



Hong Kong Exchanges and Clearing: **0004**

ISIN: **HK0004000045**

MEETING DATE: 10 MAY 2017

RECORD DATE: 08 MAY 2017

PUBLISH DATE: 18 APRIL 2017

INDEX MEMBERSHIP: HANG SENG; HANG SENG COMPOSITE;
 HANG SENG COMPOSITE LARGE CAP INDEX

SECTOR: REAL ESTATE

INDUSTRY: REAL ESTATE MANAGEMENT AND DEVELOPMENT

COUNTRY OF TRADE: HONG KONG

COUNTRY OF INCORPORATION: HONG KONG

VOTING IMPEDIMENT: NONE

DISCLOSURES: NONE

COMPANY DESCRIPTION

The Wharf (Holdings) Limited, through its subsidiaries, engages in property and infrastructure investment in Hong Kong, Singapore, and the People's Republic of China.

OWNERSHIP	ESG PROFILE	REMUNERATION	VOTE RESULTS	APPENDIX
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2017 ANNUAL MEETING

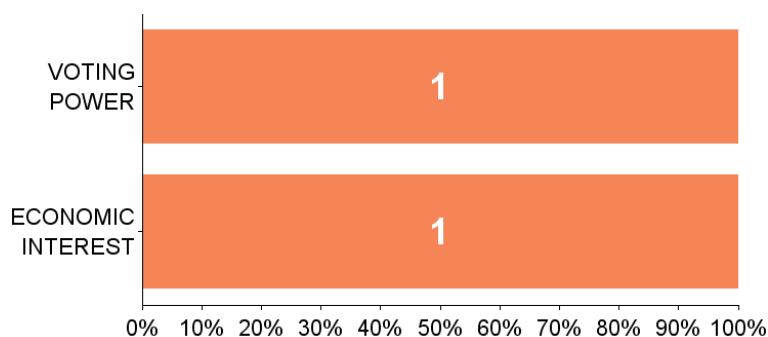
PROPOSAL	ISSUE	BOARD	GLASS LEWIS	CONCERNS
1.00	Accounts and Reports	FOR	FOR	
2.00	Election of Directors	FOR	SPLIT	
2.01	Elect Stephen NG Tin Hoi	FOR	AGAINST	<ul style="list-style-type: none"> Insider on compensation committee No lead director Nominating chair not independent No NomGov committee meeting
2.02	Elect Doreen LEE Yuk Fong	FOR	FOR	
2.03	Elect Vincent K. FANG	FOR	FOR	
2.04	Elect David M. Turnbull	FOR	AGAINST	<ul style="list-style-type: none"> Overboarded
3.00	Directors' Fees	FOR	FOR	
3.01	Directors' Fees Payable to the Chairman	FOR	FOR	
3.02	Directors' Fees Payable to Directors	FOR	FOR	
3.03	Fees Payable to Audit Committee Members	FOR	FOR	
3.04	Fees Payable to Remuneration Committee Members	FOR	FOR	
4.00	Appointment of Auditor and Authority to Set Fees	FOR	FOR	
5.00	Authority to Repurchase Shares	FOR	FOR	
6.00	Authority to Issue Shares w/o Preemptive Rights	FOR	AGAINST	<ul style="list-style-type: none"> Excessive issuance Issue price discount not disclosed
7.00	Authority to Issue Repurchased Shares	FOR	AGAINST	<ul style="list-style-type: none"> Issue price discount not disclosed

SHARE OWNERSHIP PROFILE

SHARE BREAKDOWN

	1
SHARE CLASS	Ordinary Shares
SHARES OUTSTANDING	3,032.6 M
VOTES PER SHARE	1
INSIDE OWNERSHIP	0.00%
STRATEGIC OWNERS**	0.10%
FREE FLOAT	38.90%

SOURCE CAPITAL IQ AND GLASS LEWIS. AS OF 23-MAR-2017



TOP 20 SHAREHOLDERS

	HOLDER	OWNED*	COUNTRY	INVESTOR TYPE
1.	Wheelock and Company Limited	61.02%	Hong Kong	REIT/Real Estate Investment Manager
2.	Capital Research and Management Company	2.76%	United States	Traditional Investment Manager
3.	BlackRock, Inc.	1.16%	United States	Traditional Investment Manager
4.	The Vanguard Group, Inc.	0.99%	United States	Traditional Investment Manager
5.	Norges Bank Investment Management	0.63%	Norway	Government Pension Plan Sponsor
6.	State Street Global Advisors, Inc.	0.58%	United States	Traditional Investment Manager
7.	Eastspring Investments (Singapore) Limited	0.48%	Singapore	Traditional Investment Manager
8.	Hang Seng Investment Management Limited	0.28%	Hong Kong	Traditional Investment Manager
9.	Cohen & Steers Capital Management, Inc.	0.27%	United States	Traditional Investment Manager
10.	Grantham, Mayo, Van Otterloo & Co. LLC	0.26%	United States	Hedge Fund Manager/CTA
11.	Foord Asset Management (Guernsey) Limited	0.25%	Channel Islands	Traditional Investment Manager
12.	Dimensional Fund Advisors LP	0.22%	United States	Traditional Investment Manager
13.	Teachers Insurance and Annuity Association of America - College Retirement Equities Fund	0.21%	United States	Traditional Investment Manager
14.	Brookfield Asset Management Inc.	0.18%	Canada	Traditional Investment Manager
15.	UBS Asset Management	0.16%	Switzerland	Traditional Investment Manager
16.	AllianceBernstein L.P.	0.14%	United States	Traditional Investment Manager
17.	Morgan Stanley Investment Management Inc.	0.14%	United States	Traditional Investment Manager
18.	PGIM, Inc.	0.14%	United States	Traditional Investment Manager
19.	J.P. Morgan Asset Management, Inc.	0.12%	United States	Traditional Investment Manager
20.	Schroder Investment Management Limited	0.11%	United Kingdom	Traditional Investment Manager

*COMMON STOCK EQUIVALENTS (AGGREGATE ECONOMIC INTEREST) SOURCE: CAPITAL IQ. AS OF 23-MAR-2017

**CAPITAL IQ DEFINES STRATEGIC SHAREHOLDER AS A PUBLIC OR PRIVATE CORPORATION, INDIVIDUAL/INSIDER, COMPANY CONTROLLED FOUNDATION, ESOP OR STATE OWNED SHARES OR ANY HEDGE FUND MANAGERS, VC/PE FIRMS OR SOVEREIGN WEALTH FUNDS WITH A STAKE GREATER THAN 5%.

SHAREHOLDER RIGHTS

	MARKET THRESHOLD	COMPANY THRESHOLD ¹
VOTING POWER REQUIRED TO CALL A SPECIAL MEETING	5.0%	5.0%
VOTING POWER REQUIRED TO ADD AGENDA ITEM	5.0%	5.0%

¹N/A INDICATES THAT THE COMPANY DOES NOT PROVIDE THE CORRESPONDING SHAREHOLDER RIGHT.

ENVIRONMENTAL, SOCIAL & GOVERNANCE PROFILE

OVERALL ESG SCORE

Average Performer



Comparative Industry: **Real Estate**

Board oversight for ESG Issues: **No**

All data and ratings provided by:



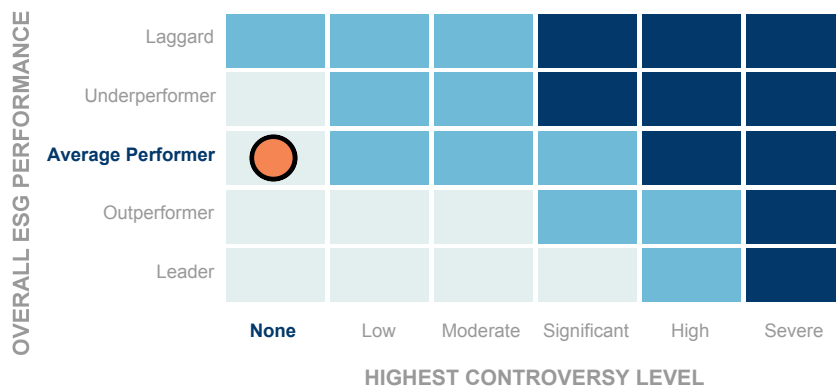
Last Update: **March 01, 2017**

ANALYST COMMENTARY

Wharf Holdings Ltd. (Wharf), through its subsidiaries, engages in property and infrastructure investment and development in Hong Kong, Mainland China and Singapore, and is a subsidiary of Wheelock and Company Ltd. At the end of FY 2014, the company's total assets amounted to HKD 445 billion (USD 57 billion), while its consolidated revenue and operating profit increased by 20% and 8%, respectively to HKD 38.1 million (USD 4.9 billion) and HKD 14.3 million (USD 1.8 billion). Wharf's investment properties portfolio accounts for 73% of its underlying core profit, with Hong Kong's Harbour City and Times Square being its key strategic assets. Wharf made its first step towards responsible ESG engagement in 2014 by publishing its first CSR report for the year, outlining relevant metrics and initiatives to support the "Business in Community" vision. As such, we identify three key ESG issues noteworthy for its business activities: Product Sustainability, Energy and GHG emissions and Bribery and Corruption. The company's reporting on these issues is mixed, with a relatively high level of readiness demonstrated on Energy and GHG emissions, but a moderate disclosure on the others. Its performance can be improved in order to align with best practices in the industry. Nevertheless, its strategic turn to becoming a more responsible company leads us to hold an overall neutral view.

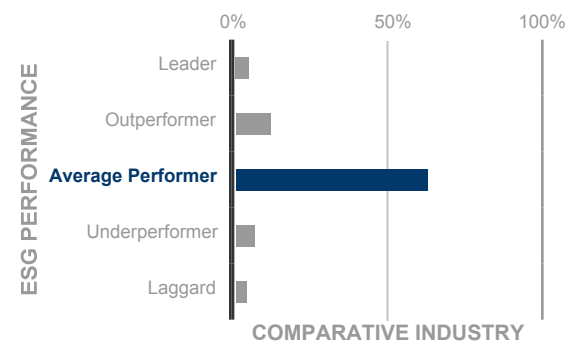
ESG RISK PROFILE

The graph below compares the Company's ESG performance to its involvement in controversies in order to provide an assessment of the Company's ESG risk profile.



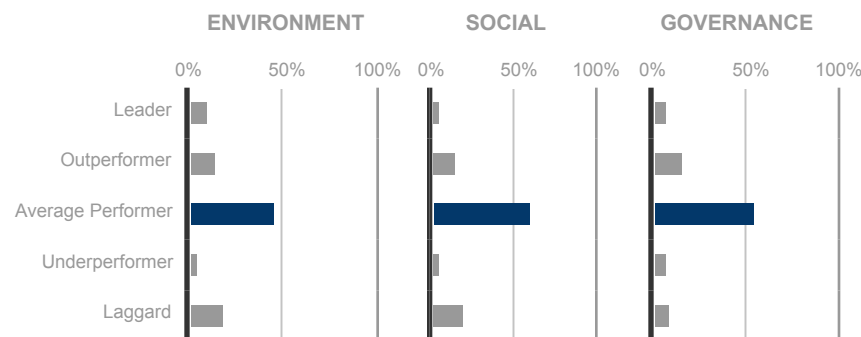
OVERALL ESG PERFORMANCE

The graph below indicates the percentage of companies in the comparative industry that fall within each ESG performance category.



ESG PILLAR PERFORMANCE

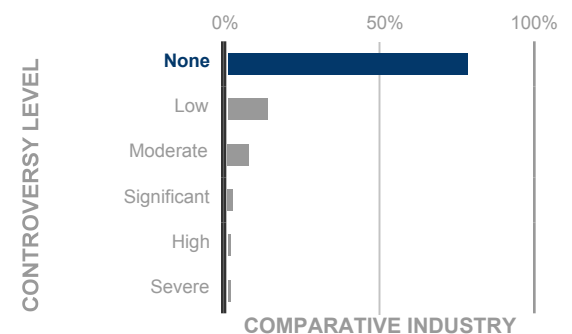
For each pillar, the graph below indicates the percentage of companies in the comparative industry that fall within each ESG performance category. The governance pillar shown below is measured by Sustainalytics based on the Company's governance of sustainability issues.



Rows and categories shown in dark blue or bold represent the Company's category for the relevant assessment.

HIGHEST CONTROVERSY LEVEL

The graph below indicates the percentage of companies in the comparative industry that fall within each controversy level.



NOTEWORTHY CONTROVERSIES

SEVERE

Severe controversies are the most serious controversy level. They have the greatest negative impact on stakeholders and generate the greatest risk to a company's financial performance. Such controversies are highly exceptional. They indicate egregious practices and generally reflect a pattern of gross negligence, with the Company refusing to address the issue and/or concealing its involvement.

No severe controversies

HIGH

High-impact controversies are those that have major negative sustainability impacts and typically generate significant business risk to the Company. Such controversies are generally exceptions within an industry. They typically involve a pattern of negative events or impacts and indicate a lack of company preparedness to properly manage key sustainability issues.

No high controversies

SIGNIFICANT

Significant controversies have notable negative sustainability impacts and may generate business risk to the Company. Such controversies may be isolated or they may suggest a pattern, but they are generally not exceptional within an industry. However, they raise questions about whether a company's management systems are being implemented effectively and are able to address the issue in a satisfactory manner.

No significant controversies

NO PRODUCT INVOLVEMENT



Adult Entertainment



Alcoholic Beverages



Arctic Drilling



Controversial Weapons



Gambling



Genetically Modified Plants & Seeds



Oil Sands



Pesticides



Thermal Coal



Tobacco

DISCLAIMER

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PROPOSAL REQUEST: Receipt of financial statements and reports
PRIOR YEAR VOTE RESULT (FOR): 100%
BINDING/ADVISORY: Binding
REQUIRED TO APPROVE: Majority

RECOMMENDATIONS & CONCERNS:
FOR- No material concerns

GLASS LEWIS ANALYSIS

We believe that all of the necessary statements and reports are present in the Company's annual report. We note that in the opinion of KPMG, the Company's independent auditor, the financial statements have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance and the Hong Kong Financial Reporting Standards.

We recommend that shareholders vote **FOR** this proposal.

PROPOSAL REQUEST: Election of four directors	RECOMMENDATIONS & CONCERNS:
ELECTION METHOD: Majority	AGAINST- Stephen NG Tin Hoi Insider on compensation committee, No independent lead or presiding director, No nominating/governance committee meeting, Nominating committee chair not independent David M. Turnbull Serves on too many boards
	FOR- Vincent K. FANG Doreen LEE Yuk Fong
	NOT UP- YEOH Eng Kiong Hans M. Jebsen Edward CHEN Kwan Yiu Andrew CHOW On Kiu CHAN Kwok Pong Alexander AU Siu Kee LENG Yen Thean Paul TSUI Yiu Cheung Less than 75% Attendance

BOARD OF DIRECTORS

UP	NAME	AGE	GENDER	GLASS LEWIS CLASSIFICATION	COMPANY CLASSIFICATION	OWNERSHIP**	COMMITTEES			TERM START	YEARS ON BOARD
							AUDIT	COMP	NOM		
	Andrew CHOW On Kiu* ·Vice Chair	66	M	Insider 1	Insider	No				2011	6
	CHAN Kwok Pong*	56	M	Insider 2	Insider	No				2015	2
☐ ✓	Stephen NG Tin Hoi* ·Chair	64	M	Insider 3	Insider	Yes	✓		C	1989	28
	LENG Yen Thean*	45	F	Insider 4	Insider	No				2013	4
	Paul TSUI Yiu Cheung* ·Vice Chair	70	M	Insider 5	Insider	No				2008	9
✓	Doreen LEE Yuk Fong* ·Vice Chair	60	F	Insider 6	Insider	No				2003	14
	YEOH Eng Kiong	70	M	Independent	Independent	Yes	✓			2014	3
✓	Vincent K. FANG	73	M	Independent	Independent	Yes	C			1993	24
	Hans M. Jebsen	60	M	Independent	Independent	No	✓	C	✓	2001	16
	Edward CHEN Kwan Yiu	72	M	Independent	Independent	No				2002	15
	Alexander AU Siu Kee	70	M	Independent	Independent	Yes	✓			2012	5
☐ ✓	David M. Turnbull*	61	M	Independent	Independent	No		✓	✓	2013	4

C = Chair, * = Public Company Executive, ☐ = Withhold or Against Recommendation

1. Executive deputy chairman.
2. Executive director.
3. Executive chairman and managing director. Deputy chairman of Wheelock and Company Limited ("Wheelock"), which beneficially owns approximately 61.03% of the Company's issued share capital.
4. Executive director.
5. Executive vice chairman and Group CFO. Executive director and group CFO of Wheelock.
6. Executive vice chairman.

**Percentages displayed for ownership above 1%, when available

NAME	ATTENDED AT LEAST 75% OF MEETINGS	PUBLIC COMPANY EXECUTIVE	ADDITIONAL PUBLIC COMPANY DIRECTORSHIPS
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Andrew CHOW On Kiu	Yes	Yes	(1) Hong Kong Economic Times Holdings Limited (HKET)
CHAN Kwok Pong	Yes	Yes	None
Stephen NG Tin Hoi	Yes	Yes	(6) Harbour Centre Development Limited ; i-CABLE Communications ; Wheelock & Co Ltd ; Joyce Boutique Holdings Limited ; Hotel Properties Limited ; Wheelock Properties Limited
LENG Yen Thean	Yes	Yes	None
Paul TSUI Yiu Cheung	Yes	Yes	(3) Wheelock & Co Ltd ; Joyce Boutique Holdings Limited ; i-CABLE Communications
Doreen LEE Yuk Fong	Yes	Yes	(1) Joyce Boutique Holdings Limited
YEOH Eng Kiong	Yes	No	None
Vincent K. FANG	Yes	No	None
Hans M. Jebsen	No	No	(1) Hysan Development Company Limited
Edward CHEN Kwan Yiu	Yes	No	(1) First Pacific Company Ltd.
Alexander AU Siu Kee	Yes	No	(4) Hong Kong Ferry Holdings Company Limited ; Miramar Hotel & Investment Company Limited ; Sunlight Real Estate Investment Trust ; Henderson Investment Limited
David M. Turnbull	Yes	Yes	(3) Pacific Basin Shipping Ltd ; Green Dragon Gas Ltd. ; Greka Drilling Limited

MARKET PRACTICE

INDEPENDENCE AND COMPOSITION	0004*	REQUIREMENT	BEST PRACTICE
Independent Chair	No	N/A	N/A
Board Independence	50%	One-third ¹	N/A
Audit Committee Independence	100% ; Independent Chair	Majority; Independent Chair ¹	N/A
Compensation Committee Independence	67% ; Independent Chair	Majority; Independent Chair ¹	N/A
Nominating Committee Independence	67%	N/A	Majority; Independent Chair ²
Percentage of women on board	17%	N/A	N/A
Directors' biographies	Circular of Meeting and Page 106 through 109 of the 2016 Annual Report		

* Based on Glass Lewis Classification

1. Listing Rules.

2. Corporate Governance Code.

Listed companies in Hong Kong are required to comply with the corporate governance rules of the Companies Ordinance, the Securities and Futures Ordinance, and the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules"). The Corporate Governance Code (the "Code"), on the other hand, provides recommendations and suggestions to Hong Kong listed companies for good and responsible corporate governance practice.

Pursuant to the Listing Rules, at least one-third of the Company's board of directors must stand for reelection at the annual general meeting of shareholders, and every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. In addition, all directors appointed to the board by board resolution should submit themselves for election at the annual general meeting to be held following their appointment.

In accordance with the Listing Rules, at least one-third of the board should be independent directors. Under the Code, an audit committee should consist solely of independent non-executive directors; and remuneration and nominating committees should consist of majority independent directors and be chaired by an independent director. In addition, we believe that the remuneration committee should consist solely of non-executive directors in order to prevent any conflicts of interest with regard to the required duties of executives and compensation committee members.

GLASS LEWIS ANALYSIS

We believe shareholders should be mindful of the following:

DIRECTOR ATTENDANCE

Director Hans M. Jebsen attended less than 75% of the meetings held by the board and/or the applicable committees last fiscal year. We view this as a failure to fulfill a fundamental responsibility to represent shareholders at such meetings.

However, since the above-mentioned director is not up for election this year, we refrain from recommending to vote

against any particular nominee on this basis at this time. We will monitor this issue going forward.

RECOMMENDATIONS

We recommend voting against nominees up for election as follows:

EXCESSIVE DIRECTORSHIP

Nominee **David M. Turnbull** serves on an excessive number of public company boards. We believe that the time commitment required by this number of board memberships may preclude this nominee from fulfilling his responsibilities to this Company's shareholders.

COMBINED MANAGING DIRECTOR AND CHAIR

The positions of managing director and chair of the board are not separated, and the board does not have an independent vice chairman. We view an independent chair as better able to oversee the executives of the Company and set a pro-shareholder agenda without the management conflicts that a managing director or other executive insider often faces. This, in turn, leads to a more proactive and effective board of directors. Thus, if the chair is a part of the management team, the board should instead appoint at least one independent vice chair or senior/leading independent director. Here, we believe that the chair of the nominating committee, nominee **Stephen NG Tin Hoi**, should bear responsibility for failure to appoint at least one independent vice chairman.

NOMINATING COMMITTEE CHAIR INDEPENDENCE

Nominee **Stephen NG Tin Hoi** serves as chair of the nomination committee, which we believe should be chaired by an independent director so as to ensure fair and objective oversight.

NOMINATION COMMITTEE MEETING

Nominee **Stephen NG Tin Hoi** is the chairman of the nomination committee. We are concerned that this committee did not meet during the last fiscal year. We believe that the nomination committee is responsible for ensuring: (i) the quality and independence of directors with an appropriate level of knowledge and expertise; (ii) the transparency and integrity of the nominating process; and (iii) general adherence to principles of good corporate governance. When the nomination committee at a company has not met in the last fiscal year, we question whether it is able to fully perform these duties. In our view, the nomination committee chair is responsible for convening the committee and ensuring that it fulfills its duty to shareholders. Here, we believe the chairman has not performed that responsibility to the satisfaction of shareholders.

REMUNERATION COMMITTEE COMPOSITION

Nominee **Stephen NG Tin Hoi**, executive chairman and managing director of the Company, serves on the remuneration committee. We believe it is crucial for the remuneration committee to be in the position of reviewing and evaluating executive performance and pay. In particular, the remuneration committee should ensure that executive compensation reflects the Company's performance in addition to individual performance and that the executive compensation program is designed to maximize shareholder value. This oversight is likely to be more complicated and less rigorous when an executive serves on the committee that determines his/her compensation. Therefore, we believe the executive should not serve on this committee.

We recommend that shareholders vote:

AGAINST: David M. Turnbull; Stephen NG Tin Hoi

FOR: Doreen LEE Yuk Fong; Vincent K. FANG

PROPOSAL REQUEST:	Approve directors' fees	RECOMMENDATIONS & CONCERNS:
PRIOR YEAR VOTE RESULT (FOR):	N/A	FOR- No material concerns
BINDING/ADVISORY:	Binding	
REQUIRED TO APPROVE:	Majority	

This proposal seeks shareholder approval to authorize the board to fix the fees payable to the Company's board of directors for this upcoming fiscal year. It is proposed to increase the annual fees payable to the directors as follows:

- (i) HK\$250,000 to the chairman of the board of directors;
- (ii) HK\$200,000 to each member of the board of directors (other than the chairman);
- (iii) HK\$100,000 to each member of the audit committee; and
- (iv) HK\$50,000 to each member of the remuneration committee.

If approved, the annual fees revision shall take retroactive effect from January 1, 2017.

GLASS LEWIS ANALYSIS

It is not customary in Hong Kong for companies to disclose the compensation to be paid to directors for the new fiscal year. Therefore, Glass Lewis examines a company's most recent compensation practices in order to determine whether to grant the board the authority to fix directors' fees for the following year.

During recent years, we have noticed Hong Kong director fees have been more intended to compensate non-executive directors and independent directors, and the number of executive directors who received director fees has been decreased.

There are no standard recommendations as to how much should be paid for director fees for directors' contribution in companies. Director fees at Hong Kong companies may include annual compensation as well as fees allocated based on board meeting attendance, committee membership, committee meeting attendance. Given the integral role of directors, fees should be attractive to experience and skilled individuals but still should be determined appropriately depending on their specific role in the board.

In arriving at a rate for director fees of Hong Kong companies, we refer the average amount of director fees in peer groups.

Directors' Fees for Last Fiscal Year (HK\$)

Classification	Number of Directors	Aggregate Amount	Average per Director
Executive Directors	6	975,000	162,500
Non-executive Directors	6	1,200,000	200,000
All Directors	12	2,175,000	181,250

Notes: The Company disclosed individual fees.

In our analysis, taking into account similarly-sized companies and market position, we find that the Company's director fees were reasonable during the last fiscal year and are in line with those paid by the Company's peers. As such, we believe shareholders can support this resolution at this time.

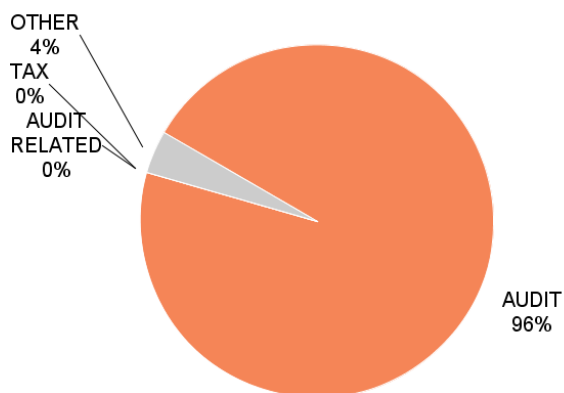
We recommend that shareholders vote **FOR** this proposal.

4.00: APPOINTMENT OF AUDITOR AND AUTHORITY TO SET FEES

FOR

PROPOSAL REQUEST:	Ratification of KPMG	RECOMMENDATIONS & CONCERNS:	
PRIOR YEAR VOTE RESULT (FOR):	100%	FOR-	No material concerns
BINDING/ADVISORY:	Binding		
REQUIRED TO APPROVE:	Majority		
AUDITOR OPINION:	Unqualified		

PROPOSAL SUMMARY



AUDITOR FEES

	2016	2015	2014
Audit Fees:	HK\$24,000,000	HK\$23,000,000	HK\$23,000,000
Audit-Related Fees:	HK\$ 0	HK\$ 0	HK\$ 0
Tax Fees:	HK\$ 0	HK\$ 0	HK\$ 0
All Other Fees:	HK\$1,000,000	HK\$2,000,000	HK\$2,000,000
Total Fees:	HK\$25,000,000	HK\$25,000,000	HK\$25,000,000
Auditor:	KPMG	KPMG	KPMG
Years Serving Company:	N/D		
Restatement in Past 12 Months:	No		

GLASS LEWIS ANALYSIS

We believe that the fees paid for non-audit-related services are reasonable and that the Company has a track record of disclosing the appropriate information about these services in its filings.

We recommend that shareholders vote **FOR** this proposal.

PROPOSAL REQUEST:	General authority to repurchase shares	RECOMMENDATIONS & CONCERNS:
PRIOR YEAR VOTE RESULT (FOR):	100%	FOR- No material concerns
BINDING/ADVISORY:	Binding	
REQUIRED TO APPROVE:	Majority	

The aggregate nominal amount of share capital to be repurchased will not exceed 10.0% of the aggregate nominal amount of the existing issued share capital of the Company at the date of the passing of this proposal.

If approved, this authority will expire at the earliest of: (i) the conclusion of the Company's next annual general meeting; (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 this authority is revoked or varied by a resolution of the shareholders at a general meeting.

GLASS LEWIS ANALYSIS

As a general rule, we believe that share buyback programs are in shareholders' best interests, so long as the Company is left with a sufficiently strong balance sheet in light of its capital requirements. Typically, a repurchase is used to return surplus capital to shareholders, increase earnings per share, or provide shares for equity compensation plans.

We believe that the terms under which the Company is considering a repurchase of its shares are reasonable.

We recommend that shareholders vote **FOR** this proposal.

PROPOSAL REQUEST:	General authority to issue shares without preemptive rights	RECOMMENDATIONS & CONCERNS:
PRIOR YEAR VOTE RESULT (FOR):	79.1%	AGAINST- Excessive issuance Issue price discount not disclosed
BINDING/ADVISORY:	Binding	
REQUIRED TO APPROVE:	Majority	

If approved, the board will be authorized to issue shares representing a maximum of 20.0% of the Company's existing issued share capital on the date this proposal is passed.

This authority will expire at the earliest of: (i) the conclusion of the Company's next annual general meeting; (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 this authority is revoked or varied by a resolution of the shareholders at a general meeting.

Shares issued pursuant to the following categories will not be counted against the maximum shares issuable under this proposal: (i) a right to issue where shares are offered to shareholders on a fixed record date in proportion to their holdings; (ii) the exercise of rights of subscription or conversion attaching to any warrants issued by the Company or any securities which are convertible into shares; (iii) the exercise of options granted under any stock option plan or similar arrangement adopted by the Company; and (iv) any scrip dividend or similar arrangement.

GLASS LEWIS ANALYSIS

Pursuant to Hong Kong law and relevant regulations, a listed company may issue additional shares amounting up to 20% of issued share capital without preemptive rights, and it may issue repurchased shares of up to 10% of issued share capital for any purpose in one year, provided that a prior shareholders approval of these mandates has been obtained. Further, such issuances may be implemented with a maximum 20% discount to the market price, which would further dilute the interests of existing shareholders.

Under the aforementioned regulations, most of Hong Kong's listed companies submit two separate issuance proposals at their annual general meetings: (i) an authority to issue shares without preemptive rights (the "general mandate"); and (ii) an authority to issue repurchased shares. We understand that these proposals allow companies to secure financial flexibility by increasing their levels of equity according to business development and investment needs.

However, we are concerned that boards may abuse these authorities in order to serve their own interests by issuing shares to any party. Our analysis of these types of proposals take into account the following elements to determine if a board may seek to abuse its authorities: (i) the potential for substantial dilution in the company's existing share ownership; (ii) whether the issue price has been set at a significant discount below the maximum legal limit of 20%; (iii) the decision-making process regarding the choice of share subscribers; (iv) the possibility for an improper use of the authority; and (v) the past issuance practices of the company, which may include the allocations of a substantial amount of shares to one significant shareholder or third party.

Granting a board such a dangerously high level of discretion over a company's capital may negatively affect shareholders' interests. We believe that these general mandates for issuances should be analyzed carefully, and that lower maximum limits better protect shareholders' interests. Therefore, we believe that the maximum limit of the general mandate should be limited to 10% of the company's issued share capital. Further, we believe discount rates should be capped at 15% of market price.

In this case, we find that the proposed 20.0% issuance limit is excessive and the Company has not provided the maximum discount rate in its disclosures. For the reasons discussed above, we do not believe that it is in the best interests of shareholders to support this proposal.

We recommend that shareholders vote **AGAINST** this proposal.

PROPOSAL REQUEST:	General authority to issue repurchased shares	RECOMMENDATIONS & CONCERNS:
PRIOR YEAR VOTE RESULT (FOR):	79.9%	AGAINST- Issue price discount not disclosed
BINDING/ADVISORY:	Binding	
REQUIRED TO APPROVE:	Majority	

Pursuant to this proposal, the board may issue shares repurchased by the Company subsequent to the passing of the general mandate, provided that the proposed authority to repurchase shares is approved and that the number of shares issuable under this proposal would not count against the issuance limit of the general mandate proposal.

If approved, this authority will expire at the earliest of: (i) the conclusion of the Company's next annual general meeting; (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 this authority is revoked or varied by a resolution of the shareholders at a general meeting.

GLASS LEWIS ANALYSIS

We generally support granting the board the authority to repurchase shares and issue the repurchased shares to give it the flexibility to reissue shares that today already trade in the market in the event the Company needs additional capital.

As discussed in the general mandate proposal, we believe that the aggregate maximum limit of additional share issuances should be limited to 20% of the Company's issued share capital: 10% for the general mandate and 10% for this authority to issue repurchased shares. Further, we believe discount rates should be capped at 15% of the market price.

In this case, while the issuance limit of the proposed authority to issue repurchased shares is capped at 10.0% of the Company's issued share capital, the Company has not provided the maximum discount rate in its disclosures. In the absence of information about the discount rate, we do not believe that shareholders should support this mandate.

We recommend that shareholders vote **AGAINST** this proposal.

VOTE RESULTS FROM LAST ANNUAL MEETING MAY 11, 2016

Source: Company Announcement dated May 11, 2016

RESULTS

NO.	PROPOSAL	FOR	AGAINST	ABSTAIN	OTHER/ WITHHELD	GLC REC
1.0	Accounts and Reports	99.99%	0.01%	0.00%	0.00%	For
2.1	Elect Alexander AU Siu Kee	99.68%	0.32%	0.00%	0.00%	For
2.2	Elect CHAN Kwok Pong	98.70%	1.30%	0.00%	0.00%	For
2.3	Elect Edward CHEN Kwan Yiu	98.83%	1.17%	0.00%	0.00%	For
2.4	Elect Hans M. Jebesen	81.64%	18.36%	0.00%	0.00%	Against
2.5	Elect LENG Yen Thean	99.02%	0.98%	0.00%	0.00%	For
3.0	Appointment of Auditor and Authority to Set Fees	99.97%	0.03%	0.00%	0.00%	For
4.0	Authority to Repurchase Shares	99.99%	0.01%	0.00%	0.00%	For
5.0	Authority to Issue Shares w/o Preemptive Rights	79.08%	20.92%	0.00%	0.00%	Against
6.0	Authority to Issue Repurchased Shares	79.87%	20.13%	0.00%	0.00%	Against

APPENDIX

Questions or comments about this report, GL policies, methodologies or data? Contact your client service representative or go to www.glasslewis.com/issuer/ for information and contact directions.

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LEAD ANALYSTS

Governance:

Hae Eun Jang