
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 an exchange participant or other securities dealer licensed as a licensed person under the Securities and Futures Ordinance, bank manager, solicitor, certified public accountant or other professional adviser.

If you have sold or transferred all your shares in AIA Group Limited, you should at once hand this circular and the accompanying proxy form to the purchaser or transferee or to the bank, exchange participant or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



AIA Group Limited
友邦保險控股有限公司

(Incorporated in Hong Kong with limited liability)

Stock Code: 1299

**RE-ELECTION OF DIRECTORS
GENERAL MANDATES TO ISSUE SHARES
AND
BUY BACK SHARES
GENERAL MANDATE TO ISSUE SHARES UNDER
RESTRICTED SHARE UNIT SCHEME
AND
NOTICE OF ANNUAL GENERAL MEETING**

The notice convening the annual general meeting of AIA Group Limited to be held at 11:00 a.m. on Friday, 18 May 2018 at the Grand Ballroom, 2/F, New World Millennium Hong Kong Hotel, 72 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong is set out on pages 18 to 23 of this circular.

Only light beverages will be served after the meeting.

Whether or not you are able to attend the meeting, please complete and return the enclosed proxy form in accordance with the instructions printed thereon to the Company's share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the meeting or adjourned meeting (as the case may be). Completion and return of the proxy form will not preclude you from attending and voting in person at the meeting or at any adjourned meeting should you so wish.

(In case of any discrepancy between the English version and Chinese version of this circular, the English version shall prevail.)

22 March 2018

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	3
Notice of Annual General Meeting	18
Appendix I – Biographical Details of Directors Standing for Re-election	24
Appendix II – Explanatory Statement on the Buy-back Mandate	31

DEFINITIONS

In this circular, unless the context requires otherwise, the following expressions have the following meanings:

“2018 AGM”	the annual general meeting of the Company to be held at 11:00 a.m. on Friday, 18 May 2018 or, where the context so admits, any adjournment thereof, notice of which is set out on pages 18 to 23 of this circular
“Agency Share Purchase Plan”	the agency share purchase plan adopted by the Company on 23 February 2012, details of which are set out in the Annual Report 2017
“Annual Report 2017”	annual report (comprising, among others, the audited consolidated financial statements, the auditor’s report and the report of the Directors) of the Company for the year ended 30 November 2017
“Articles of Association”	articles of association of the Company, as amended from time to time
“Board”	the board of Directors
“Buy-back Mandate”	the general and unconditional mandate proposed under ordinary resolution numbered 9(B) in the notice of the 2018 AGM set out on pages 18 to 23 of this circular
“Companies Ordinance”	Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended from time to time
“Company”	AIA Group Limited, a company incorporated in Hong Kong with limited liability, whose Shares are listed on the Main Board of the Hong Kong Stock Exchange (stock code: 1299)
“Corporate Governance Code”	Corporate Governance Code set out in Appendix 14 to the Listing Rules
“Director(s)”	director(s) of the Company
“Group”	AIA Group Limited and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“Independent Non-executive Director(s)”	independent non-executive director(s) of the Company
“Issue Mandate”	the general and unconditional mandate proposed under ordinary resolution numbered 9(A) in the notice of the 2018 AGM set out on pages 18 to 23 of this circular
“Latest Practicable Date”	15 March 2018, being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
“Restricted Share Unit Scheme” or “RSU Scheme”	the restricted share unit scheme adopted by the Company on 28 September 2010 (as amended)
“RSU(s)”	restricted share unit(s)
“RSU Award(s)”	restricted share unit award(s) granted to participant(s) under the Restricted Share Unit Scheme
“RSU Scheme Mandate”	the scheme mandate of the Restricted Share Unit Scheme proposed under ordinary resolution numbered 9(C) in the notice of the 2018 AGM set out on pages 18 to 23 of this circular
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time
“Share(s)”	ordinary share(s) in the share capital of the Company
“Share Option Scheme”	the share option scheme adopted by the Company on 28 September 2010 (as amended)
“Shareholder(s)”	holder(s) of Shares
“Takeovers Code”	the Code on Takeovers and Mergers issued by the Securities and Futures Commission, as amended from time to time
“%”	per cent.

LETTER FROM THE BOARD



AIA Group Limited
友邦保險控股有限公司
(Incorporated in Hong Kong with limited liability)
Stock Code: 1299

*Independent Non-executive Chairman and
Independent Non-executive Director:*
Mr. Edmund Sze-Wing Tse

Registered Office:
35/F, AIA Central
No. 1 Connaught Road Central
Hong Kong

Executive Director:
Mr. Ng Keng Hooi

Independent Non-executive Directors:

Mr. Jack Chak-Kwong So
Mr. Chung-Kong Chow
Mr. John Barrie Harrison
Mr. George Yong-Boon Yeo
Mr. Mohamed Azman Yahya
Professor Lawrence Juen-Yee Lau
Ms. Swee-Lian Teo
Dr. Narongchai Akrasanee
Mr. Cesar Velasquez Purisima

22 March 2018

Dear Shareholders,

**RE-ELECTION OF DIRECTORS
GENERAL MANDATES TO ISSUE SHARES
AND
BUY BACK SHARES
GENERAL MANDATE TO ISSUE SHARES UNDER
RESTRICTED SHARE UNIT SCHEME
AND
NOTICE OF ANNUAL GENERAL MEETING**

1. INTRODUCTION

The purpose of this circular is to provide you with notice of the 2018 AGM, including relevant information regarding certain resolutions proposed for the Shareholders to consider and, if thought fit, approve, including resolutions for (i) the re-election of Directors; (ii) the grant of the Issue Mandate and the Buy-back Mandate; and (iii) the grant of the RSU Scheme Mandate.

LETTER FROM THE BOARD

2. RE-ELECTION OF DIRECTORS

Mr. Ng Keng Hooi and Mr. Cesar Velasquez Purisima were appointed as Executive Director and Independent Non-executive Director on 1 June 2017 and 1 September 2017, respectively. In accordance with Article 104 of the Articles of Association and paragraph A.4.2 of the Corporate Governance Code, Mr. Ng and Mr. Purisima will hold their office until the next following annual general meeting of the Company and will then be eligible for re-election. They will offer themselves for re-election at the 2018 AGM.

Professor Lawrence Juen-Yee Lau, Mr. Chung-Kong Chow and Mr. John Barrie Harrison shall retire from office by rotation at the 2018 AGM pursuant to Article 100 of the Articles of Association and, being eligible, offer themselves for re-election at the 2018 AGM.

The Company received the annual confirmation of independence from Professor Lau, Mr. Chow and Mr. Harrison and confirmation of independence from Mr. Purisima, the Independent Non-executive Directors who will offer themselves for re-election at the 2018 AGM. The Nomination Committee of the Company has assessed the independence of Professor Lau, Mr. Chow, Mr. Harrison and Mr. Purisima and formed the view that they have met the independence guidelines set out in Rule 3.13 of the Listing Rules and are independent.

Mr. Chow has been an Independent Non-executive Director since the listing of the Company in 2010, and hence, has served the Board for more than seven years. It is the Board's view that Mr. Chow's deep and diverse business experience coupled with his knowledge of financial markets and in-depth understanding of the Group's operations and business, has enabled him to contribute meaningfully and objectively to the Company during his tenure. He continues to demonstrate strong independence and a firm commitment to his role and brings valuable experience to the Board in support of promoting the best interests of the Company and the Shareholders. His contribution to the Company is also reflected by his chairing of the Risk Committee of the Company since 2010. In addition, Mr. Chow has no financial or family relationships with any Director, senior management, substantial Shareholder or controlling Shareholder (as defined in the Listing Rules) of the Company.

Mr. Harrison has been an Independent Non-executive Director since July 2011, and hence, has served the Board for more than six years. As an Independent Non-executive Director, Mr. Harrison likewise brings a deep and diverse commercial background to his role, including his extensive international experience in accounting, financial reporting, audit, assurance based advisory services, corporate governance and financial risk management. He has developed an in-depth understanding of the Group's operations and business, all of which has enabled him to contribute meaningfully and objectively to the Company during his tenure. He continues to demonstrate strong independence and a firm commitment to his role and brings valuable experience to the Board in support of promoting the best interests of the Company and the Shareholders. His contribution to the Company is also reflected by his chairing of the Audit Committee of the Company since 2011. In addition, Mr. Harrison has no financial or family relationships with any Director, senior management, substantial Shareholder or controlling Shareholder (as defined in the Listing Rules) of the Company.

LETTER FROM THE BOARD

In view of the above, the Nomination Committee and the Board have determined that each of Mr. Chow and Mr. Harrison continues to be independent in character and judgement, notwithstanding their respective length of service. Furthermore, the Board considers that the re-election of each of Mr. Chow and Mr. Harrison is in the best interests of the Company and the Shareholders as a whole. Accordingly, the Board recommended both Mr. Chow and Mr. Harrison to stand for re-election as Independent Non-executive Directors at the 2018 AGM.

The Board therefore considers Professor Lau, Mr. Chow, Mr. Harrison and Mr. Purisima to be independent and believes that they should be re-elected, in particular, because of their experience and contribution to the Board.

Biographical details of the Directors offering themselves for re-election at the 2018 AGM are set out in Appendix I to this circular.

3. ISSUE MANDATE AND BUY-BACK MANDATE

Pursuant to the ordinary resolution passed by the Shareholders at the last annual general meeting of the Company held on 12 May 2017, general mandates were given to the Directors to issue new Shares and to buy back existing Shares. Such general mandates will lapse at the conclusion of the 2018 AGM. Accordingly, the Company seeks Shareholders' approval to renew this authority subject to the restrictions described in ordinary resolutions numbered 9(A) and 9(B) and summarised herein.

The Issue Mandate is limited to 10% of the number of Shares in issue as at the date of the passing of the relevant resolution. This is significantly lower than the permissible size of 20% under the Listing Rules. For clarity, Shares bought back through any exercise of the Buy-back Mandate will not be added to the number of Shares that may be issued under the Issue Mandate. In addition, any Shares to be issued for cash under the authority granted by the Issue Mandate (other than on the vesting of awards under the Agency Share Purchase Plan, the terms of which are summarised in the Annual Report 2017) will only be issued subject to a maximum discount of 10% to the "benchmark price" (defined with reference to Rule 13.36(5) of the Listing Rules). Shareholders may wish to take note that the proposed discount limit is more restrictive than the requirements of the Listing Rules which permit a maximum discount of 20% to the benchmark price for any issue of shares in a placement for cash pursuant to a general mandate.

The Issue Mandate is necessary to give the Directors some flexibility to allot Shares where they believe it is in the best interests of the Shareholders to do so, in particular, pursuant to any capital raising or other strategic needs that may arise from time to time.

The Issue Mandate and the Buy-back Mandate, if approved at the 2018 AGM, will continue to be in force until the conclusion of the next annual general meeting of the Company or the expiry of the period within which the next annual general meeting of the Company is required by the Articles of Association or any applicable laws to be held, or until revoked or varied by an ordinary resolution of the Shareholders in general meeting, whichever occurs first.

LETTER FROM THE BOARD

Details of the aforesaid ordinary resolutions are set out in ordinary resolutions numbered 9(A) and 9(B) in the notice of the 2018 AGM. An explanatory statement as required by the Listing Rules to provide the Shareholders with all information reasonably necessary to make an informed decision on the proposed resolution for the granting of the Buy-back Mandate is set out in Appendix II to this circular.

4. MANDATE TO ISSUE SHARES UNDER THE RESTRICTED SHARE UNIT SCHEME

The RSU Scheme was adopted by the Company on 28 September 2010. The RSU Scheme is not a share option scheme and is not subject to the provisions of Chapter 17 of the Listing Rules.

Pursuant to the ordinary resolution passed by the Shareholders at the last annual general meeting of the Company held on 12 May 2017, a scheme mandate for the RSU Scheme of 301,100,000 new Shares, representing 2.5% of the number of Shares in issue as at the date of the listing of the Shares on the Hong Kong Stock Exchange, was given to the Directors. Such scheme mandate will lapse at the conclusion of the 2018 AGM.

Between 12 May 2017 and the Latest Practicable Date, 11,879,056 RSU Awards were granted under the RSU Scheme. During the same period, 6,241,130 RSU Awards have lapsed and 12,291,129 RSU Awards were vested in accordance with the rules of the RSU Scheme. No Shares have been issued pursuant to the RSU Scheme.

The RSU Scheme Mandate to be sought at the 2018 AGM will give the Directors a mandate to allot, issue, procure the transfer of and otherwise deal with the Shares underlying any RSU Awards granted under the RSU Scheme, subject to a maximum amount of 301,100,000 Shares, being 2.5% of the number of Shares in issue as at the date of the listing of the Shares on the Hong Kong Stock Exchange.

Since the adoption of the RSU Scheme and up to the Latest Practicable Date, no Shares have been issued under the RSU Scheme. Accordingly, the maximum number of Shares which can be issued under the RSU Scheme Mandate during the Relevant Period (as defined below) will remain to be 301,100,000 Shares.

An approval has been obtained from the Listing Committee of the Hong Kong Stock Exchange for the listing of and permission to deal in any new Shares to be issued not exceeding 301,100,000 Shares pursuant to the RSU Scheme.

If the Company elects to settle the RSU Awards in Shares, the costs attributable to the grant of any RSU Awards under the RSU Scheme will be accounted for by reference to the market value of the Shares at the time of grant, adjusted to take into account the terms and conditions upon which Shares were granted. If the RSU Awards are to be settled in cash, the costs attributable to any unsettled or unvested RSU Awards will be re-measured based on the fair value of the underlying Shares until the final payout is made. The Company will give due consideration to any financial impact arising from the grant of RSU Awards under the RSU Scheme before exercising the RSU Scheme Mandate.

LETTER FROM THE BOARD

The following is a summary of the principal terms of the RSU Scheme:

(1) Purposes of the RSU Scheme

The primary purpose of the RSU Scheme is to align the participants' interests with those of the Company and its shareholders through encouraging participants' ownership of Shares. Share ownership on the part of participants creates greater focus on long-term value creation and serves as a tool to retain individuals whose continuing participation is deemed important to the sustained success of the Company.

(2) RSU Awards

A RSU Award gives a participant in the RSU Scheme ("RSU Participant") a conditional right when the RSU Award vests to obtain either Shares (existing Shares in issue or new Shares to be issued by the Company) or an equivalent value in cash with reference to the market value of the Shares on or about the date of vesting, as determined by the Board in its absolute discretion. A RSU Award may include, if so specified by the Board in its entire discretion, cash and non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions in respect of those Shares from the date that the RSU Award is granted to the date that it vests.

(3) Participants in the RSU Scheme

Persons eligible to receive RSU Awards under the RSU Scheme are existing employees, directors (whether executive or non-executive, but excluding independent non-executive) or officers of the Company or any of its subsidiaries ("RSU Eligible Persons"). The Board selects the RSU Eligible Persons to receive RSU Awards under the RSU Scheme at its discretion.

(4) Term of the RSU Scheme

The term of the RSU Scheme is 10 years commencing from the date of adoption on 28 September 2010 (the "RSU Scheme Period"), but the provisions of the RSU Scheme shall remain in full force and effect in order to give effect to the vesting of RSU Awards granted and accepted prior to the expiration of the RSU Scheme Period.

(5) Grant and Acceptance

(a) Making an Offer

An offer to grant a RSU Award will be made to a RSU Eligible Person selected by the Board ("RSU Selected Person") by a letter in such form as the Board may determine ("RSU Grant Letter"). The RSU Grant Letter will specify the value and the number of Shares underlying the RSU Award (or if the value or number of Shares is not available, the methodology by which that is calculated), the vesting criteria

LETTER FROM THE BOARD

and conditions, the vesting schedule and such other details as the Board considers necessary, and will require the RSU Selected Person to undertake to hold the RSU Award on the terms on which it is granted and to be bound by the provisions of the RSU Scheme.

(b) *Acceptance of an Offer*

A RSU Selected Person accepts the grant of a RSU Award in such manner as set out in the RSU Grant Letter. Once accepted, the RSU Award is granted from the date on which it was offered to the RSU Selected Person (the “RSU Grant Date”).

(c) *Restrictions on Grants*

The Board may not grant any RSU Awards to any RSU Selected Persons in any of the following circumstances:

- (i) the requisite approval from any applicable regulatory authorities has not been granted;
- (ii) the securities laws, rules or regulations require that a prospectus or other offering documents be issued in respect of the grant of the RSU Awards or in respect of the RSU Scheme, unless the Board determines otherwise;
- (iii) where granting the RSU Award would result in a breach by the Company, its subsidiaries or any of their respective directors of any applicable securities laws, rules or regulations;
- (iv) after a price sensitive event in relation to the Company’s securities has occurred or a price sensitive matter in relation to the Company’s securities has been the subject of a decision, until such price sensitive information has been duly published in accordance with the Listing Rules; or
- (v) within the period commencing one month immediately preceding the earlier of:
 - (A) the date of meeting of the Board (as such date is first notified to the Hong Kong Stock Exchange in accordance with the Listing Rules) for the approval of the Company’s results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and
 - (B) the deadline to publish an announcement of the Company’s results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules);

LETTER FROM THE BOARD

and ending on the date of the results announcement; or

- (vi) where such grant of any RSU Award would result in a breach of the limits of the RSU Scheme (as set out in paragraph (6) below).

(d) Grants to Directors

Where any RSU Award is proposed to be granted to a Director, it shall not be granted on any day on which the Company's financial results are published and during the period of:

- (i) 60 days immediately preceding the publication date of the Company's annual results or, if shorter, the period from the end of the Company's relevant financial year up to the publication date of its results; and
- (ii) 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 Company's relevant quarterly or half-year period up to the publication date of its results.

(e) Grants to Connected Persons

Before making any grant to a Director, chief executive or substantial shareholder of the Company, or any of their respective associates (as defined in the Listing Rules), all the Independent Non-executive Directors must approve the grant of the RSU Award, and if new Shares will be allotted to connected persons when their RSU Awards vest, the Company will comply with the applicable requirements under Chapter 14A of the Listing Rules or obtain a waiver from strict compliance with such requirements from the Hong Kong Stock Exchange.

(6) Maximum Number of Shares Pursuant to RSU Awards

(a) RSU Scheme Limit

Subject to paragraph (6)(b) below, no RSU Award shall be granted pursuant to the RSU Scheme if as a result of such grant (assumed accepted), the aggregate number of Shares and, where cash is awarded in lieu of Shares, the aggregate number of Shares as are equivalent to the amount of cash so awarded ("Share Equivalents") underlying all grants made pursuant to the RSU Scheme (excluding RSU Awards that have lapsed or been cancelled in accordance with the rules of the RSU Scheme) will exceed in total 301,100,000 Shares, representing 2.5% of the number of Shares in issue on 29 October 2010, being the date on which the Shares were listed on the Main Board of the Hong Kong Stock Exchange ("RSU Scheme Limit").

LETTER FROM THE BOARD

(b) Refreshment of RSU Scheme Limit

The RSU Scheme Limit may be refreshed from time to time subject to prior approval from the Shareholders, but in any event the total number of Shares and Share Equivalents that may underlie the RSU Awards granted following the date of approval of the refreshed limit (“New Approval Date”) under the limit as refreshed from time to time must not exceed 2.5% of the number of Shares in issue as at the relevant New Approval Date. Shares or Share Equivalents underlying RSU Awards granted under the RSU Scheme (including those outstanding, cancelled or vested RSU Awards) prior to such New Approval Date will not be counted for the purpose of determining the maximum aggregate number of Shares or Share Equivalents that may underlie the RSU Awards granted following such New Approval Date.

(c) Annual Mandate

To the extent that the Company may, during the Relevant Period (as defined below), grant RSU Awards pursuant to the RSU Scheme which may be satisfied by the Company allotting and issuing new Shares upon the vesting of the RSU Awards, the Company shall at its annual general meeting propose for the Shareholders to consider and, if thought fit, pass an ordinary resolution approving a mandate specifying:

- (i) the maximum number of new Shares that may underlie RSU Awards granted pursuant to the RSU Scheme during the Relevant Period; and
- (ii) that the Board has the power to allot and issue Shares, procure the transfer of Shares, and otherwise deal with the Shares pursuant to the vesting of any RSU Awards that are granted pursuant to the RSU Scheme during the Relevant Period as and when the RSU Awards vest.

The above mandate shall remain in effect during the period from the passing of the ordinary resolution granting the mandate until the earliest of:

- (A) the conclusion of the next annual general meeting of the Company;
- (B) the end of the period within which the next annual general meeting of the Company is required by the Articles of Association or any applicable laws to be held; and
- (C) the variation or revocation of such mandate by an ordinary resolution of the Shareholders in a general meeting,

(the “Relevant Period”).

LETTER FROM THE BOARD

(7) Rights Attached to RSU Awards

A RSU Participant does not have any contingent interest in any Shares underlying a RSU Award unless and until such Shares are actually transferred to the RSU Participant. Further, a RSU Participant may not exercise voting rights in respect of the Shares underlying his/her RSU Award, nor does he/she have any rights to any cash and non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions from any Shares underlying a RSU Award unless otherwise specified by the Board in its sole discretion in the RSU Grant Letter to the RSU Participant.

(8) Rights Attached to Shares

Any Shares transferred to a RSU Participant in respect of any RSU Award 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 relevant date. Once transferred, the Shares will entitle the holders to participate in all dividends or distributions paid or made on or after the date of the transfer applicable to the holders of Shares.

(9) Assignment of RSU Awards

RSU Awards granted pursuant to the RSU Scheme will be personal to each RSU Participant and are not assignable. RSU Participants are prohibited from selling, transferring, assigning, charging, mortgaging, encumbering, hedging or creating any interest in favour of any other person over or in relation to any property held by the Trustee (as defined below) on trust for the RSU Participants, RSU Awards, Shares underlying any RSU Awards or interests or benefits therein.

(10) Vesting of RSU Awards

(a) General

The Board can determine the vesting criteria, conditions and the time when the RSU Awards will vest, but the period between the date of the acceptance of the RSU Awards and the date on which the RSU Awards vest must be at least six months.

Within a reasonable time after the vesting criteria and conditions have been fulfilled, satisfied or waived, the Board will send a vesting notice (“Vesting Notice”) to each of the relevant RSU Participants. The Vesting Notice will confirm the extent to which the vesting criteria and conditions have been fulfilled, satisfied or waived, and the number of Shares (and, if applicable, the cash and non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions in respect of those Shares) or the amount of cash the RSU Participant will receive.

LETTER FROM THE BOARD

(b) Role of the Trustee

A professional trustee (the “Trustee”) will hold Shares underlying the RSU Awards granted to RSU Participants pending the vesting of the RSU Awards, but may not exercise voting rights in respect of such Shares being held by it. The Trustee shall subscribe for new Shares or purchase existing Shares from the market.

The Company or its subsidiaries shall provide funds to enable the Trustee to subscribe for new Shares or to make such on-market purchases of Shares. None of the Directors has any direct or indirect interest in the Trustee.

(c) Award in Cash or Shares

Subject to the RSU Participant executing all documents that the Board considers necessary for the vesting (which may include, without limitation, a certification to the Company or its relevant subsidiary that he/she has complied with all the terms and conditions set out in the rules of the RSU Scheme and the RSU Grant Letter), the Board may decide at its absolute discretion to:

- (i) direct and procure the Trustee to transfer the number of Shares underlying the RSU Award to the RSU Participant (and, if applicable, the cash and non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions in respect of those Shares) which either the Trustee has acquired by making on-market purchases of Shares or the Company has allotted and issued to the Trustee as fully paid up Shares; or
- (ii) pay, or direct and procure the Trustee to pay, to the RSU Participant in cash an amount which is equivalent to the value of the Shares.

If a RSU Participant fails to execute all documents that the Board considers necessary for the vesting, the RSU Participant’s RSU Award will lapse.

(d) Rights on a Takeover

If a general offer to acquire the Shares (whether by takeover offer, merger, or otherwise in a like manner) is made to all the Shareholders (or all Shareholders other than the offeror and/or any person controlled by the offeror and/or any person acting in concert with the offeror) and such offer, having been approved, becomes or is declared unconditional in all respects, a RSU Participant’s RSU Award will vest immediately to the extent specified in a notice given by the Company to the RSU Participant, even if the vesting period has not yet commenced.

LETTER FROM THE BOARD

(e) Rights on a Compromise or Arrangement

If a compromise or arrangement between the Company and the 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 and a notice is given by the Company to the Shareholders to convene a general meeting to consider and if thought fit approve such compromise or arrangement, a RSU Participant's RSU Award will vest immediately to the extent specified in a notice given by the Company to the RSU Participant, even if the vesting period has not yet commenced.

(f) Rights on a Voluntary Winding-Up

If an effective resolution is passed during the RSU Scheme Period for the voluntary winding-up of the Company (other than for the purposes of a reconstruction, amalgamation or scheme of arrangement), all outstanding RSU Awards shall be treated as having vested immediately before the passing of such resolution to the extent represented by the proportion that (A) the time between the RSU Grant Date and the passing of the relevant resolution bears to (B) the entire vesting period set out in the RSU Grant Letter. No Shares will be transferred, and no cash will be paid, to the RSU Participant, but the RSU Participant will be entitled to receive out of the assets available in the liquidation *pari passu* with the Shareholders such sum as would have been received in respect of the RSU Award.

(11) Lapse of RSU Awards

(a) Full Lapse of RSU Award

A RSU Award will automatically lapse immediately where:

- (i) such RSU Participant's employment or service terminates for any reason, except by reason of (A) death, (B) disability, (C) redundancy, (D) where the company employing the RSU Participant ceases to be one of the Company's subsidiaries, or (E) retirement; or
- (ii) the RSU Participant makes any attempt or takes any action to sell, transfer, assign, charge, mortgage, encumber, hedge or create any interest in favour of any other person over or in relation to any Shares underlying the RSU Award or any interests or benefits pursuant to the RSU Award.

LETTER FROM THE BOARD

(b) Partial Lapse of RSU Award

A RSU Participant's RSU Award will lapse on a proportional basis based on the proportion that (A) the time between the RSU Grant Date and the occurrence of the following relevant event bears to (B) the entire vesting period set out in the RSU Participant's RSU Grant Letter if:

- (i) the RSU Participant's employment or service is terminated because of the RSU Participant's death, disability or redundancy;
- (ii) the company with which the RSU Participant is employed ceases to be one of the Company's subsidiaries; or
- (iii) the RSU Participant's employment or service is terminated because of the RSU Participant's retirement,

provided that, (A) for any event stated in (i) and (ii) above, where it is not known at the time of vesting to what extent any performance criteria set out in the RSU Grant Letter have been satisfied, for the purpose of determining the lapse of RSU Award, those criteria shall be applied on the basis that they have been satisfied at the "target level" as referred to in the RSU Grant Letter, if a target level is so referred to; and (B) for the event stated in (iii) above, the lapse of the RSU Award will also be based on fulfillment of the vesting criteria and conditions (including any performance criteria) set out in the RSU Grant Letter.

(12) Cancellation of RSU Awards

The Board may at its discretion cancel any RSU Award that has not vested or lapsed, provided that:

- (a) the Company or its subsidiary pays to the RSU Participant an amount equal to the fair value of the RSU Award at the date of the cancellation as determined by the Board, after consultation with its auditors or an independent financial adviser appointed by the Board;
- (b) the Company or its relevant subsidiary provides to the RSU Participant a replacement RSU Award (or a grant or option under any other restricted share unit scheme, share option scheme or share-related incentive scheme) of equivalent value to the RSU Award to be cancelled; or
- (c) the Board makes any arrangement as the RSU Participant may agree in order to compensate him/her for the cancellation of the RSU Award.

LETTER FROM THE BOARD

(13) Reorganisation of Capital Structure

In the event of any capitalisation issue, rights issue, consolidation, sub-division or reduction of the share capital of the Company, the Board may, at its absolute discretion, make such equitable adjustments, designed to protect the RSU Participants' interests, to the number of Shares underlying the outstanding RSU Awards or to the amount of the equivalent value, as it may deem appropriate.

(14) Amendment of the RSU Scheme

Save as provided in the RSU Scheme, the Board may alter any of the terms of the RSU Scheme at any time. Written notice of any amendment to the RSU Scheme shall be given to all RSU Participants.

Any changes to the authority of the Board in relation to any alteration of the terms of the RSU Scheme shall not be made without the prior approval of Shareholders in general meeting.

Any alterations to the terms and conditions of the RSU Scheme which are of a material nature or any changes to the terms of the RSU Awards granted must be approved by the Shareholders in general meeting, except where the alterations or changes take effect automatically under the existing terms of the RSU Scheme. The Board's determination shall be conclusive as to whether any proposed alteration to the terms and conditions of the RSU Scheme is material.

(15) Termination of the RSU Scheme

The Board may terminate the RSU Scheme at any time before the expiry of the RSU Scheme Period and no further RSU Awards shall be granted thereafter. In the event of termination, the Company or its relevant subsidiary shall notify the Trustee and all RSU Participants of such termination and of how any property held by the Trustee upon trust for the RSU Participants (including without limitation, any Shares held) and the outstanding RSU Awards shall be dealt with.

(16) Administration of the RSU Scheme

The Board has the power to administer the RSU Scheme, including the power to construe and interpret the rules of the RSU Scheme and the terms of the RSU Awards granted under it. The Board may delegate the authority to administer the RSU Scheme to a committee of the Board*. The Board may also appoint one or more independent third party contractors to assist in the administration of the RSU Scheme and delegate such powers and/or functions relating to the administration of the RSU Scheme as the Board thinks fit.

* *The committee of the Board here refers to the Remuneration Committee of the Company which comprises Independent Non-executive Directors of the Company only.*

LETTER FROM THE BOARD

The Board's determinations under the RSU Scheme need not be uniform and may be made by it selectively with respect to persons who receive, or are eligible to receive, RSU Awards under it. If a Director is a RSU Participant, he/she may, notwithstanding his/her own interest and subject to the Articles of Association, vote on any Board resolution concerning the RSU Scheme (other than in respect of his/her own participation in it) and may retain any benefits under it.

Each RSU Participant waives any right to contest the value and number of Shares or equivalent value of cash underlying the RSU Award and the administration of the RSU Scheme.

(17) Clawback

If, following the vesting of a RSU Award, the Board determines that the terms and conditions set out in the rules of the RSU Scheme and the RSU Grant Letter were not satisfied, the Company may require to be paid, and the RSU Participant must pay on demand, an amount of money to the Company or its relevant subsidiary specified in a notice consistent with the requirements set out below in this paragraph (17).

If the Board determines that the granting and/or vesting of a RSU Award was based on materially inaccurate financial statements, to the extent that the RSU Award is not vested, the RSU Award will be forfeited or if it has already vested, the Company can require the RSU Participant to pay on demand an amount of money to the Company or its relevant subsidiary specified in a notice.

5. 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 Company. 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.

6. ANNUAL GENERAL MEETING

A notice convening the 2018 AGM is set out on pages 18 to 23. At the 2018 AGM, relevant resolutions will be proposed to approve the re-election of Directors, the grant of the Issue Mandate, the Buy-back Mandate and the RSU Scheme Mandate.

Pursuant to the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. The chairman of the 2018 AGM will therefore put each of the resolutions to be proposed at the 2018 AGM to be voted by way of a poll.

LETTER FROM THE BOARD

As a registered Shareholder, you are entitled to attend and vote at the 2018 AGM in person. Whether or not you intend to attend the 2018 AGM or any adjournment thereof, please complete the proxy form in accordance with the instructions printed thereon and return the same to the Company's share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the 2018 AGM or any adjournment thereof. You may appoint one or more proxies to attend and vote on your behalf. A proxy need not be a Shareholder. Enclosed with this circular is a proxy form for use at the 2018 AGM. Completion and return of the proxy form will not preclude you from attending and voting in person at the 2018 AGM or any adjournment thereof should you so wish. In the event that a Shareholder who has lodged a proxy form attends the 2018 AGM, his/her proxy form will be deemed to have been revoked.

As a non-registered Shareholder (i.e. your Shares are held through an intermediary/a nominee), you may give instructions to your intermediary/nominee to vote on your behalf or appoint you as a representative to attend and vote at the 2018 AGM.

7. VOTING BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules, the chairman of the 2018 AGM will exercise his right to demand a poll pursuant to Article 70 of the Articles of Association on each of the resolutions to be proposed at the 2018 AGM except where the chairman of the 2018 AGM, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands.

After closure of the 2018 AGM, the poll results will be published on the websites of both the Hong Kong Stock Exchange and the Company.

8. RECOMMENDATION

The Directors consider that the re-election of Directors, the grant of the Issue Mandate, the Buy-back Mandate and the RSU Scheme Mandate are in the best interests of the Company and the Shareholders as a whole and recommend the Shareholders to vote in favour of all the resolutions to be proposed at the 2018 AGM.

No Shareholder is required to abstain from voting in respect of any of the resolutions to be proposed at the 2018 AGM.

Yours faithfully,
On behalf of the Board
Edmund Sze-Wing Tse
Independent Non-executive Chairman

NOTICE OF ANNUAL GENERAL MEETING



AIA Group Limited
友邦保險控股有限公司

(Incorporated in Hong Kong with limited liability)

Stock Code: 1299

NOTICE IS HEREBY GIVEN that the annual general meeting of AIA Group Limited (the “Company”) will be held at the Grand Ballroom, 2/F, New World Millennium Hong Kong Hotel, 72 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong on Friday, 18 May 2018 at 11:00 a.m. for the following purposes:

ORDINARY RESOLUTIONS

1. To receive the audited consolidated financial statements of the Company, the Report of the Directors and the Independent Auditor’s Report for the year ended 30 November 2017.
2. To declare a final dividend of 74.38 Hong Kong cents per share for the year ended 30 November 2017.
3. To re-elect Mr. Ng Keng Hooi as Executive Director of the Company.
4. To re-elect Mr. Cesar Velasquez Purisima as Independent Non-executive Director of the Company.
5. To re-elect Professor Lawrence Juen-Yee Lau as Independent Non-executive Director of the Company.
6. To re-elect Mr. Chung-Kong Chow as Independent Non-executive Director of the Company.
7. To re-elect Mr. John Barrie Harrison as Independent Non-executive Director of the Company.
8. To re-appoint PricewaterhouseCoopers as auditor of the Company and to authorise the board of directors of the Company (the “Board”) to fix its remuneration.

NOTICE OF ANNUAL GENERAL MEETING

9. To consider and, if thought fit, pass with or without modification, the following resolutions as ordinary resolutions of the Company in relation to the proposed grant of general mandates to the Board:

(A) **“THAT:**

- (a) subject to sub-paragraph (c) of this resolution and pursuant to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the exercise by the directors of the Company (the “Directors”) during the Relevant Period (as defined below) of all the powers of the Company to allot, issue and deal with additional shares in the Company, to grant rights to subscribe for, or to convert any security into, shares of the Company (including the issue of any securities convertible into shares, or options, warrants or similar rights to subscribe for any shares) and to make or grant offers, agreements and options which might require the exercise of such powers be and is hereby generally and unconditionally approved;
- (b) the approval in sub-paragraph (a) of this resolution shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options (including warrants, bonds and debentures convertible into shares in the Company) which would or might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate number of shares in the Company allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in sub-paragraphs (a) and (b) of this resolution, otherwise than pursuant to (i) a Rights Issue (as defined below), or (ii) the exercise of rights of subscription or conversion under the terms of any options, warrants or similar rights granted by the Company or any securities which are convertible into shares in the Company, or (iii) the grant or vesting of any restricted share unit awards pursuant to the restricted share unit scheme adopted by the Company on 28 September 2010, as amended, or (iv) the grant of options or an issue of shares in the Company upon the exercise of options granted under the share option scheme adopted by the Company on 28 September 2010, as amended, or (v) any scrip dividend or similar arrangement providing for the allotment and issue of shares in the Company in lieu of the whole or part of a dividend on shares in the Company in accordance with the articles of association of the Company, shall not exceed 10 per cent of the number of issued shares of the Company as at the date of the passing of this resolution (as such number of shares may be adjusted in the event of any consolidation or subdivision of shares of the Company after the date of this resolution), and the said approval shall be limited accordingly;

NOTICE OF ANNUAL GENERAL MEETING

- (d) any shares in the Company to be allotted, issued or dealt with (whether wholly or partly for cash or otherwise) pursuant to the approval in sub-paragraph (a) of this resolution (other than on the vesting of awards under the agency share purchase plan adopted by the Company on 23 February 2012) shall not be at a discount of more than 10 per cent to the Benchmarked Price (as defined below) of such shares in the Company; and
- (e) for the purposes of this resolution:

“Benchmarked Price” means the higher of:

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

“Relevant Period” means the period from the passing of this resolution until the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiry of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws 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 shareholders of the Company in general meeting.

“Rights Issue” means an offer of shares of the Company or an offer or issue of warrants or options or similar instruments to subscribe for, or of securities convertible into, shares of the Company open for a period fixed by the Directors to holders of shares in the Company or any class thereof on the register of members on a fixed record date in proportion to their then holdings of such shares or class thereof (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient

NOTICE OF ANNUAL GENERAL MEETING

in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction applicable to the Company, any recognised regulatory body or any stock exchange applicable to the Company).”

(B) **“THAT:**

- (a) subject to sub-paragraph (b) of this resolution and pursuant to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the exercise by the Directors during the Relevant Period (as defined below) of all the powers of the Company to buy back shares of the Company on the Hong Kong Stock Exchange or on any other stock exchange on which the securities of the Company may be listed and which is recognised by the Securities and Futures Commission of Hong Kong and the Hong Kong Stock Exchange for such purpose, and otherwise in accordance with the rules and regulations of the Securities and Futures Commission of Hong Kong, the Hong Kong Stock Exchange or of any other stock exchange as amended from time to time and all applicable laws in this regard, be and is hereby generally and unconditionally approved;
- (b) the aggregate number of shares in the Company which may be bought back pursuant to the approval in sub-paragraph (a) of this resolution shall not exceed 10 per cent of the number of shares in the Company in issue as at the date of the passing of this resolution (as such number of shares may be adjusted in the event of any consolidation or subdivision of shares of the Company after the date of this resolution), and the said approval shall be limited accordingly; and
- (c) for the purposes of this resolution, “Relevant Period” means the period from the passing of this resolution until the earliest of:
 - (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiry of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws 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 shareholders of the Company in general meeting.”

NOTICE OF ANNUAL GENERAL MEETING

(C) “**THAT:**

- (a) subject to sub-paragraph (b) of this resolution, the exercise by the Directors during the Relevant Period (as defined below) of all the powers of the Company to grant restricted share unit awards (“RSU Awards”) and to allot, issue, procure the transfer of and otherwise deal with shares underlying any RSU Awards granted under the restricted share unit scheme approved and adopted by the Company on 28 September 2010, as amended (the “RSU Scheme”), as and when the RSU Awards vest be and is hereby approved;
- (b) no RSU Awards shall be granted by the Directors if as a result of such grant, the aggregate number of shares (or, where cash is awarded in lieu of shares, the aggregate number of shares as are equivalent to the amount of cash so awarded) underlying all RSU Awards granted by the Directors (excluding RSU Awards that have lapsed or been cancelled, in accordance with the rules of the RSU Scheme) shall exceed 301,100,000 shares of the Company, being 2.5 per cent of the number of shares of the Company in issue as at the date of the listing of the Company’s shares on the Hong Kong Stock Exchange; and
- (c) for the purposes of this resolution, “Relevant Period” means the period from the passing of this resolution until the earliest of:
 - (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the end of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws 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 shareholders of the Company in general meeting.”

By Order of the Board
Mitchell David New
*Group General Counsel and
Company Secretary*

Hong Kong, 22 March 2018

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. The register of members of the Company will be closed from Tuesday, 15 May 2018 to Friday, 18 May 2018 (both days inclusive) during which period no transfer of share(s) will be registered. To be eligible to attend and vote at the 2018 annual general meeting of the Company (“2018 AGM”), all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company’s share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong by no later than 4:30 p.m. on Monday, 14 May 2018.

In order to qualify for the entitlement of the final dividend to be approved at the 2018 AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company’s share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong by no later than 4:30 p.m. on Thursday, 24 May 2018.

2. A shareholder of the Company entitled to attend and vote at the 2018 AGM is entitled to appoint one or more proxies to attend and vote on his/her behalf. A proxy need not be a shareholder of the Company.
3. In order to be valid, a proxy form and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power of attorney or authority, must be deposited at the Company’s share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, not less than 48 hours before the time appointed for holding the 2018 AGM or any adjournment thereof. Completion and return of the proxy form will not preclude any shareholder of the Company from attending and voting in person at the 2018 AGM or any adjourned meeting should he/she so wish.
4. Where there are joint registered holders of any shares, any one of such persons may vote at the 2018 AGM or any adjourned meeting, either personally or by proxy, in respect of such shares as if he/she were solely entitled thereto; but the vote of the senior holder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holders and, for this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.
5. Shareholders of the Company having any queries relating to the 2018 AGM may call the hotline of the Company’s share registrar, Computershare Hong Kong Investor Services Limited, at (852) 2862 8555 during business hours from 9:00 a.m. to 6:00 p.m. (Hong Kong time) Mondays to Fridays, excluding public holidays.

As at the date of this circular, the Board comprises:

Independent Non-executive Chairman and Independent Non-executive Director:

Mr. Edmund Sze-Wing Tse

Executive Director:

Mr. Ng Keng Hooi

Independent Non-executive Directors:

Mr. Jack Chak-Kwong So, Mr. Chung-Kong Chow, Mr. John Barrie Harrison, Mr. George Yong-Boon Yeo, Mr. Mohamed Azman Yahya, Professor Lawrence Juen-Yee Lau, Ms. Swee-Lian Teo, Dr. Narongchai Akrasanee and Mr. Cesar Velasquez Purisima

Details of the retiring Directors proposed to be re-elected at the 2018 AGM are set out as follows:

1. Mr. Ng Keng Hooi, Executive Director

Aged 63, is an Executive Director and the Group Chief Executive and President of the Company, having been appointed on 1 June 2017. He is a member of the Risk Committee. Mr. Ng joined the Group in October 2010. Mr. Ng has over 38 years of experience in Asian life insurance having spent his entire career in the sector. Prior to his current role, he was Group Chief Executive and President Designate from March 2017 and was a Regional Chief Executive for the Group since his initial appointment in 2010. During that time he was responsible for a number of the Company's businesses, including most recently those operating in Mainland China, Thailand, Indonesia, Singapore, Brunei and Taiwan as well as for the Group's Agency Distribution channel. He is a director of various companies within the Group including acting as Chairman and Chief Executive Officer for both AIA Company Limited and AIA International Limited. Prior to joining the Group, he was Group Chief Executive Officer and Director of Great Eastern Holdings Limited from December 2008 to 2010. Mr. Ng worked for Prudential plc from 1989 to 2008, serving as a Managing Director of Insurance of Prudential Corporation Asia Limited from 2005 to 2008, responsible for its operations in Malaysia, Singapore, Indonesia and the Philippines. Mr. Ng began his career in life insurance at AIA Malaysia in 1980. He has been a board member of the Financial Services Professional Board in Kuala Lumpur since 24 September 2014 and has been a Fellow of the Society of Actuaries (U.S.) since 1985. He received his Bachelor of Science degree in Mechanical Engineering from Lafayette College (Pennsylvania, USA) in 1979.

The term under the service contract with Mr. Ng as Group Chief Executive and President is three years, with an option for the Company to renew for a further three years. Mr. Ng's appointment as Executive Director of the Company is for a term of approximately three years from the 2018 AGM, subject to the directors' retirement and re-election requirements under the Articles of Association and the Corporate Governance Code.

As at the Latest Practicable Date, Mr. Ng is and is deemed to be interested in 7,960,454 Shares and/or underlying Shares, representing approximately 0.07% of the total number of Shares in issue. Save as disclosed above, Mr. Ng does not hold any Shares within the meaning of Part XV of the SFO.

Details of Mr. Ng's remuneration are set out in the Remuneration Report and note 39 to the financial statements in the Annual Report 2017.

Save as disclosed above, Mr. Ng has not held any directorships in public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years. Mr. Ng does not have any relationship with any Director, senior management, substantial Shareholder or controlling Shareholder (as defined in the Listing Rules) of the Company.

Save as disclosed above, there is no information about Mr. Ng that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

2. Mr. Cesar Velasquez Purisima, Independent Non-executive Director

Aged 57, is an Independent Non-executive Director of the Company, having been appointed on 1 September 2017. He is a member of the Nomination Committee. Mr. Purisima served in the government of the Republic of the Philippines (the “Philippines”) as Secretary of the Department of Finance from July 2010 to June 2016 and as Secretary of the Department of Trade and Industry from January 2004 to February 2005. He also previously served on the boards of a number of government institutions, including as a member of Monetary Board of the Bangko Sentral ng Pilipinas (Central Bank of the Philippines), Governor of the World Bank Group for the Philippines, Governor of the Asian Development Bank for the Philippines, Alternate Governor of the International Monetary Fund for the Philippines and Chairman of Land Bank of the Philippines. He was conferred the Chevalier dans l’Ordre national de la Légion d’Honneur (Knight of the National Order of the Legion of Honour) by the President of the French Republic in 2017, the Order of Lakandula, Rank of Grand Cross (Bayani) by the President of the Philippines in 2016 and the Chevalier de l’Ordre national du Mérite (Knight of the National Order of Merit) by the President of the French Republic in 2001. Mr. Purisima is a certified public accountant. He has extensive experience in public accounting both in the Philippines and abroad. He was Chairman and Managing Partner of SyCip, Gorres, Velayo & Co. (a member firm of Andersen Worldwide until 2002 and became member firm of Ernst & Young Global Limited) from 1999 until 2004. During the period, Mr. Purisima was also the Asia-Pacific Area Managing Partner for Assurance and Business Advisory Services of Andersen Worldwide from 2001 to 2002 and Regional Managing Partner for the ASEAN Practice of Andersen Worldwide from 2000 to 2001. Mr. Purisima obtained his Bachelor of Science in Commerce (Majors in Accounting & Management of Financial Institutions) degree from De La Salle University (Manila) in 1979, Master of Management degree from J. L. Kellogg Graduate School of Management, Northwestern University in 1983 and Doctor of Humanities honoris causa degree from Angeles University Foundation (the Philippines) in 2012.

The following particulars relate to two ongoing investigations involving Mr. Purisima:

- (a) Mr. Purisima, by virtue of his previous position as the former Secretary of Finance and ex-officio member of the Philippines Government Procurement Policy Board (“GPPB”), was included in a complaint filed with the Office of the Ombudsman of the Philippines for alleged conspiracy to award maintenance contracts of the Metro Rail Transit Line 3 to favoured contractors. The Ombudsman is still examining whether the complaint is meritorious enough to warrant the filing of a case with the court; and
- (b) Mr. Purisima, due to his previous capacity as the former Secretary of Finance and ex-officio Chairman of the board of directors of the Philippines Deposit Insurance Corporation (“PDIC”), a government corporation providing limited deposit insurance protection to depositors, was included in a complaint filed before the Office of the City Prosecutor, Davao City, Philippines by a claimant alleging that PDIC engaged in criminal deception. It was alleged that PDIC had refused to honour

a manager's cheque issued by Banco Filipino (which was ordered to be placed under receivership by the Monetary Board of the Bangko Sentral ng Pilipinas) in favour of the claimant, representing the deposits the claimant had made with Banco Filipino. The prosecutor's office is still determining the merits of the complaint and has not yet filed the case with the proper court.

With respect to paragraph (a) above, Mr. Purisima was included in the complaint merely as a result of his previous position as the Secretary of Finance and a member of the GPPB. The complaint did not identify any specific personal wrongdoing on his part. The allegation as to Mr. Purisima's participation in the conspiracy was his alleged assent to the resolution of the GPPB to allow the Department of Transportation to resort to the negotiated procurement regarding the maintenance contract. Mr. Purisima has denied the allegation and has pointed out that he did not participate in any such decision by the GPPB.

With respect to paragraph (b) above, Mr. Purisima was included in the complaint again merely as a result of his position as ex-officio Chairman of the board of directors of PDIC rather than as a result of any allegation of personal wrongdoing on his part. Further, Mr. Purisima's duties as ex-officio Chairman of the board of directors of PDIC primarily involve policy determination but not the day-to-day operations of PDIC.

The Company has reviewed the above-mentioned matters with legal counsel in the Philippines and to the best knowledge, information and belief of the Board, the above investigations neither relate to the affairs of the Group, nor reflect adversely on the character or integrity of Mr. Purisima. The Board further believes that they will not impact on Mr. Purisima's ability to carry out his duties as an independent non-executive director of the Company.

Mr. Purisima's appointment is for a term of approximately three years from the 2018 AGM, subject to the directors' retirement and re-election requirements under the Articles of Association and the Corporate Governance Code.

As at the Latest Practicable Date, Mr. Purisima does not hold any Shares within the meaning of Part XV of the SFO.

Details of Mr. Purisima's remuneration are set out in the Remuneration Report and note 39 to the financial statements in the Annual Report 2017.

Save as disclosed above, Mr. Purisima has not held any directorships in public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years. Mr. Purisima does not have any relationship with any Director, senior management, substantial Shareholder or controlling Shareholder (as defined in the Listing Rules) of the Company.

Save as disclosed above, there is no information about Mr. Purisima that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

3. Professor Lawrence Juen-Yee Lau, Independent Non-executive Director

Aged 73, is an Independent Non-executive Director of the Company, having been appointed on 18 September 2014. He is a member of each of the Nomination Committee and the Risk Committee. Professor Lau currently serves as an independent non-executive director of CNOOC Limited and Hysan Development Company Limited (both listed on the Hong Kong Stock Exchange). He is also an independent non-executive director of Far EasTone Telecommunications Company Limited which is listed on the Taiwan Stock Exchange. He has been serving as the Ralph and Claire Landau Professor of Economics at The Chinese University of Hong Kong (“CUHK”) since 2007 and the Chairman of the Council of Shenzhen Finance Institute of CUHK, Shenzhen since 12 January 2017. He currently serves as a member of the Exchange Fund Advisory Committee of Hong Kong, Chairman of its Governance Sub-committee and a member of its Currency Board Sub-committee and Investment Sub-committee. In addition, he serves as a member and Chairman of the Prize Recommendation Committee for the LUI Che Woo Prize Limited, Vice-Chairman of the Our Hong Kong Foundation, the Vice-Chairman of China Center for International Economic Exchanges, Beijing, as well as a member of the Hong Kong Trade Development Council Belt and Road Committee. He was awarded the Gold Bauhinia Star by the Hong Kong Government in 2011. From 2004 to 2010, Professor Lau served as Vice-Chancellor (President) of CUHK. He was appointed Chairman of CIC International (Hong Kong) Co., Limited, a wholly-owned subsidiary of China Investment Corporation, in September 2010 and retired from the position in September 2014. He also served as a non-executive director of Semiconductor Manufacturing International Corporation (listed on the Hong Kong Stock Exchange) from 2011 to 2014. He was a member of the 12th National Committee of the Chinese People’s Political Consultative Conference and the Vice-Chairman of its Sub-committee of Economics from 2013 to 2018. He received his B.S. degree (with Great Distinction) in Physics from Stanford University in 1964 and his M.A. and Ph.D. degrees in Economics from the University of California at Berkeley in 1966 and 1969, respectively. He joined the faculty of the Department of Economics at Stanford University in 1966, becoming its Professor of Economics in 1976 and the first Kwoh-Ting Li Professor in Economic Development in 1992. From 1992 to 1996, he served as a Co-Director of the Asia-Pacific Research Center at Stanford University, and from 1997 to 1999 as the Director of the Stanford Institute for Economic Policy Research. He became its Kwoh-Ting Li Professor in Economic Development, Emeritus, upon his retirement from Stanford University in 2006.

Professor Lau’s appointment is for a term of approximately three years from the 2018 AGM, subject to the directors’ retirement and re-election requirements under the Articles of Association and the Corporate Governance Code.

As at the Latest Practicable Date, Professor Lau is and is deemed to be interested in 140,000 Shares and/or underlying Shares, representing less than 0.01% of the total number of Shares in issue. Save as disclosed above, Professor Lau does not hold any Shares within the meaning of Part XV of the SFO.

Details of Professor Lau’s remuneration are set out in the Remuneration Report and note 39 to the financial statements in the Annual Report 2017.

Save as disclosed above, Professor Lau has not held any other directorships in public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years. Professor Lau does not have any relationship with any Director, senior management, substantial Shareholder or controlling Shareholder (as defined in the Listing Rules) of the Company.

Save as disclosed above, there is no information about Professor Lau that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

4. Mr. Chung-Kong Chow, Independent Non-executive Director

Aged 67, is an Independent Non-executive Director of the Company, having been appointed on 28 September 2010. He is the chairman and a member of the Risk Committee and a member of the Nomination Committee. Mr. Chow is the Chairman of Hong Kong Exchanges and Clearing Limited (listed on the Hong Kong Stock Exchange). He was appointed a non-official member of the Executive Council of Hong Kong on 1 July 2012 and was further appointed for a new term of office from 1 July 2017. Mr. Chow was also appointed as the Chairman of the Advisory Committee on Corruption of the Independent Commission Against Corruption from 1 January 2013, the Chairman of the Advisory Committee on Admission of Quality Migrants and Professionals of Hong Kong from 1 July 2016, a director of the Community Chest of Hong Kong from 19 June 2017 and a member of the Financial Leaders Forum set up by the Hong Kong Government from 18 August 2017. He has also been a Steward of The Hong Kong Jockey Club since March 2011. Mr. Chow was knighted in the United Kingdom for his contribution to industry in 2000 and was awarded the Gold Bauhinia Star by the Hong Kong Government in 2015. Mr. Chow was Chief Executive Officer of MTR Corporation Limited (listed on the Hong Kong Stock Exchange) from 2003 to 2011, Chief Executive Officer of Brambles Industries plc, a global support services company, from 2001 to 2003, and Chief Executive of GKN plc, a leading industrial company based in the United Kingdom, from 1997 to 2001. He was an independent non-executive director of Anglo American plc from 2008 to 2014, independent non-executive director of Standard Chartered plc (listed on the Hong Kong Stock Exchange) from 1997 to 2008 and the Chairman of the Hong Kong General Chamber of Commerce from 2012 to June 2014.

Mr. Chow's appointment is for a term of approximately three years from the 2018 AGM, subject to the directors' retirement and re-election requirements under the Articles of Association and the Corporate Governance Code.

As at the Latest Practicable Date, Mr. Chow holds 86,000 Shares and/or underlying Shares as beneficial owner, representing less than 0.01% of the total number of Shares in issue. Save as disclosed above, Mr. Chow does not hold any Shares within the meaning of Part XV of the SFO.

Details of Mr. Chow's remuneration are set out in the Remuneration Report and note 39 to the financial statements in the Annual Report 2017.

Save as disclosed above, Mr. Chow has not held any other directorships in public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years. Mr. Chow does not have any relationship with any Director, senior management, substantial Shareholder or controlling Shareholder (as defined in the Listing Rules) of the Company.

Save as disclosed above, there is no information about Mr. Chow that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

5. Mr. John Barrie Harrison, Independent Non-executive Director

Aged 61, is an Independent Non-executive Director of the Company, having been appointed on 1 July 2011. He is the chairman and a member of the Audit Committee and a member of each of the Nomination Committee and the Risk Committee. Mr. Harrison is an independent non-executive director of Cathay Pacific Airways Limited (listed on the Hong Kong Stock Exchange). He is also an independent non-executive director of BW Group Limited and has been Vice Chairman of BW LPG Limited since 2013. Mr. Harrison is also an independent non-executive director and the Chairman of the Audit Committee of Grosvenor Asia Pacific Limited with effect from 1 December 2017. He was appointed an Honorary Court Member of The Hong Kong University of Science and Technology with effect from 20 September 2016. He was an independent non-executive director of Hong Kong Exchanges and Clearing Limited (listed on the Hong Kong Stock Exchange) from 20 April 2011 to 26 April 2017, The London Metal Exchange Limited from 6 December 2012 to 26 April 2017 and LME Clear Limited from 16 December 2013 to 26 April 2017. From 2008 to 2010, Mr. Harrison was Deputy Chairman of KPMG International. In 2003, he was elected Chairman and Chief Executive Officer of KPMG, China and Hong Kong and Chairman of KPMG Asia Pacific. Mr. Harrison began his career with KPMG in London in 1977, becoming a partner of KPMG Hong Kong in 1987. From 2012 to May 2015, he was also a member of the Asian Advisory Committee of AustralianSuper Pty Ltd. Mr. Harrison received an honorary fellowship from The Hong Kong University of Science and Technology in 2017. Mr. Harrison is a Fellow of the Institute of Chartered Accountants in England and Wales and a member of the Hong Kong Institute of Certified Public Accountants.

Mr. Harrison's appointment is for a term of approximately three years from the 2018 AGM, subject to the directors' retirement and re-election requirements under the Articles of Association and the Corporate Governance Code.

As at the Latest Practicable Date, Mr. Harrison does not hold any Shares within the meaning of Part XV of the SFO.

Details of Mr. Harrison's remuneration are set out in the Remuneration Report and note 39 to the financial statements in the Annual Report 2017.

Save as disclosed above, Mr. Harrison has not held any other directorships in public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years. Mr. Harrison does not have any relationship with any Director, senior management, substantial Shareholder or controlling Shareholder (as defined in the Listing Rules) of the Company.

Save as disclosed above, there is no information about Mr. Harrison that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

Save as disclosed in this Appendix I, there are no other matters in relation to the standing for re-election of the above Directors that need to be brought to the attention of the Shareholders.

This serves as an explanatory statement, as required to be sent to all Shareholders under the Listing Rules, to provide the relevant information in connection with the Buy-back Mandate and also constitutes the memorandum required under Section 239 of the Companies Ordinance.

1. EXERCISE OF THE BUY-BACK MANDATE

As at the Latest Practicable Date, the number of Shares in issue was 12,074,567,940 Shares.

Subject to the passing of the resolution in relation to the Buy-back Mandate and on the basis that no further Shares are issued or bought back by the Company from the Latest Practicable Date to the date of the 2018 AGM, the Company will be allowed under the Buy-back Mandate to buy back a maximum of 1,207,456,794 Shares (representing 10% of the number of Shares in issue) during the period from the date of the passing of the ordinary resolution numbered 9(B) in the notice of the 2018 AGM set out on pages 18 to 23 of this circular up to:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiry of the period within which the next annual general meeting of the Company is required by the Articles of Association or any applicable laws to be held; and
- (iii) the date on which the authority set out in the ordinary resolution numbered 9(B) is revoked or varied by an ordinary resolution of the Shareholders in general meeting.

For clarity, Shares bought back through any exercise of the Buy-back Mandate will not be added to the number of Shares that may be issued under the Issue Mandate.

2. SOURCE OF FUNDS

In buying back the Shares, the Company must be funded from the funds legally available for the purpose in accordance with the Articles of Association and the applicable laws of Hong Kong. The Company may not buy back the Shares on the Hong Kong Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Hong Kong Stock Exchange. Subject to the above, the Company may make buy-backs with funds which would otherwise be available for dividend or distribution or out of an issue of new Shares for the purpose of the buy-backs.

3. REASONS FOR THE BUY-BACKS

The Directors believe that it is in the Company's and the Shareholders' best interests for the Directors to have general authority to execute buy-backs of the Shares in the market. Such buy-backs may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made when the Directors believe that such buy-backs will benefit the Company and the Shareholders as a whole.

4. FUNDING OF BUY-BACKS

In buying back the Shares, the Company may only apply funds legally available for such purpose in accordance with the Articles of Association, the applicable laws of Hong Kong and the Listing Rules.

On the basis of the financial position of the Company as disclosed in the Annual Report 2017 and taking into account the current working capital position of the Company, the Directors believe that, if the Buy-back Mandate is to be exercised in full, it might have a material adverse effect on its working capital as compared with the position disclosed in the Annual Report 2017. However, the Directors do not propose to exercise the Buy-back Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company which in the opinion of the Directors are from time to time appropriate for the Company.

5. CONFIRMATION

The Company confirms that this explanatory statement contains the information required under Rule 10.06(1)(b) of the Listing Rules and that neither this explanatory statement nor the Buy-back Mandate has any unusual features.

6. GENERAL

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their close associates (as defined in the Listing Rules) currently intends to sell any Shares to the Company or its subsidiaries if the Buy-back Mandate is granted by the Shareholders.

The Directors have undertaken to the Hong Kong Stock Exchange that, so far as the same may be applicable, they will exercise the Buy-back Mandate in accordance with the Listing Rules, the Articles of Association, the Companies Ordinance and any other applicable laws of Hong Kong.

If, as a result of any buy-back of Shares, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition of voting rights for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. The Directors are not aware of any consequences which would arise under the Takeovers Code as a result of an exercise of the Buy-back Mandate.

No core connected person (as defined in the Listing Rules) has notified the Company that he or she or it has a present intention to sell his or her or its Shares to the Company, or has undertaken not to do so, if the Buy-back Mandate is exercised.

7. SHARE BUY-BACK MADE BY THE COMPANY

Save for the purchase of 668,872 Shares under the Employee Share Purchase Plan of the Company at a total consideration of approximately US\$5.5 million in the six months up to the Latest Practicable Date, no purchase of Shares has been made by the Company during the same period. These purchases were made by the relevant scheme trustees on the Hong Kong Stock Exchange. These Shares are held on trust for participants of the relevant schemes and therefore were not cancelled.

8. SHARE PRICES

The highest and lowest prices at which the Shares have been traded on the Hong Kong Stock Exchange during each of the twelve months before the Latest Practicable Date were as follows:

	Price per Share	
	Highest (HK\$)	Lowest (HK\$)
2017		
March	51.00	48.05
April	54.80	48.20
May	56.15	53.55
June	58.45	54.85
July	61.55	54.50
August	62.15	56.95
September	61.50	57.05
October	62.25	57.05
November	69.15	58.60
December	66.80	60.75
2018		
January	69.00	64.55
February	67.00	59.05
March (up to the Latest Practicable Date)	68.30	62.20