

Mr Allen was an Independent Non-executive Director of Hysan Development Company Ltd. ④ (November 2009 to May 2016) and an Independent Non-executive Director of VinaLand Ltd. ④ (June 2010 to October 2016). He joined Coopers & Lybrand (C&L) in London in 1977 and was transferred to C&L Hong Kong in 1983. He was admitted to partnership in C&L Hong Kong in 1988, which was subsequently merged with Price Waterhouse into PricewaterhouseCoopers (PwC) in 1998. Mr Allen retired from PwC in 2007.

**Expertise**

Global market experience; Other listed board roles; Professional (Accounting); Related industry experience (Property-related/Retail)

**Relationships with any Directors, Senior Management or Substantial or Controlling Shareholders of the Company**

Mr Allen has no financial or family relationships with any other Directors, Senior Management or substantial or controlling shareholders of the Company.

Note:

Mr Allen will have served on the Board for just under nine years at the time of the AGM and upon his re-election (if re-elected), will be on the Board for more than nine years. Taking into consideration his actual contributions, his impartiality and his independent judgement on various issues that he brings to the discussions during Board and Committees meetings, the Board concluded that Mr Allen continues to be independent and should be re-elected.

4. Mrs Law Fan Chiu Fun Fanny

Independent Non-executive Director

GBM, GBS, JP

Aged 65

Appointed on 17 August 2011 and reappointed on 1 August 2012

**Titles, Qualifications and Education**

Grand Bauhinia Medal; Gold Bauhinia Star; Justice of the Peace; Bachelor of Science (Hon.), the University of Hong Kong; Master in Public Administration, Harvard University (Littauer Fellow); Master in Education, the Chinese University of Hong Kong

**Major positions held with CLP Group**

CLP Holdings Ltd.

- Audit & Risk Committee (Member)
- Sustainability Committee (Member)

**Other major offices**

- ④ China Resources (Holdings) Co., Ltd. (External Director)
- ④ China Unicom (Hong Kong) Ltd. (Independent Non-executive Director)
- ④ DTXS Silk Road Investment Holdings Company Ltd. (previously known as UDL Holdings Ltd.) (Independent Non-executive Director)
- ④ Nameson Holdings Ltd. (Independent Non-executive Director)

**Public service**

China-US Exchange Foundation (Special Advisor)

Hong Kong Science and Technology Parks Corporation (Chairperson)

The Government of Hong Kong SAR (Member of the Executive Council)

**Past experience**

Prior to her retirement from the civil service in 2007, Mrs Law was the Commissioner of the Hong Kong Independent Commission Against Corruption. During her 30 years in the civil service, Mrs Law has worked in many fields, including medical and health, economic services, housing, land and planning, home affairs, social welfare, civil service, transport and education.

**Expertise**

CLP market experience (China); Other listed board roles; Public administration; Technology

**Relationships with any Directors, Senior Management or Substantial or Controlling Shareholders of the Company**

Mrs Law has no financial or family relationships with any other Directors, Senior Management or substantial or controlling shareholders of the Company.

## EXPLANATORY STATEMENT ON SHARE BUY-BACK 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 buy-back mandate to be granted to the Directors of the Company.

### 1. Exercise of the Buy-back Mandate

- 1.1 Resolution (5) set out in the Notice will, if passed, give a general unconditional mandate to the Directors authorising the buy-back by the Company of up to ten per cent of the total number of shares of the Company in issue at the date of the AGM at any time from the passing of the Resolution until the conclusion of the next Annual General Meeting of the Company, the expiration of the period within which the next Annual General Meeting of the Company is required by law to be held, or at any time when the aforementioned mandate is revoked or varied by ordinary resolution of the Shareholders in general meeting, whichever occurs first (Relevant Period).
- 1.2 On the basis of 2,526,450,570 shares in issue as at the latest practicable date, exercise in full of the buy-back mandate would result in up to 252,645,057 shares being bought back by the Company during the Relevant Period.

### 2. Reasons for Buy-backs

- 2.1 The Directors believe that it is in the best interests of the Company and its Shareholders to have a general authority from Shareholders to enable the Directors to buy back its own shares. Such buy-back may, depending on market conditions and funding arrangements at the time, lead to an enhancement in the value of the shares and/or earnings per share and will only be made when the Directors believe that such buy-back will benefit the Company and its Shareholders.

### 3. Funding of Buy-backs

- 3.1 In buying back its own shares, the Company may only apply funds legally available for such purpose in accordance with the laws of Hong Kong and the Articles of Association of the Company. Such funds may include profits available for distribution and the proceeds of a fresh issue of shares made for the purpose of the buy-backs.
- 3.2 In the event that the buy-back mandate is exercised in full, there might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the Company's Annual Report and Financial Statements for the year ended 31 December 2017). However, the Directors do not propose to exercise the buy-back mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or gearing level which in the opinion of the Directors is from time to time appropriate to the Company.

### 4. Status of Bought-back Shares

- 4.1 The Listing Rules provide that all the shares purchased by the Company are automatically delisted and the Company must ensure that the corresponding certificates are cancelled and destroyed. Under the Companies Ordinance, the shares so purchased in accordance with the proposed mandate will be regarded as cancelled.

## 5. Share Prices

- 5.1 The highest and lowest prices at which shares have been traded on the Hong Kong Stock Exchange during each of the previous 12 months and as at the latest practicable date were as follows:

	Highest HK\$	Lowest HK\$
<b>2017</b>		
March	81.95	76.55
April	82.50	78.85
May	85.25	81.05
June	85.50	82.55
July	83.50	81.00
August	84.90	80.70
September	82.85	79.60
October	80.75	79.20
November	81.75	78.35
December	80.50	77.65
<b>2018</b>		
January	80.30	78.00
February	80.20	75.05
14 March (latest practicable date)	78.80	78.30

## 6. Disclosure of Interests

- 6.1 None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their close associates currently intends to sell any shares to the Company or its subsidiaries under the buy-back mandate if such buy-back mandate is approved by Shareholders.
- 6.2 The Directors have undertaken to the Hong Kong Stock Exchange that, so far as the same may be applicable, they will exercise the buy-back mandate pursuant to the proposed resolution in accordance with the Listing Rules and the laws of Hong Kong.
- 6.3 No core connected persons (as defined in the Listing Rules) have notified the Company that they have a present intention to sell shares to the Company or have undertaken not to do so in the event that the buy-back mandate is approved by Shareholders.

## 7. The Codes on Takeovers and Mergers and Share Buy-backs

- 7.1 If, as a result of share buy-backs by the Company, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition of voting rights for the purposes of Rule 32 of the Takeovers Code. Accordingly, a Shareholder, or group of Shareholders acting in concert, may be treated, as a result of share buy-backs by the Company, as having obtained or consolidated control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code.
- 7.2 As at the latest practicable date, the Kadoorie Family's interests in the Company (which included interests held through/by (i) various discretionary trusts of which members of the Kadoorie Family are beneficiaries, (ii) the charities associated with the Kadoorie Family, and (iii) some members of the Kadoorie Family personally (collectively, the Parties)), amounted in aggregate to 885,928,074 shares, representing 35.0661% of the shares of the Company in issue.
- 7.3 If the Parties' holding of voting rights in the Company increases by more than 2% from their lowest percentage holding in the 12 months ending on date of an acquisition of shares or buy-back of shares by the Company, the Parties may be obliged to make a mandatory general offer under the Takeovers Code unless a waiver is granted by the Securities and Futures Commission. The Company does not presently envisage exercising the buy-back mandate to effect on-market share buy-backs in circumstances where this will trigger a mandatory general offer obligation on the part of the Parties under the Takeovers Code.

## 8. Buy-backs made by the Company

- 8.1 The Company has not repurchased any shares on the Hong Kong Stock Exchange in the six months prior to the date of the Notice.

## GUIDE FOR SHAREHOLDERS TO ATTEND THE AGM

### WHERE TO ATTEND?

The twentieth AGM of Shareholders of the Company will be held at the Grand Ballroom, 1/F., Crowne Plaza Hong Kong Kowloon East, 3 Tong Tak Street, Tseung Kwan O, Hong Kong. Please see the location plan of the Crowne Plaza Hong Kong Kowloon East as printed overleaf for the location of the AGM venue. In addition, the adjacent shopping mall to Crowne Plaza Hong Kong Kowloon East, "PopCorn1" Mall provides access to the MTR (Mass Transit Railway) Station "Tseung Kwan O" with the closest exit being Exit C; the "PopCorn1" Mall floor plan is also provided for Shareholders' reference.

Shareholders are asked not to take items such as large bags, cameras, audio recording equipment or video recorders to the AGM. For security reasons, Shareholders may have their bags searched and will be requested to leave all such items at the entrance of the AGM venue before entering.

### HOW TO VOTE?

If you are a registered member of the Company, you are entitled to attend the AGM and cast your vote in person. If you are a registered Shareholder and do not plan to attend the AGM, you may appoint a proxy to exercise your rights at the AGM. You may also appoint separate proxies to represent respectively the number of the shares held by you as specified in each of your proxy forms and instruct your proxy(ies) to cast your vote(s) at the AGM. Please refer to the Explanatory Notes to the Notice on page 3 of this document for further information regarding the appointment of proxies.

If you are not a registered member of the Company (e.g. your shares are held through a nominee or broker), you may instruct them to appoint you as their proxy or corporate representative to attend and vote at the AGM.

A voting paper or voting device will be given to every Shareholder or proxy upon his/her registration at the AGM. Please use the voting paper or voting device to cast your votes on a poll at the AGM.

### GALE OR BLACK RAINSTORM WARNING

In the event that a gale warning (tropical cyclone no. 8 or above) or black rainstorm warning is in effect at any time between 9:00 a.m. and 11:00 a.m. on the day of the AGM, the AGM may be postponed to a later date and/or time as determined by the Company.

If postponed, the Company will, as soon as practicable, post an announcement on its website and on the website of the Hong Kong Stock Exchange to notify Shareholders that the meeting has been postponed (however, a failure to post such a notice shall not affect the postponement of such meeting). Shareholders may also telephone the Company's hotline on (852) 2678 8228 to enquire whether the meeting has been cancelled.

When the date, time and location of the rescheduled meeting has been fixed, the Company will post a further announcement on its website and on the website of the Hong Kong Stock Exchange to notify Shareholders of the date, time and location of the rescheduled meeting. At least seven clear days' notice shall be given of the rescheduled meeting.

Shareholders should in any event exercise due care and caution when deciding to attend the AGM in adverse weather conditions.

### SOUVENIRS

To express our appreciation to Shareholders who participate at our AGM, the Company has prepared a limited number of AGM souvenirs as gifts to them.

Every Shareholder attending the AGM in person or by proxy will be offered **one set of souvenir only** regardless of the number of shares he/she holds or represents, or the number of Shareholders he/she represents.

Allocation of additional souvenirs to multiple appointed proxies will be at the Company's discretion and subject to the availability of souvenirs.



香港國際  
機場方向  
Direction to  
Hong Kong  
International  
Airport



## Adjacent shopping mall to AGM venue

毗連年會場地的商場

# PopCorn1

## LEVEL G

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