
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 to be taken, 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, 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.

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other material facts not contained herein the omission of which would make any statement contained in this circular misleading.

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HYSAN DEVELOPMENT COMPANY LIMITED

希慎興業有限公司

(Incorporated under Hong Kong Companies Ordinance, Cap. 622, with limited liability)

(Stock Code: 00014)

**NOTICE OF ANNUAL GENERAL MEETING
AND
PROPOSALS FOR
GENERAL MANDATES TO ISSUE AND TO REPURCHASE SHARES
AND
ADOPTION OF NEW SHARE OPTION SCHEME**

A notice convening the AGM to be held at Meeting Room S221, Hong Kong Convention and Exhibition Centre, 1 Expo Drive, Wanchai, Hong Kong (use Harbour Road Entrance) on Friday, 15 May 2015 at 12:00 noon is set out on pages 2 to 4 of this circular.

Whether or not you intend to attend the AGM, you are advised to read this circular and to complete the accompanying form of proxy in accordance with the instructions printed thereon and return original of the same to the Company's registered office at 49/F. (Reception: 50/F.), The Lee Gardens, 33 Hysan Avenue, Hong Kong or to the Company's Registrar, Tricor Standard Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the AGM or any adjournment thereof. Forms of proxy sent electronically or by any other data transmission process will not be accepted. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or any adjournment thereof should you so wish.

31 March 2015

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INVITATION TO SHAREHOLDERS



HYSAN DEVELOPMENT COMPANY LIMITED

希慎興業有限公司

(Incorporated under Hong Kong Companies Ordinance, Cap. 622 with limited liability)

(Stock Code: 00014)

Board of Directors:

Irene Yun Lien LEE (*Chairman*)

Siu Chuen LAU

(Deputy Chairman and Chief Executive Officer)

Nicholas Charles ALLEN**

Frederick Peter CHURCHOUSE**

Philip Yan Hok FAN**

Lawrence Juen-Yee LAU**

Joseph Chung Yin POON**

Hans Michael JEBSEN*

(Kam Wing LI as his alternate)

Anthony Hsien Pin LEE*

(Irene Yun Lien LEE as his alternate)

Chien LEE*

Michael Tze Hau LEE*

Wendy Wen Yee YUNG

(Executive Director and Company Secretary)

Registered Office:

49/F. (Reception: 50/F.)

The Lee Gardens

33 Hysan Avenue

Hong Kong

* *Non-executive Directors*

** *Independent non-executive Directors*

31 March 2015

Dear Shareholders,

On behalf of the Board and management, we invite you to attend Hysan Development Company Limited's Annual General Meeting to be held on Friday, 15 May 2015. Detailed explanation on the business to be considered at the Meeting, together with Board Recommendations on the proposed resolutions, are set out in this circular.

We aim to continually enhance our corporate governance practices, including the quality of our reporting and communications with our shareholders.

We regard annual general meetings as one of the principal channels to communicate with our shareholders. We look forward to seeing you at the Meeting. If you are unable to attend the Meeting in person, we encourage you to appoint a proxy to attend and vote on your behalf.

Yours faithfully,
Irene Yun Lien LEE
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 S221, Hong Kong Convention and Exhibition Centre, 1 Expo Drive, Wanchai, Hong Kong (use Harbour Road Entrance) on Friday, 15 May 2015 at 12:00 noon for the following purposes:

1. To receive and consider the Statement of Accounts for the year ended 31 December 2014 together with the Reports of Directors and Auditor thereon.
2. To re-elect Directors.
3. To re-appoint Messrs. Deloitte Touche Tohmatsu as Auditor and authorise 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 paragraph (c), 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 dispose of additional shares in the Company and to make or grant offers, agreements, options, warrants or other securities which would or might require the exercise of such powers;
 - (b) the mandate in paragraph (a) shall authorise the Directors during the Relevant Period to make or grant offers, agreements, options and other securities 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) 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, shall not exceed 10% where the shares are to be allotted wholly for cash, and in any event 20%, of the aggregate number of shares of the Company in issue as at the date of passing 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 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; and
 - (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.

NOTICE OF ANNUAL 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 legal restrictions 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 to exercise during the Relevant Period all the powers of the Company to purchase or otherwise acquire shares of the Company in accordance with all applicable laws and the requirements of the Listing Rules, provided that the aggregate number of shares so purchased or otherwise acquired shall not exceed 10% of the aggregate number of shares of the Company in issue as at the date of passing of this Resolution, and the said mandate shall be limited accordingly; and

(b) for the purpose of this Resolution:

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

(i) the conclusion of the next annual general meeting of the Company;

(ii) the expiration of the period within which the next annual general meeting of the Company is required by law to be held; and

(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.”

6. **“That** subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting approval of the listing of and permission to deal in the shares to be allotted and issued pursuant to the exercise of options which may be granted under a new share option scheme of the Company (the **“New Scheme”**), the principal terms of which are set out on pages 18 to 26 of the circular to shareholders of the Company dated 31 March 2015 and a copy of which is now produced to this meeting and marked **“A”** and signed by the Chairman for the purpose of identification:

(a) the rules of the New Scheme be and are hereby approved and adopted;

(b) the Directors be and are hereby authorised to administer the New Scheme and to grant options in accordance with the rules and provisions of the New Scheme;

(c) the exercise by the Directors of all the powers of the Company to issue, allot and deal with any shares from time to time pursuant to the exercise of options under and in accordance with the New Scheme be and is hereby generally and unconditionally approved; and

NOTICE OF ANNUAL GENERAL MEETING

- (d) the Directors be and are hereby authorised to do all such other acts and things as may be necessary or expedient as they think fit in order to give effect to the New Scheme from time to time.”

By Order of the Board
Wendy Wen Yee YUNG
Executive Director and Company Secretary

Hong Kong, 31 March 2015

Notes:

1. A member entitled to attend and vote at the above Meeting is entitled to appoint one or more proxies to attend and vote on his behalf. The proxy need not be a member of the Company.
2. In order to be valid, an original of the form of proxy must be returned to the Company's registered office at 49/F. (Reception: 50/F.), The Lee Gardens, 33 Hysan Avenue, Hong Kong or to the Company's Registrar, Tricor Standard Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority, not less than 48 hours before the time for holding the Meeting. Forms of proxy sent electronically or by any other data transmission process will not be accepted.
3. The register of members will be closed from Thursday, 14 May 2015 to Friday, 15 May 2015, both dates inclusive. In order to qualify for attending and voting at the Annual General Meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Registrar, Tricor Standard Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:00 p.m. on Wednesday, 13 May 2015.
4. Further information on voting procedures is set out in the section "Voting Information: Frequently Asked Questions and Answers" in the circular to be sent to shareholders (the "**Circular**").
5. Detailed information on the businesses to be transacted at the Annual General Meeting is set out in the section "Business of the Meeting and Board Recommendations" of the Circular.
6. Pursuant to the Listing Rules, any vote of members at a general meeting must be taken by poll. Accordingly, at the Annual General Meeting, the Chairman of the Meeting will exercise his power under Article 78 of the Articles of Association of the Company to put each of the resolutions set out in this notice to be voted by way of poll. On a poll, every member present in person (or in the case of a corporation by its corporate representative) or by proxy shall have one vote for each share of any class of which he is the holder.
7. A copy of the rules of the New Scheme will be available for inspection at the Company's registered office at 49/F. (Reception: 50/F.), The Lee Gardens, 33 Hysan Avenue, Hong Kong, during normal business hours from the date hereof up to and including the date of the Annual General Meeting and at the Annual General Meeting.

*As at the date of this notice, the Board comprises: Irene Yun Lien LEE (Chairman), Siu Chuen LAU (Deputy Chairman and Chief Executive Officer), Nicholas Charles ALLEN**, Frederick Peter CHURCHOUSE**, Philip Yan Hok FAN**, Lawrence Juen-Yee LAU**, Joseph Chung Yin POON**, Hans Michael JEBSEN* (Kam Wing LI as his alternate), Anthony Hsien Pin LEE* (Irene Yun Lien LEE as his alternate), Chien LEE*, Michael Tze Hau LEE* and Wendy Wen Yee YUNG (Executive Director and Company Secretary).*

* *Non-executive Directors*

** *Independent non-executive Directors*

VOTING INFORMATION: FREQUENTLY ASKED QUESTIONS AND ANSWERS

Your vote is important, and you can exercise your right to vote whether you choose to attend the AGM or not. Find out how below:

Q. Am I entitled to vote?

- A.** You are entitled to vote if you are a registered holder of Shares of Hysan Development Company Limited as of 15 May 2015 (the date of AGM).

The register of members will be closed from Thursday, 14 May 2015 to Friday, 15 May 2015 (both dates inclusive), for the purpose of determining qualification for attending and voting at the AGM. If you have recently purchased the Shares, you must deliver to Tricor Standard Limited not later than 4:00 p.m. on Wednesday, 13 May 2015 the share certificates, share transfer form or relevant evidence to establish that you own the Shares.

Q. What am I voting on?

- A.** You are voting on the resolutions as set out in the Notice of AGM on pages 2 to 4, and “Business of the Meeting and Board Recommendations” on pages 7 to 9 of this circular.

Q. How can I vote?

- A.** 1. Attending the AGM

You are entitled to attend the AGM and cast your vote in person. To vote shares registered in the name of a corporation, the corporation must have submitted the original of a properly executed form of proxy or corporate representative authorisation to the Company. Forms of proxy sent electronically or by any other data transmission process will not be accepted.

2. By Proxy

If you do not plan to attend the AGM, you may cast your vote by proxy in one of the two ways. **Your proxy must vote as you instruct in the form of proxy:**

- (a) You may authorise the Chairman of the Company named in the form of proxy to vote your shares. Please indicate how you would like your shares to be voted.
- (b) You may appoint other person to attend the AGM and vote your shares on your behalf. Please print your appointee’s name in the blank space on the form of proxy and indicate how you would like your shares to be voted. A proxy need not be a shareholder of the Company.

VOTING INFORMATION: FREQUENTLY ASKED QUESTIONS AND ANSWERS

Q. When shall I return my form of proxy?

- A.** To be valid, the **original** form of proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of the same, must be completed and **returned to the Company's registered office at 49/F. (Reception: 50/F.), The Lee Gardens, 33 Hysan Avenue, Hong Kong, or to the Company's Registrar, Tricor Standard Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not less than 48 hours before the time for holding the AGM or any adjournment thereof.** Forms of proxy sent electronically or by any other data transmission process will not be accepted.

Q. Who votes my shares and how will they be voted if I return a form of proxy?

- A.** By properly completing and returning a form of proxy, you are authorising the person(s) named in the form of proxy to attend the AGM and to vote your shares. The shares represented by your proxy must be voted as you instruct in the form of proxy. If you properly complete and return your form of proxy but do not specify how you wish to cast your votes, your proxy will vote at his discretion. Where more than one proxy is appointed, the proxies are not entitled to vote on the resolution on a show of hands.

Q. Can I revoke a proxy or voting instruction?

- A.** Completion and return of a form of proxy will not preclude a member from attending in person and voting at the AGM should he so wish. Therefore, your attendance at the AGM will override your proxy appointment.

Q. How will voting be taken at the AGM?

- A.** **Under the Listing Rules, all votes at the AGM are required to be taken by poll. Accordingly, the Chairman of the AGM will demand a poll regarding the voting for all the resolutions set out in the Notice of AGM.**

Q. What are the procedures for voting by poll?

- A.** **On a poll, every member present in person (or in the case of a corporation by its corporate representative) or by proxy (including where more than one proxy is appointed) shall have one vote for each Share of which he is the holder. All shareholders, corporate representatives or proxies who attend the AGM will be given voting papers upon their registration at the AGM. The resolutions will be printed on the voting papers. You can cast your votes either for or against each resolution in respect of the number of shares held under your name. The Registrar will collect all the voting papers after voting. The results of the voting by poll will be published on the website of the Company and the designated issuer website of the Stock Exchange after market close on the day of the AGM.**

Q. What if I have a question?

- A.** If you have any question regarding the AGM, please contact Hysan's Secretarial Services Department at 2895-5777.

BUSINESS OF THE MEETING AND BOARD RECOMMENDATIONS

RESOLUTION NUMBERED 1 – RECEIVING 2014 FINANCIAL STATEMENTS

The full audited financial statements together with the Reports of Directors and Auditor thereon, are set out on pages 120 to 175, pages 98 to 104 and page 119 of the Annual Report 2014.

The audited financial statements have been reviewed by the Audit Committee. A report of the Audit Committee is set out on pages 113 to 116 of the Annual Report 2014.

RESOLUTION NUMBERED 2 – RE-ELECTION OF DIRECTORS

Under Article 114 of the Company's Articles of Association, one-third (or such other number as may be required under applicable legislation) of the Directors; and where the applicable number is not an integral number, to be rounded upwards, who have been longest in office shall retire from office by rotation and may offer themselves for re-election. In this light, Siu Chuen LAU, Philip Yan Hok FAN, Michael Tze Hau LEE and Joseph Chung Yin POON will retire and, being eligible, offer themselves for re-election at the forthcoming AGM. Their proposed re-election will be considered by separate resolutions.

According to Article 97 of the Company's Articles of Association, a Director appointed either to fill a casual vacancy or as an addition to the Board shall hold office only until the next following annual general meeting. In this regard, Lawrence Juen-Yee LAU will retire and, being eligible, offer himself for re-election at the forthcoming AGM.

Details of the background information on the retiring Directors who are proposed for re-election are set out on pages 10 to 14 of this circular.

RESOLUTION NUMBERED 3 – RE-APPOINTMENT OF AUDITOR

The Audit Committee has recommended to the Board (which in turn endorsed the view) that, subject to shareholder approval at the forthcoming AGM, Deloitte Touche Tohmatsu be re-appointed as the external auditor of the Company for 2015.

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

At the last annual general meeting of the Company held on 13 May 2014, general mandates under Sections 140 and 141 of the Companies Ordinance and the Listing Rules were given 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:

- an ordinary resolution (**resolution numbered 4**) to give the Directors a general and unconditional mandate to allot, issue and dispose of additional Shares in the Company, not exceeding 10% where the Shares are to be allotted wholly for cash, and in any event 20%, 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 "**Issue Mandate**"); and
- an ordinary resolution (**resolution numbered 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**").

BUSINESS OF THE MEETING AND BOARD RECOMMENDATIONS

The full text of these resolutions is set out in the Notice of AGM. As required under the Listing Rules, an explanatory statement providing the requisite information regarding the Share Repurchase Mandate is set out on pages 15 to 17 of this circular.

The Company's Articles of Association empower Directors to allot unissued shares. Under the Hong Kong 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 as not exceeding 20% of a listed issuer's then issued shares, without differentiating between cash and non-cash issuances.

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.

The Board therefore differentiates between the amount of equity securities to be issued (i) for cash (other than in connection with a Rights Issue and other exceptions set out in the AGM Notice), to which shareholders' pre-emptive rights apply; and (ii) for non-cash consideration. This is in line with international best practices.

The amount of equity securities to be issued for cash (other than under the exceptions referred to above) is restricted to 10% of the existing issued ordinary shares. This is below the maximum limit permitted under the Listing Rules.

The Company has not issued any new Shares pursuant to the Issue Mandate granted in previous general meetings in the past 10 years, other than pursuant to: (i) the scrip dividend alternative; and (ii) the exercise of the options granted under the Company's share option schemes.

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 NUMBERED 6 – ADOPTION OF NEW SCHEME

On 10 May 2005, the Company adopted the Existing Scheme pursuant to which the Board may at its discretion grant options to any employee of the Company or any wholly-owned Subsidiary. The Existing Scheme will expire on 9 May 2015. Thereafter the provisions of the Existing Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any options granted prior to the date of expiration of the Existing Scheme. All options granted prior to such date shall continue to be valid and exercisable in accordance with the provisions of the Existing Scheme. As at the Latest Practicable Date, options in respect of 4,076,204 Shares granted by the Company under the Existing Scheme remained outstanding, representing approximately 0.38% of the total number of issued Shares of the Company as at the Latest Practicable Date.

As the Existing Scheme will expire on 9 May 2015, the Board proposes that the Company adopt the New Scheme at the AGM. The New Scheme constitutes a share option scheme governed by Chapter 17 of the Listing Rules. Accordingly, an ordinary resolution will be proposed at the AGM to consider and, if thought fit, approve the adoption of the New Scheme. A summary of the principal terms of the New Scheme and other background information are set out in the relevant explanatory statement on pages 18 to 26 of this circular.

The purpose of the New Scheme is to enable the Company to provide an incentive for employees of the Company and its Subsidiaries to work with commitment towards enhancing the value of the Company and its Shares for the benefit of its shareholders. To this end, the rules of the New Scheme provide that the Board may only grant options to employees of the Company or any Subsidiary (including executive Directors) and such other persons as the Board may consider appropriate who, as the Board may in its absolute discretion determine, have made valuable contribution to the development and growth of the Company and the Subsidiaries. In addition,

BUSINESS OF THE MEETING AND BOARD RECOMMENDATIONS

the Board may specify, if any, the minimum period for which an option must be held or the performance targets, if any, that must be achieved before the option can be exercised. The Board believes that the selection criteria prescribed by the rules of the New Scheme as well as the requirement for a minimum Subscription Price will serve to achieve the purpose of the New Scheme.

The maximum number of Shares in respect of which options may be granted under the New Scheme and any other share option schemes of the Company shall not in aggregate exceed such number of Shares as required under the Listing Rules (and on the Adoption Date means not exceeding 10% of the total number of Shares in issue as at the Adoption Date). On the basis of 1,063,880,692 Shares in issue as at the Latest Practicable Date, the Company may grant Options in respect of 106,388,069 Shares under the New Scheme (i.e. 10% of the issued Shares of the Company as at the Adoption Date).

The Board has given approval for the adoption of the New Scheme. The New Scheme shall take effect subject to:

- (a) the expiry of the Existing Scheme;
- (b) the passing of an ordinary resolution to adopt the New Scheme by shareholders of the Company at the AGM; and
- (c) the Stock Exchange approving the listing of and permission to deal in any Shares to be allotted and issued pursuant to the exercise of options under the New Scheme.

An application will be made to the Stock Exchange for the listing of and permission to deal in the Shares which may fall to be issued pursuant to the exercise of any options granted under the New Scheme.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no shareholder of the Company is required to abstain from voting on the resolutions approving the New Scheme.

BOARD RECOMMENDATIONS

The Directors consider that the proposed resolutions as set out in the Notice of AGM, including, among other things, the proposed resolutions in relation to the granting of the Issue Mandate and Share Repurchase Mandate, and the adoption of the New Scheme are in the best interests of the Company and its shareholders as a whole. Accordingly, the Directors recommend shareholders to vote in favour of the proposed resolutions.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the issuer. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the rules of the New Scheme will be available for inspection at the Company's registered office at 49/F. (Reception: 50/F.), The Lee Gardens, 33 Hysan Avenue, Hong Kong, during normal business hours from the date hereof up to and including the date of the AGM and at the AGM.

INFORMATION ON DIRECTORS PROPOSED TO BE RE-ELECTED

Information on Directors standing for re-election at the AGM is set out below:



	Director since	Board committee memberships	Emoluments received for 2014 (HK\$)	Interests in Shares within the meaning of Part XV of SFO as at the Latest Practicable Date
Siu Chuen LAU <i>Deputy Chairman and Chief Executive Officer</i> Age: 57	2011	Member of Strategy Committee	10,533,230.00 <i>(Note 1)</i>	280,781 Shares (Personal and corporate interests) and 1,009,334 options (Personal interests) <i>(Note 2)</i>

Mr. Lau was the acting Head of Finance of Hysan Group in 1999. He has also worked as a management consultant at McKinsey & Company, a consumer analyst at Morgan Stanley Asia, and a brand manager of French luxury products. He subsequently co-founded and became a Responsible Officer of a SFC licensed investment advisory firm. Mr. Lau is a member of the founding Lee family and an alternate director of Lee Hysan Company Limited, a substantial shareholder of the Company. Mr. Lau holds a Bachelor of Social Sciences Degree in Management and Economics from The University of Hong Kong, and a Master of Business Administration Degree from INSEAD, France. He was appointed a Non-executive Director in May 2011, Non-executive Deputy Chairman in March 2012, Deputy Chairman and Chief Executive Officer in May 2012.

Following review by the Remuneration Committee and, in turn, the Board in March 2015, Mr. Lau's compensation package as Deputy Chairman and Chief Executive Officer for 2015 includes a fixed package (including base salary and pensions) of HK\$8,900,667 per annum and will be entitled to a performance bonus at a level to be approved by the Remuneration Committee having regard to the performance of the Group and the individual concerned. He may also be granted long-term incentives in the form of share options. This compensation package is determined having given consideration to the level of responsibility, experience and abilities required of the Deputy Chairman and Chief Executive Officer and the remuneration offered for similar positions in comparable companies.

Save as disclosed above, Mr. Lau has no relationship 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.

INFORMATION ON DIRECTORS PROPOSED TO BE RE-ELECTED



	Director since	Board committee memberships	Emoluments received for 2014 (HK\$)	Interests in Shares within the meaning of Part XV of SFO as at the Latest Practicable Date
Philip Yan Hok FAN <i>Independent non-executive Director</i> Age: 65	2010	Chairman of Remuneration Committee, Member of Audit Committee, Nomination Committee and Strategy Committee	355,864.00	Nil

Mr. Fan is an independent non-executive director of China Everbright International Limited, First Pacific Company Limited, and China Aircraft Leasing Group Holdings Limited, and an independent director of Goodman Group. He is a member of the Asia Advisory Committee of AustralianSuper Pty Ltd (a pension fund in Australia). He was previously an independent non-executive director of HKC (Holdings) Limited, and an independent director of Suntech Power Holdings Co., Ltd. (under provisional liquidation) and Zhuhai Zhongfu Enterprise Co. Ltd. Mr. Fan holds a Bachelor's Degree in Industrial Engineering and a Master's Degree in Operations Research from Stanford University, as well as a Master's Degree in Management Science from Massachusetts Institute of Technology. He was appointed Independent non-executive Director in January 2010.

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

Mr. Fan received Director fee of HK\$200,000 and a fee of HK\$155,864 for serving as Chairman of the Remuneration Committee and member of the Audit Committee, Nomination Committee and Strategy Committee in 2014.

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



Lawrence Juen-Yee LAU
*Independent non-executive
 Director*
 Age: 70

	Director since	Board committee memberships	Emoluments received for 2014 (HK\$)	Interests in Shares within the meaning of Part XV of SFO as at the Latest Practicable Date
	2014	Nil	10,959.00	Nil

Professor Lau is currently Ralph and Claire Landau Professor of Economics at The Chinese University of Hong Kong. He is also an independent non-executive director of AIA Group Limited and CNOOC Limited. Professor Lau is an independent director of Far EastTone Telecommunications Co., Ltd. (listed on the Taiwan Stock Exchange).

Professor Lau received his B.S. degree (with Great Distinction) in Physics from Stanford University and his M.A. and Ph.D. degrees in Economics from the University of California at Berkeley. He joined the faculty of the Department of Economics at Stanford University in 1966, and had a long and distinguished career there. Upon his retirement in 2006, he became Kwoh-Ting Li Professor in Economic Development, Emeritus, at Stanford University. From 2004 to 2010, Professor Lau served as Vice-Chancellor (President) of The Chinese University of Hong Kong. From September 2010 to September 2014, he served as Chairman of CIC International (Hong Kong) Co., Limited, a subsidiary of China Investment Corporation. Professor Lau was also a non-executive director of Semiconductor Manufacturing International Corporation.

Professor Lau is a member of the 12th National Committee of the Chinese People's Political Consultative Conference and a Vice-Chairman of its Economics Sub-committee. He also serves as a member of the Exchange Fund Advisory Committee of the Hong Kong Monetary Authority and Chairman of its Governance Sub-committee. He was appointed a Justice of the Peace in July 2007 and awarded the Gold Bauhinia Star in 2011 by the Government of the Hong Kong Special Administrative Region. He was appointed an Independent non-executive Director in December 2014.

Professor Lau's spouse is Partner in-charge, Tax, Hong Kong, at KPMG China, and a board member of KPMG China. KPMG is a tenant of the Group and provided taxation services principally in acting as tax representative of the Company and certain subsidiaries, which are routine in nature. Mrs. Lau has not been involved in any business negotiations with the Group, or in the provision of any services, and will refrain from doing so.

Professor Lau has confirmed to the Board his independence as regard each of the factors referred to in Rule 3.13(1) to (8) of the Listing Rules. He has no relationship with any Directors, senior management, substantial or controlling shareholders of the Company. The Board and its Nomination Committee had assessed the independence of Professor Lau in light of the circumstances, including (i) Professor Lau's background, experience, achievements, as well as character; (ii) the nature of the Company's relationship with KPMG and Mrs. Lau's roles as described above; and concluded that his independence would not be affected.

The Board is not aware of any other circumstance that might influence Professor Lau 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.

Professor Lau received Director fee of HK\$10,959.00 on a pro-rata basis in 2014.

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



Michael Tze Hau LEE
Non-executive Director
 Age: 53

Director since	Board committee memberships	Emoluments received for 2014 (HK\$)	Interests in Shares within the meaning of Part XV of SFO as at the Latest Practicable Date
2010	Member of Remuneration Committee	240,000.00	Nil

Mr. Lee is currently the managing director of MAP Capital Limited, an investment management company. He is also an independent non-executive director of Hong Kong Exchanges and Clearing Limited, Chen Hsong Holdings Limited, Trinity Limited; an independent non-executive director and chairman of OTC Clearing Hong Kong Limited; and a Steward of The Hong Kong Jockey Club. Mr. Lee was a member of the Main Board and Growth Enterprise Market Listing Committees of The Stock Exchange of Hong Kong Limited. Mr. Lee is a member of the founding Lee family and a director of Lee Hysan Estate Company, Limited, a substantial shareholder of the Company. He joined the Board in January 2010, having previously served as a Director from 1990 to 2007. Mr. Lee received his Bachelor of Arts Degree from Bowdoin College and his Master of Business Administration Degree from Boston University.

Mr. Lee received Director fee of HK\$200,000 and a fee of HK\$40,000 for serving as member of the Remuneration Committee in 2014.

Save as disclosed above, Mr. Lee has no relationship 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.

INFORMATION ON DIRECTORS PROPOSED TO BE RE-ELECTED



	Director since	Board committee memberships	Emoluments received for 2014 (HK\$)	Interests in Shares within the meaning of Part XV of SFO as at the Latest Practicable Date
Joseph Chung Yin POON <i>Independent non-executive Director</i> Age: 60	2010	Member of Remuneration Committee and Nomination Committee	260,000.00	Nil

Mr. Poon is group managing director and deputy chief executive officer of a private company and an independent non-executive director of AAC Technologies Holdings Inc. He was formerly managing director and deputy chief executive of Hang Seng Bank Limited and had held senior management posts in HSBC Group and a number of international renowned financial institutions. Mr. Poon is a committee member of the Chinese General Chamber of Commerce. He was the former chairman of Hang Seng Index Advisory Committee, Hang Seng Indexes Company Limited, and a former member of the Board of Inland Revenue of Hong Kong Special Administrative Region and the Environment and Conservation Fund Investment Committee. 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 Independent non-executive Director in January 2010.

Mr. Poon has confirmed to the Board his independence as regard each of the factors referred to in Rule 3.13(1) to (8) of the Listing Rules. He has no relationship with any Directors, senior management, substantial or controlling shareholders of the Company. The Board is not aware of any circumstance that might influence Mr. 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 Director fee of HK\$200,000 and a fee of HK\$60,000 for serving as member of the Remuneration Committee and Nomination Committee in 2014.

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.

Notes:

1. Details of the Director emoluments for year 2014 are set out in "Directors' Remuneration and Interests Report" and notes to the financial statements set out in the Annual Report 2014. The amount stated in this section represents total cash received.
2. 80,666 Shares were held by Siu Chuen LAU personally and 200,115 Shares were held through a corporation in which Siu Chuen LAU and his wife were members and each entitled to exercise no less than one-third of the voting power at general meeting.
3. The respective annual Director fees for serving on the Board and on its committees were approved by the shareholders in the 2011 annual general meeting (held on 9 May 2011) having given consideration to the level of responsibility, experience, abilities required of the Directors, level of care and amount of time needed to be spent, and fees offered for similar positions in companies competing for the same talent. Executive Directors will not receive Director fees. Revision to fees of Chairmen of the Audit Committee and Remuneration Committee were approved in the 2014 annual general meeting (held on 13 May 2014) and effective 1 June 2014. Save as disclosed above, the Directors received no other compensation from the Group in 2014.
4. 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).

EXPLANATORY STATEMENT ON PROPOSED SHARE REPURCHASE MANDATE

This is an explanatory statement as required under the Listing Rules in connection with the resolution authorising the Share Repurchase Mandate proposed to be considered, and if thought fit, passed by shareholders of the Company at the AGM. The Listing Rules provide that all repurchases of securities by a company with its primary listing on the Stock Exchange must be approved in advance by an ordinary resolution, either by way of a general mandate to the directors of the company to make such repurchases or by specific approval in relation to specific transactions. This explanatory statement also constitutes the memorandum required under Section 239 of the Companies Ordinance.

Share Capital

As at the Latest Practicable Date, the Company has a total of 1,063,880,692 issued Shares.

On the basis that no further Shares are issued or repurchased prior to the AGM, the Company would be allowed under the Share Repurchase Mandate to repurchase a maximum of 106,388,069 Shares.

Reasons for Repurchase

The Directors believe that the Share Repurchase Mandate is in the best interests of the Company and its shareholders.

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

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its Articles of Association and the Companies Ordinance. The Companies Ordinance provides that subject to complying with the detailed requirements, the amount of capital repaid in connection with a share repurchase may be paid from the distributable profits of the Company and/or the proceeds of a new issue of Shares made for the purpose of the repurchase. Listed companies are not allowed to make a payment out of capital in respect of a buy-back of its own shares on an approved stock exchange.

In the event that the proposed share repurchases were to be carried out in full at any time during the proposed repurchase period, the working capital or gearing position of the Company might be materially different as compared with the position disclosed in the audited consolidated accounts for the year ended 31 December 2014 as contained in the Annual Report 2014. However, the Directors do not propose to exercise the Share Repurchase 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.

EXPLANATORY STATEMENT ON PROPOSED SHARE REPURCHASE MANDATE

Share Prices

The highest and lowest prices at which the Shares have traded on the Stock Exchange during each of the previous 12 months before the printing of this circular were as follows:

	Highest	Lowest
	<i>HK\$</i>	<i>HK\$</i>
Year 2014		
April	35.50	33.05
May	39.45	33.20
June	38.20	35.05
July	38.05	36.10
August	39.00	35.80
September	38.35	34.95
October	36.90	34.75
November	37.20	34.45
December	36.25	33.20
Year 2015		
January	38.60	34.35
February	38.85	36.35
March (upto the Latest Practicable Date)	37.90	33.00

Undertaking

The Directors have undertaken to the Stock Exchange to exercise the power of the Company to make repurchases pursuant to ordinary resolution numbered 5 in accordance with the Listing Rules, the Companies Ordinance and any other applicable laws of Hong Kong (so far as the same may be applicable).

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, their close associates, have any present intention to sell any Shares to the Company under the Share Repurchase Mandate if such mandate is approved by the shareholders.

No core connected person 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.

EXPLANATORY STATEMENT ON PROPOSED SHARE REPURCHASE MANDATE

Effect of the Takeovers Code

If on the exercise of the power to repurchase Shares pursuant to the Share Repurchase Mandate, a shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition and may give rise to an obligation to make a mandatory offer in accordance with Rule 26 of the **Takeovers Code**.

As at the Latest Practicable Date, LHE and its subsidiary are the substantial shareholders of the Company, which are interested in approximately 40.71% of the issued shares of the Company. Lee Hysan Company Limited, being LHE's holding company, is also deemed to have the same interests pursuant to the provisions of the Securities and Futures Ordinance. 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, and LHE and its subsidiary would be increased to approximately 45.24%.

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.

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

The Company had not repurchased any of its Shares (whether on the Stock Exchange or otherwise) in the six months preceding the date of this circular.

EXPLANATORY STATEMENT ON PROPOSED ADOPTION OF NEW SCHEME

I. Summary of Principal Terms of the New Scheme

1. Purpose of the New Scheme

The purpose of the New Scheme is to provide an incentive for employees of the Company and its Subsidiaries to work with commitment towards enhancing the value of the Company and its Shares for the benefit of its shareholders.

2. Participants of the New Scheme and the basis of determining the eligibility of participants

The Board may from time to time grant options to any individual who is an employee of the Company or any Subsidiary (including executive Directors) and such other persons as the Board may consider appropriate (the “**Participants**”) on the basis of their contribution to the development and growth of the Company and the Subsidiaries.

3. Status of the New Scheme

(a) *Conditions of the New Scheme*

The New Scheme shall take effect subject to: (i) the expiry of the Existing Scheme; (ii) the passing of the necessary resolutions to adopt the New Scheme by the shareholders of the Company; and (iii) the Stock Exchange approving the listing of and permission to deal in any Shares to be allotted and issued pursuant to the exercise of options under the New Scheme (the “**Conditions**”).

(b) *Life of the New Scheme*

The New Scheme shall be valid and effective for 10 years from the date (the “**Adoption Date**”) on which the last of the Conditions is fulfilled (the “**Scheme Period**”), after which time no further options will be granted but the provisions of the New Scheme shall remain in full force and effect in all other respects.

4. Grant of options

(a) *Method of making offer*

An offer of the grant of an option shall be made to a Participant by letter in such form as the Board may from time to time determine, requiring the Participant to undertake to hold the option on the terms on which it is to be granted and to be bound by the provisions of the New Scheme (including any operational rules made under the New Scheme). The offer shall remain open for acceptance for a period of 30 days from the date on which it is made.

EXPLANATORY STATEMENT ON PROPOSED ADOPTION OF NEW SCHEME

(b) *Acceptance of an offer*

An option shall be deemed to have been granted and accepted and to have taken effect when the duplicate letter comprising acceptance of the option duly signed by the grantee together with a remittance in favour of the Company of HK\$1.00 by way of consideration for the grant of the option shall have been received by the Company on or before the last day for acceptance set out in paragraph 4(a) above (the “**Acceptance Date**”). The remittance is not in any circumstances refundable. An offer to grant an option may not be accepted by a person who has ceased to be a Participant after the offer has been made.

The Company shall provide a summary of the terms of the New Scheme to all grantees upon their joining the New Scheme and a copy of the rules of the New Scheme to any grantee who requests such a copy.

(c) *Restrictions on time of grant*

(i) No grant of options shall be made after an event giving rise to inside information in relation to the securities of the Company has occurred or a matter giving rise to inside information in relation to the securities of the Company has been the subject of a decision, until the inside information has been announced pursuant to the requirements of the Listing Rules. In particular, no option shall be granted:

- (1) during the period of 60 days immediately preceding the publication date of the Company’s annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and
- (2) during the period of 30 days immediately preceding the publication date of the Company’s quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results.

(ii) No grant of options shall be made to a Participant who is a Director during a period in which the Directors are prohibited from dealing in Shares pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers or the Company’s own equivalent Code.

(d) *Grants to a Director or chief executive of the Company etc.*

Any grant of options to a Director or chief executive of the Company or substantial shareholder of the Company or any of their respective associates must be approved by all the Independent non-executive Directors (excluding any Independent non-executive Director who is also a grantee of the options).

EXPLANATORY STATEMENT ON PROPOSED ADOPTION OF NEW SCHEME

- (e) *Grants to substantial shareholders and Independent non-executive Directors exceeding certain limits*

Any grant of options to a substantial shareholder of the Company or an Independent non-executive Director or any of their respective associates must be approved by the shareholders of the Company in general meeting if the Shares issued and to be issued upon exercise of all options already granted and proposed to be granted to him (whether exercised, cancelled or outstanding) in the 12-month period up to and including the Date of Grant:

- (i) would represent in aggregate more than 0.1% of the Shares then in issue; and
- (ii) the aggregate value of those options by reference to the closing price of the Shares at the date of each grant is in excess of HK\$5,000,000.

The Company must send a circular to its shareholders setting out the information required under the Listing Rules. At the general meeting, the grantee, his associates and all core connected persons of the Company must abstain from voting unless intending to vote against the proposed grant and that intention has been stated in the circular to be despatched to shareholders in accordance with the Listing Rules. Any vote taken at the general meeting to approve the grant of such options must be taken on a poll.

5. **Subscription Price**

The Subscription Price shall, subject to any adjustment pursuant to paragraph 7 below, be a price determined by the Board but in any event shall comply with the requirements of the Listing Rules and on the Adoption Date the Listing Rules require that the Subscription Price shall be at least the highest of:

- (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the Date of Grant; and
- (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the Date of Grant.

6. **Maximum number of Shares available for subscription**

- (a) *Scheme Mandate*

Subject to sub-paragraphs 6(b) and 6(c) below, the maximum number of Shares in respect of which options may be granted under the New Scheme and any other share option schemes of the Company shall not in aggregate exceed such number of Shares as required under the Listing Rules (and on the Adoption Date means not exceeding 10% of the total number of Shares in issue as at the Adoption Date) ("**Scheme Mandate**"). For the purpose of calculating the Scheme Mandate, options which have lapsed in accordance with the terms of the relevant scheme shall not be counted. On the basis of 1,063,880,692 Shares in issue as at the Latest Practicable Date, the Company may grant Options in respect of 106,388,069 Shares under the New Scheme (i.e. 10% of the issued Shares as at the Adoption Date).

EXPLANATORY STATEMENT ON PROPOSED ADOPTION OF NEW SCHEME

(b) *Renewal of Scheme Mandate*

The Company may seek approval by its shareholders in general meeting for renewing the Scheme Mandate provided that the total number of Shares in respect of which options may be granted under the New Scheme and any other schemes of the Company under the Scheme Mandate as renewed must not exceed such number of Shares as required under the Listing Rules (and on the Adoption Date means not exceeding 10% of the total number of Shares in issue as at the date of shareholders approval). For these purposes, options previously granted under the New Scheme and any other share option schemes of the Company, whether outstanding, cancelled, lapsed in accordance with its applicable rules or already exercised, will not be counted.

(c) *Grant of options beyond Scheme Mandate*

The Company may seek separate approval by its shareholders in general meeting for granting options beyond the Scheme Mandate provided that the options in excess of the Scheme Mandate are granted only to Participants who are specifically identified before such approval is sought.

(d) *Maximum number of Shares issued pursuant to options*

The limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Scheme and any other schemes of the Company must not exceed such number of Shares as required under the Listing Rules (and on the Adoption Date means not exceeding 30% of the Shares in issue from time to time). No options may be granted if such grant will result in this 30% limit being exceeded.

(e) *Grantee's maximum holding*

Unless approved by shareholders in general meeting in the manner prescribed in the Listing Rules, the Board shall not grant options to any grantee if the acceptance of those options would result in the total number of Shares issued and to be issued to that grantee on exercise of his options (including exercised, cancelled and outstanding options) during any 12-month period exceeding such number of Shares as required under the Listing Rules (and on the Adoption Date means not exceeding 1% of the total Shares then in issue).

EXPLANATORY STATEMENT ON PROPOSED ADOPTION OF NEW SCHEME

7. Reorganisation of capital structure

(a) *Adjustment to options*

In the event of any alteration in the capital structure of the Company whilst any option becomes or remains exercisable, whether by way of capitalisation of profits or reserves (other than scrip dividend issuance), rights issue, consolidation, subdivision or reduction of the share capital of the Company (other than an issue of Shares as consideration in respect of a transaction to which the Company is a party), the Board shall make (and shall notify to the grantee) such corresponding alterations (if any) in:

- (i) the number of Shares subject to any option so far as such option remains unexercised;
- (ii) the Subscription Price;
- (iii) the method of exercise of the option; and/or
- (iv) the number of Shares subject to the New Scheme;

that are required to give each grantee the same proportion of the share capital of the Company as that to which the grantee was previously entitled.

(b) *Auditor's certificate*

On any capital reorganisation other than a capitalisation issue, the Auditors or an independent financial adviser shall certify in writing to the Board that the adjustments made by the Board pursuant to sub-paragraph 7(a) above are in their opinion fair and reasonable.

8. Cancellation of options

Subject to the consent from the relevant grantee, the Board may at its discretion cancel options previously granted to and yet to be exercised by a grantee for the purpose of re-issuing new options to that grantee provided that there are sufficient available unissued options under the Scheme Mandate.

9. Assignment of options

An option is personal to the grantee and shall not be assignable. No grantee shall sell, transfer, charge, mortgage, encumber or create any interest (legal or beneficial) in favour of any third party over or in relation to any option or attempt to do so.

10. Rights attached to the Shares

The Shares to be allotted upon exercise of an option will be subject to all the provisions of the Articles of Association and will rank pari passu with the fully paid Shares in issue on the date of allotment. Accordingly the Shares will entitle the holders to participate in all dividends or other distributions paid or made on or after the date of allotment provided that the record date for the dividend or distribution is a date after the date of allotment.

EXPLANATORY STATEMENT ON PROPOSED ADOPTION OF NEW SCHEME

11. Exercise of options

(a) *General*

Subject to the terms of the New Scheme and this paragraph 11, an option may be exercised by the grantee (or his or her legal personal representatives) at any time during the Option Period.

There is no general provision for the duration of the period (if any) during which an option granted under the New Scheme cannot be exercised (the “**Holding Period**”), the vesting period of an option or the performance targets required to be achieved before an option can be exercised. However, at the time of granting an option, the Board, may on a case by case basis, make such grant subject to such conditions, restrictions or limitations including (without limitation) those in relation to the Holding Period, vesting period and performance targets.

(b) *Rights of grantee upon his retirement or death*

If the grantee ceases to be a Participant by reason of retirement or death, the grantee (or his or her legal personal representatives) shall be entitled within a period of six months from the date of retirement or death (or within such longer period as the Board may determine) to exercise the option (to the extent not already exercised).

(c) *Rights of grantee upon his cessation of employment under certain circumstances*

If the grantee ceases to be a Participant for any reason other than his retirement or death or termination of his employment on one or more of the grounds specified in sub-paragraph 12(v) below, the grantee may exercise the option up to the date of cessation (which date shall be the last actual working day with the Company or the relevant Subsidiary, whether salary is paid in lieu of notice or not) or for such longer period as is determined by the Board.

(d) *Rights on a takeover*

If a general offer (whether by way of takeover offer, scheme of arrangement or otherwise) is made to all the holders of Shares (or all holders other than the offeror and its concert parties and persons controlled by the offeror) and the offer becomes or is declared unconditional during the Option Period of an outstanding option, the grantee shall be entitled to exercise the option at any time within one month after the date on which the offer becomes or is declared unconditional.

(e) *Rights on a voluntary winding-up*

If an effective resolution is passed for the voluntary winding-up of the Company, a grantee may in respect of outstanding options by notice in writing to the Company within 15 business days after the date of such resolution, elect to be treated as if the options had been exercised immediately before the passing of the resolution. The notice must state the number of Shares in respect of which the election is made and be accompanied by a remittance for the full amount of the Subscription Price for the relevant Shares. Immediately upon receipt of the notice by the Company, the grantee will become entitled to receive out of the assets available in the liquidation pari passu with the holders of Shares such sum as would have been received in respect of the Shares that are the subject of the election.

EXPLANATORY STATEMENT ON PROPOSED ADOPTION OF NEW SCHEME

(f) *Rights on a compromise or arrangement*

If a compromise or arrangement between the Company and its shareholders or creditors is proposed in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies, the Company shall give notice to the grantee on the same day as it gives notice of the meeting to its shareholders or creditors to consider the compromise or arrangement. Upon receipt of the notice, the grantee may, during the period commencing on the date of the notice and ending on the earlier of:

- (i) the date two calendar months thereafter; and
- (ii) the date on which such compromise or arrangement is sanctioned by the court,

exercise the option, conditional upon the compromise or arrangement being sanctioned by the court and becoming effective. The Company may require the grantee to transfer or otherwise deal with the Shares issued as a result of the exercise of options in these circumstances so as to place the grantee in the same position as nearly as would have been the case had such Shares been subject to the compromise or arrangement.

12. Lapse of options

An option shall lapse automatically (to the extent not already exercised) on the earliest of:

- (i) the expiry of the Option Period;
- (ii) the expiry of the periods referred to sub-paragraphs 11(b) to (e) above;
- (iii) subject to sub-paragraph 11(e), the date of the commencement of the winding-up of the Company;
- (iv) the date the scheme or compromise referred to in sub-paragraph 11(f) above becomes effective;
- (v) the date on which the grantee ceases to be a Participant by reason of the termination of his employment on any one or more of the following grounds:
 - (a) that he has been guilty of misconduct;
 - (b) that he has committed an act of bankruptcy or has become insolvent or has made an arrangement or composition with creditors generally;
 - (c) that he has been convicted of a criminal offence involving his integrity or honesty; or
 - (d) on any other ground on which an employer would be entitled to terminate his employment pursuant to applicable laws or under the grantee's employment contract;

and a resolution of the Board or the board of directors of the relevant Subsidiary to the effect that the employment of a grantee has or has not been terminated on one or more of the grounds specified in this sub-paragraph 12(v) shall be conclusive; and

- (vi) the date on which the grantee commits a breach of paragraph 9 above.

EXPLANATORY STATEMENT ON PROPOSED ADOPTION OF NEW SCHEME

13. Amendment of the New Scheme

(a) *Amendments requiring Board approval*

Any amendment to the New Scheme other than those set out in sub-paragraph 13(b) below must be approved by resolution of the Board.

(b) *Amendments requiring shareholders' approval*

The following matters require the prior sanction of a resolution of the shareholders of the Company in general meeting:

- (i) any change to the provisions relating to:
 - (1) the purpose of the New Scheme;
 - (2) the definitions of "Date of Grant", "Grantee", "Holding Period", "Offer Date", "Option Period", "Participant" and "Scheme Period" contained in the New Scheme; and
 - (3) the provisions relating to the Scheme Period, the basis of eligibility for options, the method of making offer, the contents of an offer letter, the acceptance of an option, the Subscription Price, the exercise of options, the lapse of options, the maximum number of Shares available for subscription, cancellation of options, reorganisation of capital structure, termination and amendments requiring shareholders' approval, which operates to the advantage of Participants or grantees;
- (ii) any change to the authority of the Board;
- (iii) any amendment to the terms and conditions of the New Scheme which are of a material nature; and
- (iv) any change to the terms of options granted.

14. Termination

The Company may at any time terminate the operation of the New Scheme by resolution of the Board or resolution of the shareholders in general meeting and in such event no further options will be offered but the provisions of the New Scheme shall remain in force in all other respects. All options granted and accepted prior to the termination and yet to be exercised shall continue to be valid and exercisable in accordance with the terms of the New Scheme.

EXPLANATORY STATEMENT ON PROPOSED ADOPTION OF NEW SCHEME

II. Additional Information

The Board considers it inappropriate to value all the options that can be granted under the New Scheme as if they had been granted on the Latest Practicable Date prior to the approval of the New Scheme as a number of factors crucial for the valuation cannot be determined yet. Such factors include, for example, (i) whether or not any option will be granted under the New Scheme and if so, the timing of such grant; (ii) the Subscription Price; (iii) the exercise period and the conditions, if any, that the option is subject to; and (iv) whether or not any such option, if granted, will be exercised. Accordingly the Board is of the view that any valuation of the options based on a number of speculative assumptions would not be meaningful but would be misleading to the shareholders of the Company.

On the basis of 1,063,880,692 Shares in issue as at the Latest Practicable Date, and assuming no further Shares will be issued or repurchased by the Company prior to the date of the passing of the resolution to adopt the New Scheme, the Company may initially grant options in respect of 106,388,069 Shares under the New Scheme (i.e. 10% of the issued Shares as at the date of the resolution to adopt the New Scheme).

None of the Directors are appointed as trustees of the New Scheme or have a direct or indirect interest in the trustees of the New Scheme.

DEFINITIONS

In this circular, the following expressions shall have the meanings set out below unless the context otherwise requires:

“AGM” or “Annual General Meeting” or “Meeting”	means the annual general meeting of the Company to be held at Meeting Room S221, Hong Kong Convention and Exhibition Centre, 1 Expo Drive, Wanchai, Hong Kong (use Harbour Road Entrance) on Friday, 15 May 2015 at 12:00 noon or any adjournment thereof;
“Articles of Association”	means the articles of association of the Company (as amended from time to time);
“Auditor”	means the auditor for the time being of the Company;
“business day”	has the meaning ascribed to it under the Listing Rules;
“Board”	means the board of Directors or a duly authorised committee of the board of Directors;
“close associate” or “associate”	has the meaning ascribed to it under the Listing Rules;
“Company”	means Hysan Development Company Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange;
“Companies Ordinance”	means Companies Ordinance, Chapter 622 of the Laws of Hong Kong;
“core connected person”	has the meaning ascribed to it under the Listing Rules;
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules;
“Date of Grant”	means in respect of an option the offer of which is accepted by the participant to whom the offer was made, the Offer Date of such option;
“Directors”	means the director(s) from time to time of the Company;
“Existing Scheme”	means the share option scheme of the Company adopted on 10 May 2005;
“Group”	means the Company and its Subsidiaries;
“HK\$”	means Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	means the Hong Kong Special Administrative Region of the People’s Republic of China;
“Latest Practicable Date”	means 27 March 2015 being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular;

DEFINITIONS

“LHE”	means Lee Hysan Estate Company, Limited, a substantial shareholder holding approximately 40.71% equity interest in the Company;
“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange;
“New Scheme”	means the new share option scheme to be adopted by the Company at the AGM, the principal terms of which are set out on pages 18 to 26 of this circular;
“Notice of AGM”	means the notice convening the AGM as set out on pages 2 to 4 of this circular;
“Offer Date”	means in respect of an option, the date on which the option is offered to a participant, which must be a business day;
“Option Period”	means in respect of an option, the period during which such option can be exercised, being the period commencing on such date on or after the Date of Grant as the Board may determine in granting the option and expiring at the close of business on such date as the Board may determine in granting the option but in any event not exceeding 10 years from the Date of Grant;
“Securities and Futures Ordinance” or “SFO”	means the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong;
“Share(s)”	means ordinary share(s) of the Company;
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited;
“Subscription Price”	means the price per Share at which a grantee may subscribe for Shares upon exercise of an option granted under the New Scheme;
“Subsidiary”	has the meaning ascribed to it under the Listing Rules;
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules; and
“Takeovers Code”	means the Codes on Takeovers and Mergers and Share Buy-backs published by Securities and Futures Commission.