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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, a bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Samsonite International S.A., you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

This circular is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of the Company.

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 however arising from or in reliance upon the whole or any part of the contents of this circular.

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**SAMSONITE INTERNATIONAL S.A.**

**新 秀 麗 國 際 有 限 公 司**

*13-15 Avenue de la Liberté, L-1931 Luxembourg*

*R.C.S. LUXEMBOURG: B 159.469*

*(Incorporated in Luxembourg with limited liability)*

**(Stock code: 1910)**

- (1) ACKNOWLEDGEMENT OF RESIGNATION OF DIRECTOR**
- (2) PROPOSED GRANT OF SCHEME MANDATE TO ISSUE NEW SHARES  
UNDERLYING RSUS TO BE GRANTED UNDER THE SHARE AWARD SCHEME**
- (3) PROPOSED AMENDMENTS TO THE SHARE AWARD SCHEME**
- (4) PROPOSED CONNECTED TRANSACTIONS RELATING TO THE PROPOSED  
GRANTS OF RSUS TO THE CONNECTED PARTICIPANTS**
- (5) PROPOSED EXTENSION OF THE SHARE CAPITAL AUTHORIZATION  
OF THE COMPANY TO PERMIT THE ISSUE OF BONUS SHARES  
UPON THE VESTING OF RSU GRANTS**
- (6) NOTICE OF GENERAL MEETING**
- (7) NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Independent Financial Adviser to  
the Independent Board Committee and the Independent Shareholders**

 **SOMERLEY CAPITAL LIMITED**

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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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Notices convening the:

- General Meeting of Samsonite International S.A. to be held at 13–15 Avenue de la Liberté, L-1931 Luxembourg on Wednesday, September 26, 2018 at 11:00 a.m. (CET)/5:00 p.m. (Hong Kong time); and
- Extraordinary General Meeting of Samsonite International S.A. to be held at 13–15 Avenue de la Liberté, L-1931 Luxembourg on Wednesday, September 26, 2018 at 11:30 a.m. (CET)/5:30 p.m. (Hong Kong time) (or as soon thereafter as the General Meeting shall have adjourned),

respectively, are set out on pages 60 to 69 of this circular. The forms of proxy for use at the General Meeting and the Extraordinary General Meeting are also enclosed. Such forms of proxy are also published on the websites of Hong Kong Exchanges and Clearing Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.samsonite.com](http://www.samsonite.com)).

Whether or not you are able to attend the General Meeting and the Extraordinary General Meeting, please complete and sign the enclosed forms of proxy in accordance with the instructions printed thereon and return them to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong or to the Company's registered office at 13–15 Avenue de la Liberté, L-1931 Luxembourg as soon as possible but in any event not less than 48 hours (excluding any part of a day that is a public holiday) before the time appointed for the holding of the General Meeting and the Extraordinary General Meeting (or any adjournment thereof). Completion and return of the forms of proxy will not preclude shareholders from attending and voting in person at the General Meeting and the Extraordinary General Meeting if they so wish.

September 3, 2018

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## DEFINITIONS

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

“Adjusted EPS”	adjusted diluted earnings per Share, which is calculated by dividing Adjusted Net Income by the weighted average number of shares outstanding during the year;
“Adjusted Net Income”	profit for the year after eliminating the effect of a number of costs, charges and credits and certain other non-cash charges, along with their respective tax effects, that impact the Company’s US dollar reported profit for the year. This is a non-IFRS measure and the Company believes that this measure helps to give securities analysts, investors and other interested parties a better understanding of the Company’s underlying financial performance;
“AGM”	the annual general meeting of the Shareholders of the Company held on June 7, 2018;
“AGM LTIP Proposals”	certain proposals related to the Company’s LTIP which were presented to Shareholders at the annual general meeting of the Company held on June 7, 2018;
“Amendment to the Articles”	as defined in paragraph 1(f) of the information on the proposed resolution at the Extraordinary General Meeting in the Letter from the Board;
“Articles of Incorporation”	the articles of incorporation of the Company currently in force;
“Awards”	an award granted under the Share Award Scheme in the form of an Option or an RSU;
“Benchmarked Price”	the higher of: <ul style="list-style-type: none"><li>(i) the closing price of the Shares on the date of the relevant agreement involving the proposed issue of securities; and</li><li>(ii) the average closing price of the Shares in the five trading days immediately prior to the earlier of:<ul style="list-style-type: none"><li>(A) the date of announcement of the proposed transaction or arrangement involving the proposed issue of securities;</li><li>(B) the date of the agreement involving the proposed issue of securities; and</li><li>(C) the date on which the subscription price for the securities is fixed;</li></ul></li></ul>
“Board”	the board of Directors of the Company;
“Bonus Shares”	as defined in paragraph 1(b) of the information on the proposed resolution at the Extraordinary General Meeting in the Letter from the Board;

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## DEFINITIONS

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“Connected Grants”	the proposed grants of RSUs to the Connected Participants under the Share Award Scheme;
“Connected Participants”	the Participants who are connected persons of the Company, being certain Directors, certain directors and chief executives of the Significant Subsidiaries and an associate of a former Director within the last 12 months, details of which are set out in paragraphs 4 and 5 of the information on the proposed resolutions at the General Meeting in the Letter from the Board;
“connected person”	has the meaning ascribed to it in the Listing Rules;
“Company”	Samsonite International S.A. 新秀丽國際有限公司, a <i>société anonyme</i> incorporated and existing under the laws of the Grand-Duchy of Luxembourg on March 8, 2011 having its registered office at 13–15 Avenue de la Liberté, L-1931 Luxembourg, registered with the Luxembourg trade and companies register with number B159.469 with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange;
“Directors”	the directors of the Company;
“EPS”	earnings per Share;
“EPS CAGR”	EPS compound annual growth rate;
“Equity Dilution”	the dilutive effect of grants made under the Share Award Scheme on the number of Shares issued and outstanding in the capital of the Company as at the Latest Practicable Date. Equity Dilution as used in this circular does not give effect to the exercise price paid by a Participant upon the exercise of an Option;
“Extended Share Capital Authorization”	as defined in paragraph 1(c) of the information on the proposed resolution at the Extraordinary General Meeting in the Letter from the Board;
“Extraordinary General Meeting”	the extraordinary general meeting of the Shareholders of the Company to be held at 13–15 Avenue de la Liberté, L-1931 Luxembourg on Wednesday, September 26, 2018 at 11:30 a.m. (CET)/5:30 p.m. (Hong Kong time) (or as soon thereafter as the General Meeting shall have adjourned), to consider and, if appropriate, to approve the resolution contained in the notice of the meeting which is set out on pages 66 to 69 of this circular, or any adjournment thereof;
“General Meeting”	the general meeting of the Shareholders of the Company to be held at 13–15 Avenue de la Liberté, L-1931 Luxembourg on Wednesday, September 26, 2018 at 11:00 a.m. (CET)/5:00 p.m. (Hong Kong time), to consider and, if appropriate, to approve the resolutions contained in the notice of the meeting which is set out on pages 60 to 65 of this circular, or any adjournment thereof;

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## DEFINITIONS

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“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Board Committee”	the independent committee of the Board, comprising Mr. Paul Kenneth Eтчells, Mr. Keith Hamill, Mr. Bruce Hardy McLain (Hardy) and Ms. Ying Yeh (being all the independent non-executive Directors of the Company), which has been established to advise the Independent Shareholders in respect of the Connected Grants;
“Independent Financial Adviser” or “Somerley”	Somerley Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Connected Grants;
“Independent Shareholders”	the Shareholders who are not required under the Listing Rules to abstain from voting on the respective resolutions relating to the approval of the Connected Grants at the General Meeting;
“IPO”	initial public offering;
“Latest Practicable Date”	August 27, 2018, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“LTIP”	the Company’s long-term incentive plan pursuant to the Share Award Scheme;
“LTIP Proposals”	the proposals relating to the LTIP and the Share Award Scheme as set out in paragraphs 2 to 5 of the information on the proposed resolutions at the General Meeting in the Letter from the Board;
“LTIP Value”	for each Participant, the value of the Awards made to such Participant under the Share Award Scheme on the grant date, which is based upon a percentage of such Participant’s annual base salary;
“Luxembourg Companies Law”	the Luxembourg law of August 10, 1915 on commercial companies as amended from time to time;
“Main Board”	the stock market operated by the Stock Exchange;
“Mercer”	Mercer, Inc., an independent compensation consultant;
“Option”	an option to subscribe for or acquire Shares which is granted under the Share Award Scheme;

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## DEFINITIONS

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“Other Connected Participants”	the Connected Participants (other than Mr. Kyle Francis Gendreau, the Chief Executive Officer, interim Chief Financial Officer and executive Director);
“Participants”	individuals who participate in the Share Award Scheme, as defined in the rules of the Share Award Scheme;
“Peer Group”	as defined in paragraph 2(d) of the information on the proposed resolutions at the General Meeting in the Letter from the Board;
“Proposed Share Award Scheme Amendments”	as defined in paragraph 3 of the information on the proposed resolutions at the General Meeting in the Letter from the Board;
“PRSU”	performance RSU;
“Relevant Period”	as defined in paragraph 2(e) of the information on the proposed resolutions at the General Meeting in the Letter from the Board;
“Remuneration Committee” or “Committee”	the Remuneration Committee of the Board, currently comprising Mr. Paul Kenneth Etchells, Mr. Keith Hamill, Mr. Bruce Hardy McLain (Hardy) and Ms. Ying Yeh (being all the independent non-executive Directors of the Company);
“RSU”	a restricted share unit, being a contingent right to receive Shares which is awarded under the Share Award Scheme;
“Scheme Expiry Date”	September 13, 2022, being the date on which the Share Award Scheme will expire;
“Senior Managers”	the individuals who comprise the Group’s senior management team, which includes the Group’s Chief Executive Officer; Chief Financial Officer; President, Asia Pacific and Middle East; President, North America; President, Europe; General Manager, North America, Tumi; President Latin America; Executive Vice President, General Counsel and Joint Company Secretary; Chief Information Officer; Chief Supply Officer; Global e-Commerce Officer; and Senior Vice President, Global Human Relations;
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended from time to time;
“Share(s)”	ordinary shares of US\$0.01 each in the capital of the Company;
“Share Award Mandate”	as defined in paragraph 2(e) of the information on the proposed resolutions at the General Meeting in the Letter from the Board;
“Share Award Scheme”	the share award scheme of the Company adopted by the Shareholders on September 14, 2012 as further amended by the Board on January 8, 2013 and on May 26, 2017;

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## DEFINITIONS

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“Share Capital Authorization”	as defined in paragraph 1(b) of the information on the proposed resolutions at the Extraordinary General Meeting in the Letter from the Board;
“Shareholders”	holders of Shares;
“Significant Subsidiary”	a subsidiary of the Company that is not an “insignificant subsidiary” (as defined in Listing Rule 14A.09) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-backs issued by the Securities and Futures Commission, as amended from time to time;
“TRSU”	time-based RSU;
“TSR”	total Shareholders’ return;
“US\$”	United States dollars, the lawful currency of the United States;
“Voting Advisors”	the voting advisory firms, Institutional Shareholder Services Inc. and Glass, Lewis & Co.; and
“%”	per cent.

For the purposes of translating certain amounts denominated in HK\$ to US\$, an exchange rate of HK\$1.00 = US\$0.1274 has been applied. This exchange rate is for illustrative purposes only and such conversion shall not be construed as a representation that amounts in HK\$ could be converted into US\$ dollars at such rate.



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*13-15 Avenue de la Liberté, L-1931 Luxembourg*

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*(Incorporated in Luxembourg with limited liability)*

**(Stock code: 1910)**

*Executive Director:*

Kyle Francis Gendreau (*Chief Executive Officer*  
and interim *Chief Financial Officer*)

*Registered Office:*

13-15 Avenue de la Liberté  
L-1931  
Luxembourg

*Non-executive Directors:*

Timothy Charles Parker (*Chairman*)  
Tom Korbas  
Jerome Squire Griffith

*Principal Place of Business in Hong Kong:*

25/F, Tower 2, The Gateway  
Harbour City, Tsimshatsui, Kowloon  
Hong Kong

*Independent Non-executive Directors:*

Paul Kenneth Etchells  
Keith Hamill  
Bruce Hardy McLain (*Hardy*)  
Ying Yeh

September 3, 2018

*To the Shareholders*

Dear Sir/Madam,

- (1) ACKNOWLEDGEMENT OF RESIGNATION OF DIRECTOR**
- (2) PROPOSED GRANT OF SCHEME MANDATE TO ISSUE NEW SHARES UNDERLYING RSUS TO BE GRANTED UNDER THE SHARE AWARD SCHEME**
- (3) PROPOSED AMENDMENTS TO THE SHARE AWARD SCHEME**
- (4) PROPOSED CONNECTED TRANSACTIONS RELATING TO THE PROPOSED GRANTS OF RSUS TO THE CONNECTED PARTICIPANTS**
- (5) PROPOSED EXTENSION OF THE SHARE CAPITAL AUTHORIZATION OF THE COMPANY TO PERMIT THE ISSUE OF BONUS SHARES UPON THE VESTING OF RSU GRANTS**
- (6) NOTICE OF GENERAL MEETING**
- (7) NOTICE OF EXTRAORDINARY GENERAL MEETING**

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## LETTER FROM THE BOARD

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### (1) INTRODUCTION

The purpose of this circular is to give notices of the General Meeting and the Extraordinary General Meeting and to provide the Shareholders with information in respect of the resolutions to be proposed at the General Meeting and the Extraordinary General Meeting in relation to (i) the acknowledgement of the resignation of Mr. Ramesh Dungarmal Tainwala as a Director of the Company as at May 31, 2018, (ii) the granting to the Directors of the scheme mandate to issue new Shares underlying RSUs to be granted under the Share Award Scheme, (iii) the proposed amendments to the Share Award Scheme, (iv) the proposed connected transactions relating to the proposed grants of RSUs to the Connected Participants and (v) the proposed extension of the share capital authorization of the Company to permit the issue of Bonus Shares upon the vesting of RSU grants, respectively.

### (2) GENERAL MEETING, EXTRAORDINARY GENERAL MEETING AND PROXY ARRANGEMENT

The notices of the General Meeting and the Extraordinary General Meeting are set out on pages 60 to 65 and pages 66 to 69 of this circular, respectively.

The forms of proxy for use at the General Meeting and the Extraordinary General Meeting are enclosed with this circular and such forms of proxy are also published on the websites of Hong Kong Exchanges and Clearing Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.samsonite.com](http://www.samsonite.com)). To be valid, the forms of proxy must be completed and signed in accordance with the instructions printed thereon and deposited at the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong or to the Company's registered office at 13-15 Avenue de la Liberté, L-1931 Luxembourg as soon as possible but in any event not less than 48 hours (excluding any part of a day that is a public holiday) before the time appointed for the holding of the General Meeting and the Extraordinary General Meeting (or any adjournment thereof). Completion and return of the forms of proxy will not preclude Shareholders from attending and voting in person at the General Meeting and the Extraordinary General Meeting if they so wish.

### (3) INFORMATION ON THE PROPOSED RESOLUTIONS AT THE GENERAL MEETING

#### ORDINARY RESOLUTIONS:

#### *RESOLUTION WITH RESPECT TO ACKNOWLEDGEMENT OF RESIGNATION OF DIRECTOR (RESOLUTION 1)*

##### 1. Acknowledgement of the resignation of Mr. Ramesh Dungarmal Tainwala as a Director

On May 31, 2018, the Board announced that Mr. Ramesh Dungarmal Tainwala, citing personal reasons, had submitted his resignation as the Company's Chief Executive Officer and as a Director of the Company. Accordingly, Mr. Tainwala ceased to be the Chief Executive Officer and a Director of the Company effective on May 31, 2018. As a procedural matter required under Luxembourg law and consistent with past practice, Mr. Tainwala's resignation as a Director of the Company is required to be acknowledged by the Shareholders at the General Meeting.

It is proposed that the resignation of Mr. Tainwala as a Director of the Company be acknowledged by the Shareholders.

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## LETTER FROM THE BOARD

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### ***RESOLUTIONS WITH RESPECT TO LONG-TERM INCENTIVE PLAN (RESOLUTIONS 2–5)***

Long-term incentive awards are a critical component of the Group's compensation program for Senior Managers and other employees. Equity compensation aligns the interests of the Group's management with the interests of the Shareholders, fosters a long-term commitment to the Group and aids in the retention of Senior Managers and other managers in an industry in which the market for talent is highly competitive by providing financial reward for long-term growth in Share value.

Since 2013, long-term incentive awards have been granted to Senior Managers and other managers under the Share Award Scheme, which was adopted on September 14, 2012 (as amended), in the form of Options subject to time-based vesting conditions. While the Board believes that the Company's past long-term incentive plan was appropriate during the years following the Company's IPO in 2011 and was consistent with the normal practice of Hong Kong listed companies, after a careful review of the Company's overall compensation practices and Peer Group analysis with the advice of the Company's independent advisors, the Board, based upon the recommendations of the Remuneration Committee, has determined that it is desirable to enhance the Company's pay-for-performance philosophy and to reduce the level of Equity Dilution required to deliver comparable LTIP Value by introducing certain modifications to the current LTIP. The Remuneration Committee's policy is for the Company's LTIP to support the Company's need to recruit, retain and motivate management in a manner that is consistent with generally accepted market practices for international branded consumer goods companies. In evaluating the Company's LTIP relative to market practice, the Remuneration Committee notes that a majority of its Senior Managers and a significant proportion of the other Participants in the LTIP are based in the United States. The comparable international businesses that are included in the Company's Peer Group for the purpose of executive compensation benchmarking and LTIP design are also primarily companies that are based in and listed in the United States. Accordingly, the Remuneration Committee considers that in order to achieve the objectives of the LTIP — particularly with regard to recruitment and retention — it is appropriate to consider the Company's LTIP in light of the practices of relevant international companies such as those in the Peer Group, which are primarily based in and listed in the United States and with which the Company competes for talent both in the United States and internationally.

The Board presented certain proposals related to the Company's LTIP at the AGM for Shareholder approval, as ordinary resolutions numbered 9 to 13 as set out in the notice of the AGM dated April 23, 2018 (the "**AGM LTIP Proposals**"). However, as less than 50% of the votes were cast in favor of each of these resolutions, these resolutions were not duly passed.

Since the AGM, the Remuneration Committee and the Board have had further discussions to understand the basis of the voting decisions taken by the Shareholders. In particular, the Company has engaged in extensive Shareholder outreach efforts to understand the responses from Shareholders to the AGM LTIP Proposals. The Remuneration Committee and the Board have also taken note of the issues that were identified by the Voting Advisors, Institutional Shareholder Services Inc. and Glass, Lewis & Co., with respect to the AGM LTIP Proposals.

The concerns that were raised by the Voting Advisors in respect of the AGM LTIP Proposals, which were also raised by a number of the Shareholders, were as follows:

- **Participation — specifically:**
  - (a) the Share Award Scheme as currently in effect permits awards to be granted to non-executive directors, and directors eligible to receive awards under the Share Award Scheme may also be involved in the administration of the Share Award Scheme; and
  - (b) the Share Award Scheme as currently in effect permits awards to be granted to persons other than executive directors, managers and employees of the Company and its subsidiaries; and

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## LETTER FROM THE BOARD

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- **Change of control:**
  - (c) the Share Award Scheme as currently in effect provides for accelerated vesting of unvested awards upon a change of control, and the proposed “double-trigger” feature of the Share Award Scheme (as set out in the AGM LTIP Proposals) would have still provided the Board with absolute discretion to determine that upon a change of control of the Company, the vesting of unvested awards will accelerate in lieu of a “double-trigger” treatment.

The LTIP Proposals described below, and in particular the proposed amendments to the Share Award Scheme, address these views by providing that (i) Awards cannot be granted to non-executive Directors, (ii) the Share Award Scheme will be administered only by non-executive Directors who are not eligible to receive Awards (under the Board’s procedures, the Share Award Scheme will be administered by the Remuneration Committee, the members of which are all independent non-executive Directors), (iii) Awards may be granted only to executive Directors, managers and employees of the Company and its subsidiaries, and (iv) under the proposed “double-trigger” feature of the Share Award Scheme, upon a change of control of the Company, Awards will rollover into equivalent awards and will be subject to double-trigger vesting, unless rollover of Awards is not permitted under applicable laws or not agreed by the acquirer.

These proposed amendments to the Share Award Scheme confirm the historical policy and practice of the Company with respect to participation in the Share Award Scheme: no grants of Awards have been made under the Share Award Scheme to non-executive Directors or to individuals who are not executive Directors, managers or employees of the Company and its subsidiaries; and no executive Directors have been involved in the administration of the Share Award Scheme. In addition, in proposing the “double-trigger” feature of the Share Award Scheme as part of the AGM LTIP Proposals, the Board’s intention was that upon a change in control of the Company, Awards would rollover into equivalent awards, other than in the limited circumstance where rollover of Awards is not permitted under applicable laws or not agreed by the acquirer. The proposed amendments to the Share Award Scheme as part of the LTIP Proposals described below are intended to bring the provisions of the Share Award Scheme in-line with the Company’s policy on these matters.

In addition to the issues identified by the Voting Advisors and certain Shareholders as described above, some Shareholders raised additional observations or questions about the AGM LTIP Proposals, including:

- **Selection of performance criteria for vesting of PRSUs:** some Shareholders expressed preferences for various different formulations of the performance criteria for the vesting of the proposed PRSUs. Having considered the various views expressed by Shareholders, the Remuneration Committee has revised the proposed vesting conditions as further described on page 19 under the heading “Performance Conditions for Vesting of PRSUs” in order to (i) reduce the relative weighting of the condition related to the EPS CAGR from 80% weighting (as was proposed in the AGM LTIP Proposals) to 50% weighting, (ii) increase the relative weighting of the condition related to Relative TSR from being a modifier (as was proposed in the AGM LTIP Proposals) to 50% of the weighting, and (iii) eliminate the condition related to the strategic key performance indicators which accounted for 20% of the relative weighting under the AGM LTIP Proposals. The Remuneration Committee believes this approach is consistent with international best practice and results in quantitative performance conditions that are well aligned with the interests of the Shareholders and that reflect an appropriate balance between a key Company financial performance metric (i.e., EPS CAGR, which measures the growth in the Company’s profit

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## LETTER FROM THE BOARD

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that is allocated to the Company's Shares) and the Shareholders' return measured against a Peer Group comprised of similar businesses (i.e., Relative TSR, which reflects the relative value generated for Shareholders by the efforts of the Group's management).

- **Disclosure of EPS CAGR:** some Shareholders expressed a preference for prospective disclosure of the performance vesting criteria applicable to the proposed PRSUs. For the reasons described further on page 19 under the heading "Adjusted EPS CAGR", due to the requirements of the Stock Exchange's Listing Rules with respect to earnings guidance or forecasts, the Remuneration Committee and the Board consider that it would be impracticable for the Company to prospectively disclose the target EPS CAGR that forms a portion of the vesting criteria for the proposed PRSUs, or to otherwise disclose such target before the end of such three-year performance period. For the same reasons, prospective disclosure would be inconsistent with the practices of other Hong Kong-listed companies. Accordingly, the Remuneration Committee has proposed to reduce the relative weighting of the EPS CAGR, as described above, and has undertaken to provide retrospective disclosure of the three-year EPS CAGR targets following the end of the three-year performance period.
- **Equity Dilution:** some Shareholders had questions about the Equity Dilution resulting from Awards under the Share Award Scheme. One of the principal objectives of the LTIP Proposals is to reduce the Equity Dilution required to deliver to Participants the LTIP Value that forms an important component of their annual compensation by significantly reducing the utilization of Options in favor of RSUs, which are much less dilutive than Options. The historical dilution from Awards of Options previously granted under the Share Award Scheme is described on page 11 below under the heading "Background to the adoption of the Share Award Scheme in 2012." The Share Award Scheme will remain in effect until September 13, 2022 (the "**Scheme Expiry Date**"), being the tenth anniversary of the adoption date. As at the Latest Practicable Date, the maximum aggregate number of Shares in respect of which Awards may be granted (in the form of Options and/or RSUs) pursuant to the Share Award Scheme is 43,832,822 Shares (after taking into account Awards of Options granted but which have lapsed in accordance with the terms of the Share Award Scheme), representing approximately 3.06% of the issued share capital of the Company at that date. The LTIP Proposals set out below do not increase the maximum number of Shares available for grant under the Share Award Scheme prior to the Scheme Expiry Date.

As described further on page 16 of this circular, the Shares underlying the Awards of Options and RSUs described in this circular are in the aggregate expected to represent not more than 1.02% to 1.14% of the issued share capital of the Company as at the Latest Practicable Date. The proposed Awards take into account assumptions with respect to potential Awards for newly hired or promoted employees of the Group who have not yet been identified, including Awards for the Company's new Chief Financial Officer when that individual is identified and hired. The Remuneration Committee does not anticipate that any further Awards, other than those described in this circular (except as may be appropriate for new hires or promotions as described above) will be granted until it next considers the awards of annual grants under the Share Award Scheme to Participants in 2019. Any further Awards of RSUs beyond those proposed in the LTIP Proposals set out below will be subject to further Shareholder approval at a future general meeting.

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## LETTER FROM THE BOARD

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### **2. Proposed grant of a mandate to the Board to grant awards of RSUs pursuant to the Share Award Scheme**

#### ***(a) Background to the adoption of the Share Award Scheme in 2012***

On September 14, 2012, the Shareholders adopted the Share Award Scheme, which will remain in effect until September 13, 2022. The purpose of the Share Award Scheme is to attract skilled and experienced personnel, to incentivize them to remain with the Group and to motivate them to strive for the future development and expansion of the Group by providing them with the opportunity to acquire equity interests in the Company. The provisions of the Share Award Scheme relating to the grant of Options comply with Chapter 17 of the Listing Rules.

Under the Share Award Scheme, the Board may grant Awards of Options or RSUs to participants. The difference between RSUs and Options is that holders of Options have the right to elect, at their discretion, whether to exercise their Option to subscribe for the new Share; and they are required to pay an exercise price upon such exercise. By contrast, holders of RSUs hold contingent rights to receive Shares when the RSUs vest. Upon the vesting of an Award of RSUs, they do not need to elect to receive the Shares underlying the RSUs and unless required by the Company to pay the nominal value of US\$0.01 for each Share, they do not pay any consideration in order to receive those Shares underlying the RSUs. The Shares can be issued to the RSU holders in accordance with the terms of the Share Award Scheme. As Participants may not be required to pay for Shares upon vesting of an Award of RSUs, they can receive the same economic advantage using fewer Shares than upon exercise of an Award of Options, which means that the Equity Dilution from Awards of RSUs that deliver a given LTIP Value is less than that from Awards of Options that deliver a comparable LTIP Value.

Under the Share Award Scheme, the Board was authorized to grant Awards in respect of up to 140,713,700 Shares, representing approximately 10% of the Company's issued share capital at the date of adoption of the Share Award Scheme and within the limit of the authorized capital of the Company. As at the Latest Practicable Date, the Board has granted Awards of Options in respect of an aggregate of 104,216,177 Shares, representing approximately 7.29% of the issued share capital of the Company at that date. As at the Latest Practicable Date, the maximum aggregate number of Shares in respect of which Awards may be granted (in the form of Options and/or RSUs) pursuant to the Share Award Scheme is 43,832,822 Shares (after taking into account Awards of Options granted but which have lapsed in accordance with the terms of the Share Award Scheme), representing approximately 3.06% of the issued share capital of the Company at that date.

The Company has not granted any Awards of RSUs since the Share Award Scheme was adopted. All Awards have consisted solely of Options. The Board believes this was consistent with the normal practice of Hong Kong listed companies.

#### ***(b) Elements of management compensation***

The Company's approach to the annual compensation packages for its Senior Managers and other managers who participate in the Company's LTIP is to provide a balanced mix that includes the following key elements: (i) base salary, (ii) short-term cash incentive in the form of annual bonus based on financial and strategic targets and (iii) long-term equity-based incentive awards, including performance-based RSUs. The allocation of compensation between these elements for each of the Senior Managers is determined by the Remuneration Committee on an annual basis, taking into account advice from Mercer, the Company's independent compensation consultant. Such advice

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includes benchmarking against the Company's peer group. Target annual bonus and target LTIP Value are based on a percentage of each individual's base salary. The relevant allocations are currently as follows:

- *Chief Executive Officer ("CEO")*: target annual bonus of 150% of base salary, and target LTIP Value of 350% of base salary;
- *Chief Financial Officer ("CFO")*: these are yet-to-be determined as the Company is in the process of recruiting a new CFO and has not yet decided on the compensation package, however the target LTIP Value is expected to be not more than 175% of base salary; and
- *Other Senior Managers*: target annual bonus of 50% to 60% of base salary, and target LTIP Value of 100% to 150% of base salary.

Accordingly, the target LTIP Value for the Senior Managers represents between approximately 40% and 60% of each such Senior Manager's target annual compensation opportunity.

For LTIP Participants who are not Senior Managers, target annual cash bonuses range from 10% to 50% of base salary, and target LTIP Values range from 15% to 100% of base salary, depending on the role of the Participant within the Group.

The number of Shares underlying an Award consisting of RSUs (including both PRSUs and TRSUs) is determined by dividing the target LTIP Value of such RSUs by the higher of (i) the closing price of a Share on the grant date and (ii) the average closing price of a Share for the five trading days immediately preceding the grant date. The number of Shares underlying an Award consisting of Options is determined on the grant date based on the Black-Scholes valuation model, which calculates the number of Shares required to achieve the target LTIP Value of such Options.

### *(c) Overview of the LTIP*

The LTIP pursuant to the Share Award Scheme is a significant element of the Company's executive compensation practices which focus on pay for long-term performance and aligning interests of Senior Managers with those of the Shareholders. The LTIP is a broad-based program that has approximately 185 total participants. Participants include the Company's 12 Senior Managers, as well as 173 other members of the management teams within the Company's four operating regions and the corporate group.

Since the adoption of the Share Award Scheme, the Company's annual long-term incentive compensation awards for the Group's Senior Managers and other managers have consisted solely of the grant of Awards of Options under the Share Award Scheme. Such Options have an exercise price which is determined by reference to the Share price at the time of the grant of the Award, vest *pro rata* over a four-year period on each anniversary of the grant date and are generally exercisable over a period of ten years from the grant date.

In addition to the annual grants of Options that have been made each year from 2013 through 2017 as part of Participants' annual compensation package, between January 2015 and May 2017, special one-time grants of Options were made to a total of nine members of the Company's senior management team. These awards were incremental to the recipients' annual compensation (including annual LTIP grants) and were intended to promote retention of such Senior Managers and further incentivize them to continue contributing to the growth of the Company by providing them with

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more significant equity incentives. It was considered that because no share options or other equity incentives had been granted at the time of the Company's IPO in 2011, and the annual grants of Options did not begin until January 2013, approximately 1.5 years after the IPO, the senior management team did not have equity incentives sufficient to adequately promote their retention and to incentivize continued contribution to the growth of the Company. The vesting schedule of these Options, with 60% vesting on the third anniversary of grant and 40% vesting on the fifth anniversary of grant (as opposed to pro-rata annual vesting over four years for annual option grants), was intended to incentivize longer term retention of and contributions by the Senior Managers who received grants of such Options. The then-CEO did not receive such a grant. The Company's current Chief Executive Officer, who was then the Chief Financial Officer, did receive such a grant.

While the Remuneration Committee and the Board believe that the Company's historical practice of making annual Option grants was consistent with the normal practice of newly public companies listed in Hong Kong, the Remuneration Committee also recognizes the need for the Company to evolve its compensation practice to reflect market practice for international companies, including those in the Company's Peer Group. The LTIP Proposals, therefore, further enhance the Company's pay-for-performance policy in-line with its peers, while also significantly reducing the level of dilution required to deliver comparable LTIP Value. Reducing the Equity Dilution resulting from the Company's LTIP is one of the principal objectives of the LTIP Proposals.

Over recent years, as the number of participants in the LTIP has grown (primarily as a result of acquisitions), the Equity Dilution from the Company's annual Option grants has increased. The LTIP Proposals, which entail a shift from 100% of the LTIP Value being delivered via Options to 75% being delivered via RSUs and 25% being delivered via Options, will significantly reduce the Equity Dilution.

In addition, the LTIP Proposals reflect the Company's decision to adopt other best compensation governance practices, including malus and clawback, "double-trigger" acceleration in case of change of control and share ownership guidelines. The table below highlights how the Company's compensation philosophy will be reflected in the LTIP pursuant to the Share Award Scheme following Shareholders' approval of the LTIP Proposals:

<b>What the Company does</b>	<b>What the Company does not do</b>
<p>✓<i>Independent administration:</i> The Share Award Scheme is administered by the Remuneration Committee (the members of which are all independent non-executive Directors) or any other committee of the Board comprised solely of non-executive Directors. No Directors involved in the administration of the Share Award Scheme are eligible to receive Awards</p>	<p>✗<i>NED participation:</i> Non-executive Directors are not eligible to participate in the Share Award Scheme, meaning that no member of the administering committee is eligible to participate in the Share Award Scheme</p>
<p>✓<i>Employee incentivization:</i> Employees of the Company, including Senior Managers, are eligible to participate in the Share Award Scheme</p>	<p>✗<i>Dividends or dividend equivalents:</i> Dividends or other cash distributions to Shareholders do not accrue until Shares underlying vested awards have been issued or transferred to Participants. The Share Award Scheme does not provide for dividend equivalents</p>

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### What the Company does

✓*Performance-based:* A significant portion of a Senior Manager's awards is subject to performance conditions

✓*Long-term vesting:* Performance-based awards are subject to a three-year cliff vesting period. Time-based awards are subject to a three or four-year *pro rata* vesting period

✓*Double-trigger:* Awards rollover into equivalent awards in case of a change of control of the Company, unless rollover of awards is not permitted under applicable laws or not agreed by the acquirer. In case of a double-trigger vesting, the vesting level is time pro-rated

✓*Malus & clawback:* Malus and clawback provisions apply to performance-based awards to enable recoupment of shares

✓*Share ownership guidelines:* The Group' CEO, CFO and certain other Senior Managers are encouraged to achieve certain share ownership levels

### What the Company does not do

✗*Share recycling:* Shares withheld to account for tax liabilities or exercise price are not added back to the plan limit

✗*Reward for poor performance:* Vesting of performance-based awards is reduced, or such awards may not vest at all, if performance targets established by the Remuneration Committee are not met

✗*Single-trigger:* Vesting of awards does not accelerate in case of a change of control of the Company, unless rollover of awards is not permitted under applicable laws or not agreed by the acquirer

✗*Acceleration upon termination:* Unvested awards will normally lapse upon termination of employment, other than in case of death or disability

#### (d) *Features of the LTIP*

The Remuneration Committee and the Board note that international companies are increasingly moving towards making performance-based long-term restricted share awards to their Senior Managers in order to increase alignment with shareholders' interests. The Remuneration Committee and the Board further recognize that while the Shares are listed on the Stock Exchange, the Company is a global business with operations around the world, and that in order to attract and retain talented executives in the various jurisdictions in which the Company operates, it is important to consider compensation practices of peer group companies engaged in similar global consumer goods businesses, most of which are listed in the U.S.. Therefore, in order to better reflect the compensation practices of the Company's peers, the Remuneration Committee retained Mercer to serve as an independent compensation consultant to provide services including the preparation of data on executive compensation levels, identification of peer group companies, review of the Group's current compensation program for its Senior Managers, and recommendation of a performance-based compensation program more closely aligned with peer group practice. The Remuneration Committee and the Board have reviewed the advice and analysis provided by Mercer and are of the view that such advice and analysis are fair and reasonable. The Remuneration Committee and the Board also received advice from leading governance advisory firms to consider shareholders' expectations with respect to Senior Manager compensation and the LTIP Proposals.

Since June 2018, the Company has engaged with a number of Shareholders and has taken Shareholders' views into account in revising its proposals to amend the Share Award Scheme and the Company's LTIP arrangement.

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Accordingly, with a view to aligning the LTIP for the Group's Senior Managers with similar programs adopted by international companies in the Company's Peer Group, and to increase alignment of the LTIP with long-term Shareholders' interests, the Remuneration Committee has proposed that the LTIP for the Group's Senior Managers be comprised of the elements set out below. The elements reflect not only a positive move toward performance-based awards in lieu of share options, but also introduce both share ownership and clawback policies for participants that reinforce the Company's philosophy of "pay-for-good-performance".

The Remuneration Committee and the Board believe that the proposed LTIP arrangement, as described below, is in the best interests of the Company and its Shareholders.

<b>Features of the LTIP</b>	<b>Description</b>
<b>1. Performance RSUs (PRSUs)</b>	<ul style="list-style-type: none"><li>• PRSUs will cliff vest three years after the grant date only upon achievement of pre-established cumulative performance goals determined by reference to earnings per Share (EPS) and relative total Shareholders' return (TSR), with no above-target payout made with respect to relative TSR if the Company's absolute TSR is negative.</li><li>• Relative TSR will measure the Company's TSR relative to the TSR of a benchmark group consisting of the Company's Peer Group.</li><li>• Upon vesting, Shares will be issued to the Senior Managers in accordance with the terms of the Share Award Scheme and unless required by the Company to pay the nominal value of US\$0.01 for each Share, no consideration is payable by the Senior Managers to receive such Shares.</li><li>• PRSUs ensure that there is a greater linkage between the Company's stated long-term strategic and financial goals and executive compensation.</li></ul>
<b>2. Time-based RSUs (TRSUs)</b>	<ul style="list-style-type: none"><li>• TRSUs will vest <i>pro rata</i> over a three-year period on each anniversary of the grant date.</li><li>• Upon vesting, Shares will be issued to the Senior Managers in accordance with the terms of the Share Award Scheme and unless required by the Company to pay the nominal value of US\$0.01 for each Share, no consideration is payable by the Senior Managers to receive such Shares.</li><li>• TRSUs aid in the retention of Senior Managers since the Shares will vest over a period of time, thereby rewarding long-term performance.</li></ul>
<b>3. Options</b>	<ul style="list-style-type: none"><li>• Options will vest <i>pro rata</i> over a four-year period on each anniversary of the grant date. Vested Options can be exercised until the tenth anniversary of the grant date.</li><li>• The exercise price of the Options will be determined by reference to the market price of the Shares at the time of the grant of the Options as required under the Listing Rules.</li><li>• Options aid in the retention of Senior Managers and reward long-term performance.</li><li>• Options will be issued at market price.</li></ul>

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<b>Features of the LTIP</b>	<b>Description</b>
<b>4. Weighting of Awards</b>	<ul style="list-style-type: none"><li>• Whereas previous years' Awards consisted entirely of Options, the proposed revisions to the LTIP will replace a portion of Option grants with PRSUs and TRSUs. The target LTIP Value of Awards to be granted to the Group's Senior Managers will, therefore, be comprised of 50% of PRSUs, 25% of TRSUs and 25% of Options (based on the grant date value).</li><li>• This is in line with the Company's Peer Group companies and global best practice of shifting the long-term incentives mix towards performance-based share awards.</li><li>• This would also result in a more efficient utilisation of share-based incentives and reduce the level of Equity Dilution for the Company.</li><li>• The Remuneration Committee will continue to closely monitor and manage the dilutive effect of Awards.</li><li>• It is expected that the proposed RSU grants under the Share Award Scheme in 2018 will result in an Equity Dilution level of not more than approximately 0.41% to 0.45% (assuming target level vesting of PRSUs) and approximately 0.51% to 0.56% (assuming maximum level vesting of PRSUs). It is expected that the Option grants under the Share Award Scheme in 2018 will result in an Equity Dilution level of not more than approximately 0.51% to 0.58%.</li><li>• On an aggregated basis, the above proposed RSU and Option grants under the Share Award Scheme in 2018 will result in an Equity Dilution level of not more than approximately 0.92% to 1.03% (assuming target level vesting of PRSUs) and approximately 1.02% to 1.14% (assuming maximum level vesting of PRSUs).</li><li>• The expected Equity Dilution levels set out above have been calculated based on a per Share price of HK\$29.45 and HK\$26.70, being the closing market price of a Share on the Latest Practicable Date and the lowest closing market price of a Share during the 52-week period preceding the Latest Practicable Date, respectively.</li><li>• Shareholders should note that the actual Equity Dilution levels will be lower if the Share price on the grant date is higher than the closing market price of a Share on the Latest Practicable Date. In addition, the expected Equity Dilution levels for Option grants in 2018 are based on the Black-Scholes valuation model using certain assumptions for the underlying inputs. Shareholders should note that the actual Equity Dilution levels for Option grants will depend upon the Black-Scholes valuation model as applied at the grant date using then-applicable underlying inputs.</li></ul>

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## LETTER FROM THE BOARD

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<b>Features of the LTIP</b>	<b>Description</b>
<b>5. Selection of peer group companies</b>	<ul style="list-style-type: none"><li>• Based on advice received from Mercer and a governance advisory firm, the Remuneration Committee has identified a peer group of companies (the “<b>Peer Group</b>”) on the basis of similar industry sectors, business operations with revenue, and market capitalization, while also considering the Company’s significant global presence.</li><li>• The Peer Group for the purpose of the LTIP currently consists of Hanesbrands Inc., Michael Kors Holdings Limited, Tapestry, Inc. (formerly Coach, Inc.), Under Armour, Inc., Fossil Group, Inc., Skechers U.S.A., Inc., Carter’s, Inc., Wolverine World Wide, Inc., G-III Apparel Group, Ltd., Columbia Sportswear Company, Lululemon Athletica Inc., Steven Madden, Ltd., Deckers Outdoor Corporation, Prada S.p.A, Global Brands Group Holding Limited, Burberry Group plc, Hugo Boss AG, Belle International Holdings Limited, and L’Occitane International S.A.</li></ul>
<b>6. Introduction of share ownership guidelines</b>	<ul style="list-style-type: none"><li>• The Board will adopt share ownership guidelines for its CEO, CFO and certain other Senior Managers to further align their interests with the interests of Shareholders.</li><li>• Under the guidelines, each Senior Manager to whom the guidelines apply would beneficially hold Shares with a value at least equal to six times base salary for the CEO, three times base salary for the CFO and one and one half times base salary for the other Senior Managers.</li><li>• The Share ownership levels are to be achieved by the Senior Managers within five years from the grant date of the Awards in 2018, or, if later, from the date of their assuming their position.</li><li>• It is anticipated that Share ownership levels will be attainable by the Senior Managers taking into account Shares issued following the vesting of PRSUs, issuable upon the vesting of TRSUs, or issued following the vesting of TRSUs. Shares underlying unexercised Options (whether vested or unvested) or unvested PRSUs will not be counted for purposes of assessing Share ownership. Shares otherwise beneficially owned by the Senior Manager will be counted for purposes of assessing Share ownership.</li></ul>

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Features of the LTIP	Description
<b>7. Malus and clawback policy</b>	<ul style="list-style-type: none"><li>• The Board will adopt a malus and clawback policy which will apply to performance-based compensation (including PRSUs) paid or granted to certain Senior Managers (including the Company's CEO, CFO and certain other Senior Managers) on or after September 26, 2018.</li><li>• Under the policy, if the Company determines that it must prepare an accounting restatement due to material non-compliance with any applicable financial reporting requirements resulting from the individual's fraud or misconduct, the Company has the power to seek to recover in respect of vested Awards and reduce in respect of unvested Awards the amount of erroneously awarded performance-based compensation received by the individual.</li><li>• The applicable period for which performance-based compensation may be clawed back will be the entire period impacted by the accounting restatement.</li></ul>
<b>8. Termination of employment/corporate events</b>	<ul style="list-style-type: none"><li>• Under the Share Award Scheme as currently in effect, in case of termination of employment, the Board has discretion to determine (i) whether and to what extent any unvested Awards should vest and (ii) how long any vested Options should remain exercisable. Unvested Awards will normally be forfeited upon termination of employment, save that Awards will vest early if termination is due to death or disability (in which case the Board may take into account the extent to which performance conditions have been satisfied at the time). Vested but unexercised Options will normally remain exercisable for a shortened exercise period following termination, save that in case of termination for cause, any unexercised Options will be forfeited.</li><li>• The Share Award Scheme as currently in effect provides that upon a change in control of the Company (including, without limitation, by way of a voluntary offer, takeover or scheme of arrangement), the Board in its absolute discretion shall determine the number of underlying Shares (if any) of the unvested Awards which shall vest, the date on which any such vesting will occur (by reference to factors which may include the extent to which performance conditions have been satisfied and the proportion of the vesting period that has expired at the time of the change in control), and the period during which an Option may be exercised.</li></ul>

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Features of the LTIP	Description
<b>8. Termination of employment/corporate events</b> (continued)	<ul style="list-style-type: none"> <li>The Board has proposed that the Share Award Scheme be amended to provide for continuation of unvested Awards following a change in control (unless rollover of Awards is not permitted under applicable law or not agreed by the acquirer), save that awards will vest early (where the level of PRSU vesting will be determined assuming target level performance and applying time pro-rating) upon involuntary termination of employment without cause or voluntary resignation for good reason (as defined in paragraph 5.12(b) of the Share Award Scheme as proposed to be amended, which is set forth on page 23 below) within two years following the change in control (commonly known as “double-trigger”). Please refer to the section headed “Proposed Amendments to the Share Award Scheme” below for further details of the proposed amendments to the Share Award Scheme relating to the vesting of Awards in the event of a change in control of the Company for any Awards granted on or after September 26, 2018.</li> </ul>

In addition, the Remuneration Committee has proposed that the target LTIP Value for the Group’s managers (other than Senior Managers) will be comprised of the grant of TRSUs and Options, with the mix being approximately 75% and 25%, respectively, based on the grant date value. The percentage mix of TRSUs and Options was recommended by the Remuneration Committee after taking into consideration the percentage mix of similar awards of the Company’s Peer Group companies.

***(e) Performance Conditions for Vesting of PRSUs***

The final number of Shares vested under the RSUs will vary depending on the level of achievement of performance conditions applicable to the PRSUs, thereby ensuring that the actual payout is linked to the Company’s performance. The performance measures and targets have been recommended by the Remuneration Committee as both objective and appropriately challenging. When setting the performance targets, the objective is for the targets to be sufficiently challenging to create appropriate pay-for-performance alignment as expected by the Shareholders, within parameters that are likely to be perceived by the management to be achievable in order to create appropriate incentives. The targets will be communicated to the recipients of the PRSUs at the time of the grant. Details of the performance conditions, including the maximum number of Shares that may vest under the PRSUs, are set out below:

***Adjusted EPS CAGR (50% weighting)***

	Fiscal Year 2018–2020 3-year adjusted EPS CAGR (% of target)	Vesting level (% of target shares granted)
<b>Maximum</b>	120% or higher	200%
<b>Target</b>	100%	100%
<b>Threshold</b>	90%	50%
	Below 90%	0%

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Vesting levels will be interpolated for actual performance between goals.

The Remuneration Committee took a number of factors into account when making its recommendation of the EPS CAGR targets applicable to the PRSUs. While the approach was not formulaic, these factors included analyst forecasts for the Company, its peers and the market, management's forecast and strategic plan, and historical Company, market and peer performance.

Because of the Stock Exchange's strict requirements with respect to the disclosure of forecasts of profits or losses, the Company (like other Hong Kong-listed companies) does not provide earnings guidance. For the same reason, the Company has not disclosed in this circular the EPS CAGR targets to be achieved for the purposes of the PRSUs. The requirements under the Listing Rules relating to the disclosure of forecasts of profits or losses apply to any statement which explicitly or implicitly quantifies the anticipated level of profits or losses, either expressly or by reference to previous profits or losses or any other benchmark or reference point. Under these requirements, target EPS CAGR figures are likely to be treated as forecasts. If such forecasts are disclosed by the Company prospectively, or before the end of the three-year performance period, the Company would need to comply with certain Listing Rules requirements, including disclosing the principal assumptions upon which the forecasts are made, obtaining a confirmation from its auditors that they have reviewed the accounting policies and calculations for the forecasts and making an appropriate announcement if, during the forecast period, an event occurs which, had it been known when the forecast was made, would have caused any of the assumptions to have been materially different. The Board considers that it is not in a position to make what would under the Listing Rules be considered to be a forecast of profits and losses covering the three-year performance period, and that it would be impracticable for the Company to comply with these requirements in respect of the EPS CAGR targets. It also notes that there is a risk that Shareholders or potential investors in the Company may confuse such targets as the Company's earnings guidance, which they are not intended to be. The Company will, however, commit to retrospectively disclosing the three-year EPS CAGR targets in the Company's annual report following the end of the three-year performance period.

### *Relative TSR (50% weighting)*

	<b>Fiscal Year 2018–2020 3-year TSR percentile ranking</b>	<b>Vesting level (% of target shares granted)</b>
<b>Maximum</b>	90 <sup>th</sup> or higher	200%
<b>Target</b>	50 <sup>th</sup>	100%
<b>Threshold</b>	35 <sup>th</sup>	50%
	Below 35 <sup>th</sup>	0%

Relative TSR will measure the Company's TSR relative to the TSR of a benchmark group consisting of the Company's Peer Group. No above-target payout will be made with respect to relative TSR if the Company's absolute TSR is negative. Vesting levels will be interpolated for actual performance between goals.

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The threshold, target and maximum percentile rankings and the corresponding vesting levels under the relative TSR target were determined based on advice from Mercer, the Remuneration Committee's independent compensation consultants, with respect to market practice among the companies listed in Standard & Poor's 500 Index ("**S&P 500 companies**").<sup>1</sup> According to a report cited by Mercer<sup>2</sup>, the most prevalent approach among such companies is (i) to set the threshold performance for vesting at the 25th percentile, (ii) to set the target performance for vesting at the 50th percentile, and (iii) to set the maximum performance for vesting at the 75th percentile. Accordingly, the percentile ranking levels for the PRSUs proposed to be granted by the Company are more stringent than those that are most commonly in use among S&P 500 companies. The Remuneration Committee believes this is appropriate because international practice varies with respect to similar performance criteria.

With respect to the vesting levels that may be achieved based on achievement of the threshold, target and maximum percentile rankings, the most common practice among S&P 500 companies is to make a payout of 50% of target for threshold performance, to make a payout of 100% of target for target performance and to make a payout of 200% of target for maximum performance. Accordingly, the vesting levels for the PRSUs proposed to be granted by the Company are consistent with those most commonly used by S&P 500 companies.

*(f) Proposed grant of a mandate to the Board to grant awards of RSUs pursuant to the Share Award Scheme*

In order to implement the LTIP described above and to facilitate the granting of RSUs, an ordinary resolution will be proposed at the General Meeting to approve the granting of a mandate to the Directors to grant awards of RSUs pursuant to the Share Award Scheme in respect of a maximum of 8,022,571 new Shares (the "**Share Award Mandate**"), representing 0.56% of the total number of issued Shares of the Company as at the date of passing of the proposed ordinary resolution contained in paragraph 2 of the notice of the General Meeting (assuming the issued share capital of the Company remains unchanged on the date of the General Meeting), and allot, issue and deal with Shares underlying the RSUs granted pursuant to the Share Award Scheme during the Relevant Period (as defined below) as and when such RSUs vest. The maximum number of new Shares under the Share Award Mandate has been calculated based on a per Share price of HK\$26.70, the lowest closing market price of a Share during the 52-week period preceding the Latest Practicable Date. The exact number of Shares underlying the RSU grants will be determined by dividing the target LTIP Value of RSUs by the higher of (i) the closing price of a Share on the grant date and (ii) the average closing price of a Share for the five trading days immediately preceding the grant date.

The Share Award Mandate will be valid during the period from the passing of the resolution until whichever is the earliest of (a) the conclusion of the next annual general meeting of the Company, (b) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Incorporation of the Company or any applicable laws to be held and (c) the date on which the authority set out in this resolution is revoked or varied by an ordinary resolution of the Shareholders in general meeting (the "**Relevant Period**").

1. The Remuneration Committee considered the practice of S&P 500 companies rather than the practice among companies in the Company's Peer Group because Relative TSR is only used as a performance measure by two companies in the Peer Group. Because the Company's Peer Group is comprised primarily of US-listed companies, the Remuneration Committee believes that benchmarking against the practice of S&P 500 companies is appropriate. The independent compensation consultants have advised the Committee that the practice among S&P 500 companies is representative of broader market practice among companies listed in the U.S.
2. *2017 Relative TSR Prevalence and Design of S&P 500 Companies*, Exequity, October 3, 2017.

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As at the Latest Practicable Date, 12 Senior Managers (including Mr. Kyle Francis Gendreau, who is a Director) and 173 other employees have been proposed or identified by the Board to be granted RSUs under the Share Award Scheme. Of such proposed grantees of RSUs, 11 proposed grantees are Connected Participants. Accordingly, all Connected Participants and their respective associates will be required to abstain from voting on the resolution to approve the Share Award Mandate at the General Meeting. Please refer to the section headed “Proposed Connected Transactions Relating to the Proposed Grants of RSUs to the Connected Participants (including Mr. Kyle Francis Gendreau)” below for further details.

***(g) Cost of Granting RSUs***

The cost attributable to the grant of any RSUs under the Share Award 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. The Board considers that it is not appropriate or helpful to the Shareholders to state the value of all Awards that can be granted under the Share Award Scheme or the Share Award Mandate being sought as if they had been granted on the Latest Practicable Date. The Board believes that any statement regarding the value of all Awards as at the Latest Practicable Date will not be meaningful to the Shareholders since the Awards to be granted shall not be assignable, and no holder of the Awards shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favor of any third party over or in relation to any Award. In addition, the calculation of the value of the Awards is based on a number of variables such as exercise price, exercise period, interest rate, expected volatility and other relevant variables.

The Board believes that any calculation of the value of the Awards as at the Latest Practicable Date based on a great number of speculative assumptions would not be meaningful and would be misleading to the Shareholders. Details of the Share Award Scheme, including particulars and movements of the Awards granted, vested, lapsed and available for grant in the future, and the employee costs arising from the grant of the Awards during each financial year of the Company will be disclosed in the Company’s annual report and interim report. The Company will give due consideration to any financial impact arising from the grant of the RSUs under the Share Award Scheme before exercising the Share Award Mandate.

In terms of financial impact on net asset value (“NAV”) of the Group, it is anticipated that there will be a dilution in the NAV per Share upon the issue of new Shares as a result of the vesting of the RSUs. It is expected that the Connected Grants in 2018 will result in the dilution in the NAV per Share of not more than approximately 0.13% (assuming target level vesting of PRSUs) and approximately 0.21% (assuming maximum level vesting of the PRSUs). On the other hand, it is expected there will be a NAV per Share accretion upon the vesting and exercise of Options given the exercise price, which will be determined with reference to the prevailing market price of the Shares, is significantly above the current NAV per Share.

***(h) Listing Approval***

The Listing Committee of the Stock Exchange has previously granted its approval for the listing of, and permission to deal in, new Shares which may be issued pursuant to the exercise or vesting of Awards which may be granted under the Share Award Scheme.

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## LETTER FROM THE BOARD

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(i) *Recommendation*

The Directors (other than Mr. Gendreau but including the independent non-executive Directors) are of the view that the proposed ordinary resolution contained in paragraph 2 of the notice of the General Meeting is in the interests of the Company and the Shareholders as a whole and accordingly, recommend the Shareholders to vote in favor of this proposed ordinary resolution at the General Meeting.

Due to the interests of Mr. Gendreau in the proposed RSU grant referred to below, Mr. Gendreau abstained from voting on the relevant resolutions of the Board in respect of the proposed Share Award Mandate. Save as disclosed above, none of the other Directors had any interest in the proposed Share Award Mandate and therefore no other Director abstained from voting on the relevant resolutions of the Board in respect of the proposed Share Award Mandate.

### 3. Proposed Amendments to the Share Award Scheme

(a) *Share Award Scheme*

The Share Award Scheme as approved by the Shareholders on September 14, 2012 provides that upon a change in control of the Company (including, without limitation, by way of a voluntary offer, takeover or scheme of arrangement), the Board in its absolute discretion shall determine the number of underlying Shares (if any) of the unvested Awards which shall vest, the date on which any such vesting will occur (by reference to factors which may include the extent to which performance conditions have been satisfied and the proportion of the vesting period that has expired at the time of the change in control), and the period during which an Option may be exercised.

With a view to aligning the LTIP with the change of control provisions adopted in similar programs adopted by international companies in the Peer Group, the Board has proposed certain amendments to the Share Award Scheme relating to the vesting of Awards in the event of a change in control of the Company for any Awards granted on or after September 26, 2018. The effect of these proposed amendments will be to provide that on a change of control existing awards rollover into awards over the shares in the acquirer and will be subject to “double-trigger” vesting (with the vesting level pro-rated for time), unless rollover is not permitted under applicable laws or not agreed by the acquirer.

Further amendments are also being proposed to reflect best compensation governance practices and specific feedback received from Shareholders and the Voting Advisors.

(b) *Proposed Amendments to the Share Award Scheme*

The following amendments are proposed to be made to the Share Award Scheme (the “**Proposed Share Award Scheme Amendments**”):

- (1) the definition of “Board” under paragraph 1.1 of the Share Award Scheme shall be amended from:

“**Board** means the board of Directors from time to time or a duly authorised committee of the Board or such other committee as the Board may authorise;”

to

“**Board** means the board of Directors from time to time;”

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## LETTER FROM THE BOARD

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- (2) paragraph 1.1 of the Share Award Scheme shall be amended by inserting the following new definition:

“*Committee* means the remuneration committee of the Board, whose composition shall be determined in accordance with the Listing Rules and shall be comprised of non-executive Directors only, or any other duly authorised committee of the Board comprised of non-executive Directors only;”

- (3) references to the “Board” in the definitions of “Disability”, “Exercise Period” and “Vesting Date” and paragraphs 2.2, 3.1, 3.2, 3.5, 4.2, 5 and 6 shall be amended to the “Committee”;
- (4) the definition of “Participants” under paragraph 1.1 of the Share Award Scheme shall be amended from:

“*Participants* means the Directors (including executive Directors, non-executive Directors and independent non-executive Directors), the directors of the Company’s subsidiaries, the employees of the Group or any other persons as determined by the Board who the Board considers, in its absolute discretion, have contributed or will contribute to the Group;”

to

“*Participants* means (i) the Directors and/or the directors of the Company’s subsidiaries (provided that on or after September 26, 2018, no further Awards may be granted to non-executive Directors/directors), and/or (ii) the managers employed or engaged by the Group and/or employees of the Group;”

- (5) paragraph 5.11 of the Share Award Scheme shall be amended from:

“5.11 Upon the occurrence of any of the events referred to in **paragraphs 5.7 to 5.10**, the number of underlying Shares (if any) which shall vest and the date on which any such vesting will occur shall be determined by the Board in its absolute discretion by reference to factors which may include (a) the extent to which any performance or other conditions to vesting have been satisfied and (b) the proportion of the Vesting Period that has expired, in each case as at the relevant event, and the Company shall notify the Grantee of the date on which and the extent to which his Award will vest, in the case of an Option, the period during which it may be exercised (which period shall not expire after the expiry of the periods for exercising the Options referred to in **paragraphs 5.7 to 5.10** above). If the Board determines that any Award shall vest in part only, the balance of the Award shall lapse.”

to

“5.11 Upon the occurrence of any of the events referred to in **paragraphs 5.7 to 5.10**, the number of underlying Shares (if any) which shall vest and the date on which any such vesting will occur shall be determined by the Committee by reference to factors which shall include (a) the extent to which any performance or other conditions to vesting have been satisfied and (b) the proportion of the Vesting Period that has expired, in each case as at the relevant event, and the Company shall notify the Grantee of the date on which and the extent to which his Award will vest, in the case of an Option, the period during which it may be exercised (which period shall not expire after the expiry of the periods for exercising the Options referred to in **paragraphs 5.7 to 5.10** above). If the Committee determines that any Award shall vest in part only, the balance of the Award shall lapse.”

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## LETTER FROM THE BOARD

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- (6) a new paragraph 5.12 shall be inserted after paragraph 5.11 of the Share Award Scheme:

“5.12 For any Award granted on or after September 26, 2018, in the case of any of the events referred to in **paragraphs 5.7 to 5.9** above (the *Relevant Event*), such an Award shall not vest pursuant to **paragraph 5.7, 5.8 or 5.9** above (as the case may be) but shall be cancelled in consideration for the grant of a new award on terms agreed with the offeror or acquiring company in the Relevant Event, and which the Committee determines is equivalent to the Award which it replaces, provided that if the offeror or acquiring company does not agree to such replacement or if such replacement is not permitted under applicable laws, then Awards will vest or be exercisable (as the case may be) pursuant to **paragraph 5.7, 5.8 or 5.9** above (as the case may be). Such new award may be over amounts of cash or securities, or over shares in the offeror or acquiring company or some other company, and may or may not be subject to additional or varied vesting conditions as the Committee shall consider reasonable, provided that any such additional or varied vesting conditions shall not be materially more or less challenging to satisfy. The provisions of this Scheme will continue to apply to any new award granted under this **paragraph 5.12** but subject to such amendments as may be necessary, including that references to Shares shall be read as references to the shares, securities or cash amounts over which the new award is granted and references to the Company shall be read as references to a company whose shares or securities are subject to the new award. Notwithstanding any other terms applicable to the new award, the shares, securities or cash amounts underlying the new award shall vest or be exercisable (as the case may be) immediately (provided that the award shall vest or be exercisable (as the case may be) in respect of such number of shares, securities or cash amounts determined by multiplying the total number of shares, securities or cash amounts underlying the award (based on at-target level achievement of any applicable performance conditions) by the Relevant Proportion (as defined below)) upon the occurrence of any of the following events during the 24-month period following the Relevant Event:

- (a) involuntary termination of the Grantee’s employment or service by his/her employer without Cause; or
- (b) voluntary termination of the Grantee’s employment or service for Good Reason. For the purpose of this **subparagraph (b)**, *Good Reason* shall have the same meaning as the defined term, if any, contained in any written employment agreement between the Grantee and the Company, and if there is no such agreement or defined term, then *Good Reason* shall mean the occurrence of any of the following without the Grantee’s express written consent: (i) a material reduction of the Grantee’s authority, duties or responsibilities, provided that a material reduction in title, duties or responsibilities solely by virtue of the Company being acquired and made part of a larger entity shall not constitute Good Reason; (ii) a material reduction by the Company or relevant member of the Group in the Grantee’s base salary (other than a general reduction in base salary that affects all similarly situated executives in substantially the same proportions) and annual target bonus opportunity; or (iii) the required relocation of Grantee’s primary geographic work location by more than 35 miles (unless such relocation does not have a material impact on the Grantee’s commute), provided that no event described herein shall constitute Good Reason unless (A) the Grantee has given the Company or relevant member of the Group written notice of termination setting forth the conduct that is alleged to constitute Good Reason within 90 days of the first date on which the Grantee has knowledge of such event or conduct, and (B) the Grantee has provided the Company or relevant member of the Group at least 30 days following the date on which such notice is provided to cure such conduct and the Company or relevant member of the Group has failed to do so.

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## LETTER FROM THE BOARD

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For the purpose of this **paragraph 5.12**, the *Relevant Proportion* is determined by dividing (x) the number of days elapsed from the date of commencement of the Vesting Period to the date of the termination of the Grantee's employment under **subparagraph (a)** or **(b)** (both dates inclusive) by (y) the number of days in the Vesting Period."

(7) paragraph 6.1 of the Share Award Scheme shall be amended as follows:

(i) paragraph 6.1(d) shall be amended from:

"subject to **paragraph 5.7**, the date on which the offer (or, as the case may be, revised offer) closes;"

to

"subject to **paragraphs 5.7** and **5.12**, the date on which the offer (or, as the case may be, revised offer) closes;"

(ii) paragraph 6.1(e) shall be amended from:

"subject to **paragraph 5.8**, the record date for determining entitlements under a scheme of arrangement;"

to

"subject to **paragraphs 5.8** and **5.12**, the record date for determining entitlements under a scheme of arrangement;" and

(iii) paragraph 6.1(f) shall be amended from:

"the date on which the compromise or arrangement referred to in **paragraph 5.9** becomes effective;"

to

"subject to **paragraph 5.12**, the date on which the compromise or arrangement referred to in **paragraph 5.9** becomes effective;"

(8) the following sentence shall be inserted at the end of paragraph 7.1 of the Share Award Scheme:

"For the avoidance of doubt, any Shares withheld to account for the Exercise Price in accordance with **paragraph 5.5** or tax and social security contributions in accordance with **paragraph 15.5** will be counted for the purpose of determining the maximum aggregate number of Shares which may be issued and/or transferred upon the vesting or exercise of Awards granted pursuant to this Scheme."

The Proposed Share Award Scheme Amendments are conditional upon the Shareholders approving such amendments at the General Meeting.

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## LETTER FROM THE BOARD

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**(c) Recommendation**

The Directors (other than Mr. Gendreau but including the independent non-executive Directors) are of the view that the proposed ordinary resolution contained in paragraph 3 of the notice of the General Meeting is in the interests of the Company and the Shareholders as a whole and accordingly, recommend the Shareholders to vote in favor of this proposed ordinary resolution at the General Meeting.

As Awards under the Share Award Scheme are proposed to be granted to Mr. Gendreau, Mr. Gendreau abstained from voting on the relevant resolutions of the Board in respect of the Proposed Share Award Scheme Amendments. Save as disclosed above, none of the other Directors had any interest in the Proposed Share Award Scheme Amendments and therefore no other Director abstained from voting on the relevant resolutions of the Board in respect of the Proposed Share Award Scheme Amendments.

As the Connected Participants are proposed to be granted Awards under the proposed Connected Grants pursuant to the Share Award Scheme, all Connected Participants and their respective associates will be required to abstain from voting on the resolution to approve the Proposed Share Award Scheme Amendments at the General Meeting.

**4. and 5. Proposed Connected Transactions Relating to the Proposed Grants of RSUs to the Connected Participants (including Mr. Kyle Francis Gendreau)**

**(a) Proposed RSU Grants to Mr. Kyle Francis Gendreau**

The Remuneration Committee has proposed to grant LTIP Awards consisting of RSUs and Options to Mr. Kyle Francis Gendreau, the Company's Chief Executive Officer, interim Chief Financial Officer and executive Director. If approved by the Shareholders, the grants are expected to be made within 14 days following the General Meeting.

The aggregate target LTIP Value of the Awards to be granted to Mr. Gendreau will be US\$4,200,000, which is based on 350% of his base salary of US\$1,200,000 for the year 2018 (of which 50% of the target LTIP Value will be in the form of PRSUs, 25% in the form of TRSUs and 25% in the form of Options).

Further details of the proposed RSU grants and intended Option grants are as follows.

***Details of the Proposed RSU Grants***

The Remuneration Committee has proposed to grant to Mr. Gendreau RSUs pursuant to the Share Award Scheme representing an aggregate of up to 1,543,402 Shares (of which up to 1,234,720 Shares will be in the form of PRSUs and up to 308,682 Shares will be in the form of TRSUs) to Mr. Gendreau. The target LTIP Value of the RSUs proposed to be granted to Mr. Gendreau is US\$3,150,000 (representing 75% of his total LTIP Value).

The maximum numbers of Shares set out above have been calculated based on a per Share price of HK\$26.70, the lowest closing market price of a Share during the 52-week period preceding the Latest Practicable Date. The exact number of Shares underlying the RSUs proposed to be granted to Mr. Gendreau will be determined by dividing the target LTIP Value of RSUs by the higher of (i) the closing price of a Share on the grant date and (ii) the average closing price of a Share for the five

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## LETTER FROM THE BOARD

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trading days immediately preceding the grant date. The final number of Shares vested under the RSUs will vary depending on the level of achievement of performance conditions applicable to the PRSUs that are proposed to be granted to Mr. Gendreau.

The proposed RSU grants to Mr. Gendreau is conditional upon:

- (a) the Shareholders approving the Share Award Mandate at the General Meeting; and
- (b) the Independent Shareholders approving the above proposed RSU grant pursuant to the Share Award Scheme to Mr. Gendreau at the General Meeting.

Upon such conditions being satisfied, the Remuneration Committee will grant the above RSUs pursuant to the Share Award Scheme to Mr. Gendreau within 14 days following the General Meeting.

An announcement will be made by the Company when such RSU grants have been made to Mr. Gendreau.

### *Intended Option Grants*

In addition, the Remuneration Committee intends to grant Options representing an aggregate grant date value of US\$1,050,000 (representing 25% of his total target LTIP Value) to Mr. Gendreau at the same time as the RSU grants.

The exact number of Shares underlying the Options will be determined on the grant date based on the Black-Scholes valuation model. The intended Option grants are not conditional on the approval of Shareholders at the General Meeting.

The table below sets out the grant date value of the Awards under the Share Award Scheme granted (or to be granted, as applicable) in 2018 assuming the proposed RSU grants are made to Mr. Gendreau. For the avoidance of doubt, the actual realized value of the Awards will depend on the Share price at the time Options are exercised and RSUs are vested.

<u>Name</u>	<u>Grant Year</u>	<u>Grant date value of Options (US\$)</u>	<u>Grant date value of TRSUs (US\$)</u>	<u>Grant date value of PRSUs (US\$)</u>			<u>Total target LTIP Value at grant date (US\$)</u>
				<u>Threshold</u>	<u>Target</u>	<u>Maximum</u>	
<b>Kyle Francis Gendreau</b>	2018	1,050,000	1,050,000	525,000	2,100,000	4,200,000	4,200,000

*Notes:*

- (1) Options granted in 2018 vest equally over a four-year period.
- (2) TRSUs vest equally over a three-year period.
- (3) PRSUs cliff vest three years following grant based on achievement of performance conditions. Further details on performance conditions are described on pages 19 and 21.

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## LETTER FROM THE BOARD

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- (4) For illustrative purposes only, the following tables set out the estimated number of Shares for the Awards proposed to be granted in 2018 assuming (i) a per Share price of HK\$26.70, being the lowest closing market price of a Share during the 52-week period preceding the Latest Practicable Date, and (ii) a per Share price of HK\$29.45, being the closing market price of a Share on the Latest Practicable Date. The exact numbers of Shares will be calculated on the grant date (as described above), and will differ from the estimated number of Shares set out below. In addition, the number of Shares underlying Options as set forth below is based on the Black-Scholes valuation model using certain assumptions for the underlying inputs. The actual number of Shares underlying Options granted on the grant date will depend upon the Black-Scholes valuation model as applied at the grant date using then-applicable underlying inputs.

*Assuming a per Share price of HK\$26.70, being the lowest closing market price of a Share during the 52-week period preceding the Latest Practicable Date:*

<u>Name</u>	<u>Number of Shares underlying Options</u>	<u>Number of Shares underlying TRSUs</u>	<u>Number of Shares underlying PRSUs</u>			<u>Total number of Shares underlying target LTIP Awards</u>
			<u>Threshold</u>	<u>Target</u>	<u>Maximum</u>	
Kyle Francis Gendreau	1,168,712	308,682	154,340	617,360	1,234,720	2,094,754

*Assuming a per Share price of HK\$29.45, being the closing market price of a Share on the Latest Practicable Date:*

<u>Name</u>	<u>Number of Shares underlying Options</u>	<u>Number of Shares underlying TRSUs</u>	<u>Number of Shares underlying PRSUs</u>			<u>Total number of Shares underlying target LTIP Awards</u>
			<u>Threshold</u>	<u>Target</u>	<u>Maximum</u>	
Kyle Francis Gendreau	1,030,260	279,858	139,928	559,712	1,119,424	1,869,830

### *Interests in the Securities of the Company*

As at the Latest Practicable Date, Mr. Gendreau:

- (a) had an interest (as founder of a discretionary trust) in an aggregate of 1,409,648 Shares, representing approximately 0.09% of the issued share capital of the Company as at the Latest Practicable Date; and
- (b) had outstanding Options in respect of an aggregate of 4,906,423 Shares, representing approximately 0.34% of the issued share capital of the Company as at the Latest Practicable Date.

## LETTER FROM THE BOARD

### *Reasons and Benefits of the Proposed RSU Grants to Mr. Gendreau*

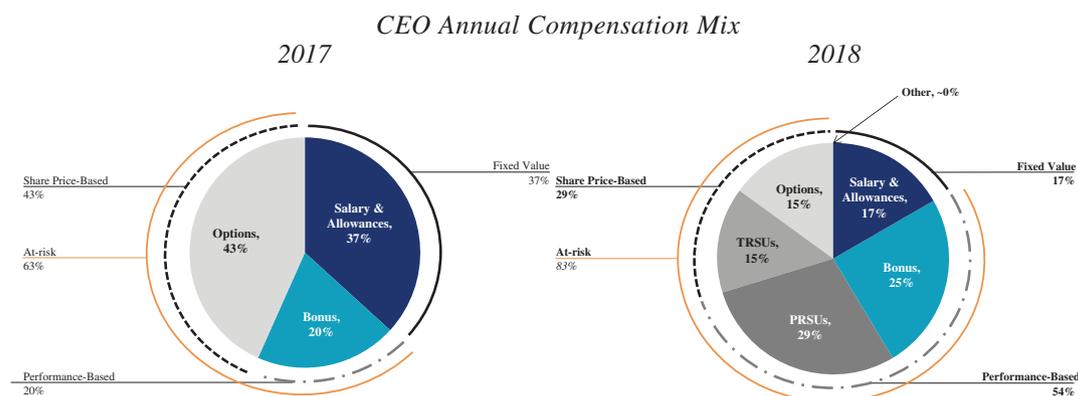
The proposed RSU grants are intended to increase alignment between interests of Mr. Gendreau and long-term interests of Shareholders. TRSUs aid in the retention of Senior Managers and reward long-term performance. Similarly, PRSUs ensure that there is a greater linkage between the Company's stated long-term strategic and financial goals and executive compensation.

The introduction of TRSUs and PRSUs, replacing some of the Options, is also in line with the Company's Peer Group by shifting the overall compensation package towards a heavier weighting on performance-based compensation. The following table sets out a breakdown in the various compensation elements in 2018 assuming the proposed RSU grants are made, with charts illustrating the shift in relative weightings of the compensation elements for the Company's Chief Executive Officer in 2017 and current Chief Executive Officer in 2018.

Name	Salary (US\$)	Approximate Allowances and other benefits in kind (US\$)	Target Bonus (US\$)	Total target LTIP Value granted during year (US\$)	Approximate Contributions to post- employment plans (US\$)	Total (US\$)
Kyle Francis Gendreau	1,200,000	19,000	1,800,000	4,200,000	30,250	7,249,250

*Note:*

The 2018 figures are prospective amounts consisting of: base salary, estimated allowances and other benefits in kind, target bonus opportunity (150% of salary), total target LTIP value (350% of salary) based on the grant date fair market value of shares assuming target-level achievement of performance conditions applicable to PRSUs, and estimated contributions to post-employment plans.



### *(b) Proposed RSU Grants to Other Connected Participants*

#### *Details of the Proposed RSU Grants*

The Remuneration Committee has proposed to grant RSUs representing an aggregate target grant date value of US\$3,808,772 (which will be in the form of PRSUs and/or TRSUs) to the Other Connected Participants, who are Senior Managers and employees of the Group and who also hold

## LETTER FROM THE BOARD

positions as a director and/or chief executive of one or more of the Significant Subsidiaries of the Company or (in the case of Mrs. Anushree Tainwala) an associate of a former Director within the last 12 months. If approved by the Shareholders, the grants are expected to be made within 14 days following the General Meeting.

The exact number of Shares underlying the RSUs will be determined by dividing the grant date value by the higher of (i) the closing price of a Share on the grant date and (ii) the average closing price of a Share for the five trading days immediately preceding the grant date.

The following tables set out details of the proposed RSU grants to the Other Connected Participants, including the estimated maximum number of Shares underlying the proposed RSU grants to the Other Connected Participants in 2018 assuming (i) a per Share price of HK\$26.70, being the lowest closing market price of a Share during the 52-week period preceding the Latest Practicable Date and (ii) a per Share price of HK\$29.45, being the closing market price of a Share on the Latest Practicable Date. The grant date values of TRSUs and PRSUs, and the total target LTIP Values as set forth below for Messrs. Baele, Borrey, Dutta, Guzman, Lamb and Ma, and for Mrs. Tainwala, are presented in US\$ based upon the applicable exchange rates as of July 31, 2018 and are subject to change based upon the applicable exchange rates as of the grant date. The exact numbers of Shares will be calculated on the grant date (as described above), and will differ from the estimated number of Shares set out below:

Name/Position	Grant date value of TRSUs (US\$)	Grant date value of PRSUs (US\$)			Total target LTIP Value of RSUs at grant date (US\$)	Estimated maximum number of Shares underlying proposed RSU grant	
		Threshold	Target	Maximum		Assume a per Share price of HK\$26.70	Assume a per Share price of HK\$29.45
Mr. Patrick Baele <i>Vice President of Finance/ Chief Financial Officer (Europe)</i>	284,608	—	—	—	284,608	83,670	75,858
Ms. Lynne Berard <i>President of North America</i>	179,025	89,513	358,050	716,100	537,075	263,152	238,580
Mr. Arne Borrey <i>President of Europe</i>	190,718	95,359	381,435	762,870	572,153	280,339	254,159
Mr. Robert W. Cooper <i>General Manager of North America for Tumi</i>	179,025	89,513	358,050	716,100	537,075	263,152	238,580

## LETTER FROM THE BOARD

Name/Position	Grant date value of TRSUs (US\$)	Grant date value of PRSUs (US\$)			Total target LTIP Value of RSUs at grant date (US\$)	Estimated maximum number of Shares underlying proposed RSU grant	
		Threshold	Target	Maximum		Assume a per Share price of HK\$26.70	Assume a per Share price of HK\$29.45
Mr. Subrata Dutta <i>President of Asia Pacific and Middle East</i>	157,125	78,562	314,250	628,499	471,375	230,961	209,394
Mr. J. Roberto Guzman <i>President of Latin America</i>	159,420	79,710	318,841	637,682	478,261	234,335	212,453
Mr. Richard Andrew Lamb <i>Vice President of Intellectual Property</i>	101,486	—	—	—	101,486	29,835	27,051
Mr. John Bayard Livingston <i>Executive Vice President, General Counsel and Joint Company Secretary</i>	178,736	89,368	357,473	714,945	536,209	262,728	238,194
Mr. Rui Guo Ma (Frank) <i>President of Greater China</i>	268,003	—	—	—	268,003	78,789	71,433
Mrs. Anushree Tainwala <i>Executive Director of Marketing (India)</i>	22,527	—	—	—	22,527	6,624	6,006
<b>Total</b>	<b><u>1,720,673</u></b>				<b><u>3,808,772</u></b>	<b><u>1,733,585</u></b>	<b><u>1,571,708</u></b>

Upon vesting, Shares will be issued to the Other Connected Participants in accordance with the terms of the Share Award Scheme.

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## LETTER FROM THE BOARD

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The proposed RSU grants to the Other Connected Participants will be conditional upon:

- (a) the Shareholders approving the Share Award Mandate at the General Meeting; and
- (b) the Independent Shareholders approving the above RSU grants pursuant to the Share Award Scheme to the Other Connected Participants at the General Meeting.

Upon such conditions being satisfied, the Remuneration Committee will grant the above RSUs pursuant to the Share Award Scheme to the Other Connected Participants within 14 days following the General Meeting. An announcement will be made by the Company when such RSU grants have been made to the Other Connected Participants.

### *Intended Option Grants*

In addition, the Remuneration Committee intends to grant Options representing an aggregate grant date value of approximately US\$1,269,590 at the same time as the RSU grants to the Other Connected Participants. The aggregate grant date value of such Options is based upon the applicable exchange rates as of July 31, 2018 and is subject to change based upon the applicable exchange rates as of the grant date. The exact number of Shares underlying the Options will be determined on the grant date based on the Black-Scholes valuation model. The intended Option grants are not conditional on the approval of Shareholders at the General Meeting.

### *Interests in the Shares*

As at the Latest Practicable Date, the Other Connected Participants held an aggregate of 541,854 Shares, representing approximately 0.04% of the issued share capital of the Company as at the Latest Practicable Date.

### *Reasons and Benefits of the Proposed RSU Grants to the Other Connected Participants*

The proposed RSU grants are intended to increase alignment between interests of the Other Connected Participants and long-term interests of Shareholders. TRSUs aid in the retention of employees and reward long-term performance.

### *(c) Shareholding Impact of the Proposed RSU Grants*

The table below sets out the shareholding in the Company assuming (i) all the conditions to the grant of the RSUs are satisfied, (ii) RSUs in respect of the maximum number of Shares referred to above (i.e. 8,022,571 Shares) are granted to the Connected Participants and other Participants, (iii) no Options (whether outstanding or proposed to be granted) are exercised and (iv) no other Shares are

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## LETTER FROM THE BOARD

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issued or repurchased by the Company and (v) there are no other changes to the issued share capital of the Company as at the Latest Practicable Date:

	As at the Latest Practicable Date		Upon vesting of the RSUs granted in full	
	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>
The Capital Group Companies, Inc.	229,619,812	16.05	229,619,812	15.96
JP Morgan Chase & Co.	85,017,690	5.94	85,017,690	5.91
Citigroup Inc.	73,343,585	5.12	73,343,585	5.09
FIL Limited	71,770,300	5.01	71,770,300	4.99
Mr. Gendreau	1,409,648	0.09	2,953,050	0.20
Other Connected Participants	541,854	0.03	2,275,439	0.15
Other Shareholders	968,666,951	67.76	973,412,535	67.72
<b>Total</b>	<b>1,430,369,840</b>	<b>100.0</b>	<b>1,438,392,411</b>	<b>100.0</b>

***(d) Listing Rules Implications***

As (i) Mr. Gendreau is a Director of the Company and (ii) the Other Connected Participants are directors and/or chief executives of the Significant Subsidiaries of the Company or (in the case of Mrs. Anushree Tainwala) an associate of a former Director within the last 12 months, they are connected persons of the Company under the Listing Rules.

Accordingly, the proposed RSU grants (including the allotment and issue of Shares upon the vesting of the RSUs) to the Connected Participants constitute non-exempt connected transactions of the Company under Chapter 14A of the Listing Rules and are subject to the reporting, announcement and Independent Shareholders' approval requirements.

Pursuant to Chapter 14A of the Listing Rules, (a) Mr. Gendreau and his associates are required to abstain from voting on the proposed ordinary resolution contained in paragraph 4 of the notice of the General Meeting to approve the proposed RSU grant to Mr. Gendreau, and (b) the Other Connected Participants and their respective associates are required to abstain from voting on the proposed ordinary resolution contained in paragraph 5 of the notice of the General Meeting to approve the proposed RSU grants to them.

Due to the interests of Mr. Gendreau in the proposed RSU grants, Mr. Gendreau abstained from voting on the relevant resolutions of the Board in respect of the proposed RSU grant to himself. Save as disclosed above, none of the other Directors had any interest in the Connected Grants and therefore no other Director abstained from voting on the relevant resolutions of the Board in respect of the Connected Grants.

***(e) Independent Board Committee and Independent Financial Adviser***

The Independent Board Committee, comprising Mr. Paul Kenneth Etchells, Mr. Keith Hamill, Mr. Bruce Hardy McLain (Hardy) and Ms. Ying Yeh, being all the independent non-executive

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## LETTER FROM THE BOARD

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Directors of the Company, has been established to advise the Independent Shareholders as to the fairness and reasonableness of the terms of the Connected Grants. Somerley Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

The Independent Board Committee, having considered the advice of the Independent Financial Adviser, is of the view that the Connected Grants are in the ordinary and usual course of business of the Company and the Group as a whole and in the interests of the Company and the Shareholders as a whole and the terms of the Connected Grants are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favor of the proposed ordinary resolutions contained in paragraphs 4 and 5 of the notice of the General Meeting.

The letter from the Independent Board Committee to the Independent Shareholders is set out on page 43 of this circular. The letter from Somerley to the Independent Board Committee and the Independent Shareholders is set out on pages 44 to 59 of this circular.

***(f) Recommendation***

The Directors (other than Mr. Gendreau but including the independent non-executive Directors) are of the view that the proposed ordinary resolution contained in paragraph 4 of the notice of the General Meeting relating to the proposed RSUs grants to Mr. Gendreau is fair and reasonable and in the interests of the Company and the Shareholders as a whole and accordingly, recommend the Independent Shareholders to vote in favor of this proposed ordinary resolution at the General Meeting.

The Directors (including the independent non-executive Directors) are of the view that the proposed ordinary resolution contained in paragraph 5 of the notice of the General Meeting relating to the proposed RSUs grants to the Other Connected Participants is fair and reasonable and in the interests of the Company and the Shareholders as a whole and accordingly, recommend the Independent Shareholders to vote in favor of this proposed ordinary resolution at the General Meeting.

***(g) Report from the Board***

Together with this circular, Shareholders will receive a copy of the report drawn up by the Board in accordance with Article 10.9 of the Articles of Incorporation relating to, among other things, the conflict of interest of Mr. Gendreau concerning the proposed grant of RSUs to him pursuant to the rules of the Share Award Scheme and the proposed amendment of the Share Award Scheme which were proposed to Shareholders for approval at the AGM and are proposed to the Shareholders for approval at the General Meeting.

**(4) INFORMATION ON THE PROPOSED RESOLUTION AT THE EXTRAORDINARY GENERAL MEETING**

**SPECIAL RESOLUTION:**

**1. Proposed Extension of the Share Capital Authorization of the Company**

***(a) Requirements under the Luxembourg Companies Law***

Under the Luxembourg Companies Law, any increase in the share capital of the company must be approved by the shareholders of the company.

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## LETTER FROM THE BOARD

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Shareholders of a public limited liability company (société anonyme) may grant authorization to the board of directors of the company to increase the share capital of the company, subject to any conditions set out in the articles of incorporation of the company, and such authorization is valid only for a period of up to five years and may be renewed for a further period of up to five years by the approval of the shareholders of the company.

*(b) Share Capital Authorization*

At the Extraordinary General Meeting held on March 3, 2016, the Shareholders approved, among others, the renewal of the share capital authorization for a period of five years.

Article 4.2 of the Articles of Incorporation provides that subject always to compliance with applicable provisions of the Luxembourg Companies Law, during the period of five years from May 11, 2016, the Board is authorized to issue Shares, to grant options to subscribe for Shares and to issue any other securities or instruments convertible into Shares, to such persons and on such terms as it shall see fit and specifically to proceed to such issue without reserving for the existing Shareholders a preferential right to subscribe for the issued Shares. Moreover, to comply with applicable provisions of the Listing Rules, any issue of Shares, any grant of options to subscribe for Shares and any issue of any other securities or instruments convertible into Shares by the Board through the authorized share capital authorization shall be or shall have been specifically approved in advance by a resolution passed by Shareholders at a general meeting of the Company, except as expressly permitted in the Listing Rules (the “**Share Capital Authorization**”).

The Share Capital Authorization that is currently in effect does not specifically provide for the authorization to the Board to allocate existing Shares without consideration and/or to issue Shares paid-up out of available reserves (together, the “**Bonus Shares**”) to employees and/or corporate officers (including directors, members of the management board and the supervisory board) of the Company or Group’s companies.

Shareholders should note that the Share Capital Authorization is not a general authorization from the Shareholders to the Board to allot, issue or deal with Shares but is simply an authorization required in accordance with the requirements of the Luxembourg Companies Law. Any issue of Shares, grant of Options to subscribe for Shares, grant of RSUs to subscribe Shares and/or to receive Bonus Shares or any issue of any other securities or instruments convertible into Shares pursuant to the Share Capital Authorization is, and pursuant to the Extended Share Capital Authorization (as such term is defined below) will still be, subject to the restrictions set out in the Articles of Incorporation, the Luxembourg Companies Law and the Listing Rules (as further described below).

*(c) Proposed Extension of the Share Capital Authorization of the Company*

As the existing Share Capital Authorization does not provide for the allocation and/or the issue of Bonus Shares to employees and/or corporate officers (including directors, members of the management board and the supervisory board) of the Company or Group’s companies, the Board proposes to seek the approval of the Shareholders to extend the Share Capital Authorization in order for the Board to be authorized to allot and/or to issue Bonus Shares upon the vesting of Awards of RSUs granted pursuant to the Share Award Scheme without any consideration to be paid from the participants or upon the exercise/vesting of any securities or instruments convertible into Shares issued or to be issued by the Board (such extension, the “**Extended Share Capital Authorization**”). The Extended Share Capital Authorization simply authorizes, the Board to allot and/or to issue Bonus Shares subject to the conditions and restrictions currently set out in Article 4.2 of the Articles

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## LETTER FROM THE BOARD

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of Incorporation upon the vesting of Awards of RSUs granted pursuant to the Share Award Scheme without any consideration to be paid from the participants or upon the exercise/vesting of any securities or instruments convertible into Shares issued or to be issued by the Board, with the authority for the Board to cancel or limit the preferential subscription rights of the existing Shareholders when issuing the Bonus Shares.

*(d) Shareholders' Protections in relation to the Share Capital Authorization*

The Listing Rules and the Articles of Incorporation contain provisions which restrict the ability of the Company to increase its issued share capital pursuant to the Share Capital Authorization without the approval of the Shareholders. The purpose of these provisions is to protect the Shareholders against a potential dilution of their shareholding interest in the Company. These Shareholders' protections are summarized below.

Under the Articles of Incorporation, the Share Capital Authorization is expressly subject to compliance with the Listing Rules and the Luxembourg Companies Law.

Under the Luxembourg Companies Law and the Articles of Incorporation, the Share Capital Authorization is valid for a maximum period of five years and the approval of the Shareholders is required for its renewal at the end of the five-year period.

Under the Listing Rules and the Articles of Incorporation, the Board may not issue Shares, grant options to subscribe for Shares, grant RSUs to receive Shares or issue any other securities or instruments convertible into Shares under the Share Capital Authorization without the approval of Shareholders, except pursuant to:

- (i) a Rights Issue;
- (ii) the Share Award Scheme;
- (iii) the general mandate to allot, issue or deal with additional Shares granted by the Shareholders to the Board at the annual general meeting of the Company (the "**Issuance Mandate**");
- (iv) any scrip dividend scheme or similar arrangement providing for the allotment of Shares in lieu of the whole or part of a dividend on Shares of the Company in accordance with the Articles of Incorporation; or
- (v) a specific authority granted by the Shareholders in general meeting.

Under the Listing Rules, a Rights Issue will not require the specific approval of Shareholders except where the proposed Rights Issue would increase either (1) the number of issued Shares or (2) the market capitalization of the Company by more than 50% (on its own or when aggregated with any other Rights Issues or open offers announced by the Company), within the 12-month period immediately preceding the announcement of the proposed Rights Issue or prior to such 12-month period where dealing in respect of the Shares issued pursuant thereto commenced within such 12-month period.

As indicated above, the Board has not granted any Awards of RSUs since the Share Award Scheme was adopted but the Board envisages, in order to implement the LTIP, to grant TRSUs and PRSUs, in addition to Awards of Options.

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## LETTER FROM THE BOARD

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The existing Issuance Mandate granted the Board the authority to issue, subject to the terms thereof, 142,577,035 Shares, representing approximately 10% of the total issued share capital of the Company as at the date of the AGM held on June 7, 2018, and at an issue price which does not represent a discount of more than 10% to the Benchmarked Price of the Shares. As at the Latest Practicable Date, no Shares have been issued under the existing Issuance Mandate. The existing Issuance Mandate expires at the next annual general meeting of the Company. Shareholders should note that the terms of the existing Issuance Mandate are more restrictive than the requirements of the Listing Rules, which permit a general mandate granted to the directors to issue shares to not exceed 20% of the total issued share capital of the company and an issue price which does not represent a discount of more than 20% to the Benchmarked Price of the shares of the company.

The proposed Extended Share Capital Authorization, if approved by the Shareholders, will be subject always to the same conditions and restrictions currently in effect in relation to the ability of the Company to increase its issued share capital.

*(e) Consequences of the Share Capital Authorization not being extended*

If the proposed Extended Share Capital Authorization is not approved at the Extraordinary General Meeting, the Board will not be permitted under the Luxembourg Companies Law to issue and/or allot Bonus Shares to employees and/or corporate officers (including directors, members of the management board and the supervisory board) of the Company or Group's companies further to the exercise of Awards of RSUs granted pursuant to the Share Award Scheme without any consideration to be paid by the participants or upon the exercise/vesting of any securities or instruments convertible into Company's shares issued or to be issued by the Board.

The Board considers that this would, in particular, undermine the purpose of the LTIP and eliminate the long-term incentive for the Senior Managers (including Mr. Kyle Francis Gendreau, who is a Director) that have been proposed or identified by the Board to be granted Awards of RSUs under the Share Award Scheme, and would therefore be detrimental to the Company and the Shareholders.

*(f) Proposed Amendment to the Articles of Incorporation of the Company*

In order to give effect to the proposed Extended Share Capital Authorization, the Board also proposes to seek the approval of the Shareholders to amend accordingly Article 4.2 of the Articles of Incorporation which shall be read as set forth in the notice of the Extraordinary General Meeting (such amendment, the "**Amendment to the Articles**"). If approved, the Amendment to the Articles will simply reflect in the Articles of Incorporation the proposed Extended Share Capital Authorization.

Together with this circular, the Shareholders will receive a copy of the report drawn up by the Board in accordance with Article 420-26 (5) and (6) of the Luxembourg Companies Law justifying the reasons for the proposed Extended Share Capital Authorization with the authority for the Board to cancel or limit the preferential subscription rights of the Shareholders when issuing the Bonus Shares to employees and/or corporate officers (including directors, members of the management board and the supervisory board) of the Company or Group's companies and the proposed Amendment to the Articles.

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## LETTER FROM THE BOARD

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*(g) Recommendation*

The Directors (excluding Mr. Gendreau but including the independent non-executive Directors) are of the view that the proposed Extended Share Capital Authorization and the proposed Amendment to the Articles are in the interests of the Company and the Shareholders as a whole and accordingly, recommend the Shareholders to vote in favor of the special resolution to be proposed at the Extraordinary General Meeting.

As Mr. Gendreau may be issued Bonus Shares under the proposed RSU grants to be made to him if the proposed Extended Share Capital Authorization and the proposed Amendment to the Articles are approved by the Shareholders at the Extraordinary General Meeting, Mr. Gendreau abstained from voting on the relevant resolutions of the Board in respect of the proposed Extended Share Capital Authorization and the proposed Amendment to the Articles. Save as disclosed above, none of the other Directors had any interest in the Connected Grants and therefore no other Director abstained from voting on the relevant resolutions of the Board in respect of the proposed Extended Share Capital Authorization and the proposed Amendment to the Articles.

As the Connected Participants may be issued Bonus Shares pursuant to the proposed Connected Grants if the proposed Extended Share Capital Authorization and the proposed Amendment to the Articles are approved by the Shareholders at the Extraordinary General Meeting, all Connected Participants and their respective associates will be required to abstain from voting on the resolution to approve the proposed Extended Share Capital Authorization and the proposed Amendment to the Articles at the Extraordinary General Meeting.

**(5) ADDITIONAL INFORMATION**

Pursuant to the Listing Rules and Article 13.5 of the Articles of Incorporation, any vote of Shareholders at a general meeting must be taken by poll. An announcement on the poll vote results will be published by the Company after the General Meeting and the Extraordinary General Meeting in the manner prescribed under Rule 13.39(5) of the Listing Rules.

Your attention is drawn to the additional information set out in (i) the letter from the Independent Board Committee to the Independent Shareholders set out on page 43 of this circular, (ii) the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders set out on pages 44 to 59 of this circular and (iii) the Appendix to this circular.

Yours faithfully,  
For and on behalf of the Board  
**Timothy Charles Parker**  
*Chairman*

## 1. 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.

## 2. DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company in the Shares or underlying shares or debentures of the Company or any of its associated corporation(s) (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions, if any, which they were taken or deemed to have under such provisions of the SFO); or (b) to be entered in the register kept by the Company under Section 352 of the SFO; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) of the Listing Rules were as follows:

### (a) Long Position in Shares

<u>Name of Director</u>	<u>Nature of interest</u>	<u>Number of Shares held</u>	<u>Approximate shareholding %</u>
Timothy Charles Parker	Beneficial owner	60,475,844 <i>(Note 1)</i>	4.2%
Kyle Francis Gendreau	Beneficial owner and founder of a discretionary trust	6,316,071 <i>(Note 2)</i>	0.4%
Tom Korbas	Beneficial owner	1,442,704 <i>(Note 3)</i>	0.1%
Bruce Hardy McLain (Hardy)	Beneficial owner	883,400 <i>(Note 4)</i>	0.0%
Keith Hamill	Beneficial owner	193,745	0.0%
Ying Yeh	Beneficial owner	3,000	0.0%

#### Notes:

- (1) Comprised of 28,142,740 Shares held by Mr. Parker and 28,142,740 Shares held by his spouse, Ms. Therese Charlotte Christiaan Marie Parker, each as beneficial and registered owner. Mr. Parker is deemed by virtue of the SFO to be interested in the shares held by Ms. Parker. Also includes share options held by Mr. Parker that are exercisable for 4,190,364 Shares once vested.
- (2) Comprised of 1,409,648 Shares held by a discretionary trust of which Mr. Gendreau is the founder and registered owner and share options exercisable for 4,906,423 Shares once vested.
- (3) Comprised of 696,171 Shares held by Mr. Korbas as beneficial and registered owner and share options exercisable for 746,533 Shares once vested.
- (4) Comprised of 500,000 Shares held by Mr. McLain and 383,400 Shares held by his spouse, Ms. Helle Elisabeth Skov McLain, each as beneficial and registered owner. Mr. McLain is deemed by virtue of the SFO to be interested in the Shares held by Ms. McLain.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executives had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were deemed or taken to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which were required, pursuant to the Model Code contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

**(c) Interests in assets, contracts or arrangements of the Group**

As at the Latest Practicable Date, none of the Directors had any direct or indirect interests in any assets which had been acquired or disposed of by, or leased to, or which were proposed to be acquired or disposed of by, or leased to, any member of the Group since December 31, 2017, being the date to which the latest published audited financial statements of the Group were made up.

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group subsisting at the date of this circular and which is significant in relation to the business of the Group taken as a whole.

**(d) Competing interests**

Mr. Jerome Squire Griffith, a non-executive Director of the Company, serves as chief executive officer and as a director of Lands' End, Inc. Lands' End, Inc., a company listed on the NASDAQ, is a leading multi-channel retailer of clothing, accessories, footwear and home products. The products of Lands' End, Inc. include bags. Lands' End, Inc.'s bag business is incidental to its core business and the Company does not consider Lands' End, Inc. to be a significant competitor.

As at the Latest Practicable Date, save as disclosed above, none of the Directors or their close associates had an interest in any business which competes or is likely to compete, either directly or indirectly, with the Group's business.

**(e) Common directors**

As at the Latest Practicable Date, none of the Directors was a director or employee of any company which has an interest or short position in the Shares or underlying shares of the Company which were required to be notified to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

### **3. DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had, or is proposed to have, a service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without compensation (other than statutory compensation)).

### **4. NO MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since December 31, 2017, the date to which the latest published audited consolidated financial statements of the Group were made up.

## 5. EXPERTS

### (a) Qualification of experts

The following are the names and qualification of the experts who have given advice which are contained in this circular:

<u>Name</u>	<u>Qualification</u>
Somerley Capital Limited	A corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
Mercer, Inc.	Independent global human resources consulting firm

### (b) Interests of experts

As at the Latest Practicable Date, neither Somerley nor Mercer had any interest in any securities of any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of the Group, and neither Somerley nor Mercer had any direct or indirect interest in any assets which had been, since December 31, 2017 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by, or leased to, or were proposed to be acquired or disposed of by, or leased to, any member of the Group.

### (c) Consents of expert

Each of Somerley and Mercer has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and/or references to its name in the form and context in which they respectively appear.

## 6. LANGUAGE

The English text of this circular shall prevail over the Chinese text in the event of any inconsistency.

## 7. DOCUMENT AVAILABLE FOR INSPECTION

A copy of the Share Award Scheme currently in force will be available for inspection at the Company's registered office at 13–15 Avenue de la Liberté, L-1931 Luxembourg and at the office of Freshfields Bruckhaus Deringer at 55th Floor, One Island East, Taikoo Place, Quarry Bay, Hong Kong on any weekday, except Saturdays, Sundays and public holidays, from the date of this circular until the date of the General Meeting.



**SAMSONITE INTERNATIONAL S.A.**

**新 秀 麗 國 際 有 限 公 司**

*13-15 Avenue de la Liberté, L-1931 Luxembourg*

*R.C.S. LUXEMBOURG: B 159.469*

*(Incorporated in Luxembourg with limited liability)*

**(Stock code: 1910)**

September 3, 2018

*To the Independent Shareholders*

Dear Sir/Madam,

**PROPOSED CONNECTED TRANSACTIONS RELATING TO THE  
PROPOSED GRANTS OF RSUS TO THE CONNECTED PARTICIPANTS**

We refer to the circular dated September 3, 2018 (the “**Circular**”) issued by the Company to the Shareholders, of which this letter forms part. Unless the context otherwise requires, terms defined in the Circular shall have the same meanings when used in this letter.

We, being all the independent non-executive Directors, have been appointed by the Board as the members of the Independent Board Committee to advise the Independent Shareholders as to whether the Connected Grants are in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole and whether the terms of the Connected Grants are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned.

Somerley Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Connected Grants.

Your attention is drawn to the letter from the Board set out on pages 6 to 39 of the Circular which contains, among other things, details of the terms of the Connected Grants and the letter from Somerley set out on pages 44 to 59 of the Circular which contains its advice to the Independent Board Committee and the Independent Shareholders, together with the principal factors and reasons taken into consideration in arriving at such advice.

Having considered the advice from Somerley, we are of the view that the Connected Grants are in the ordinary and usual course of business of the Company and the Group as a whole and in the interests of the Company and the Shareholders as a whole and the terms of the Connected Grants are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

Accordingly, we recommend the Independent Shareholders to vote in favor of the proposed ordinary resolutions relating to the Connected Grants contained in paragraphs 4 and 5 of the notice of the General Meeting.

Yours faithfully  
**Independent Board Committee**

**Paul Kenneth Etchells**  
**Keith Hamill**  
**Bruce Hardy McLain (Hardy)**  
**Ying Yeh**  
*Independent Non-executive Directors*

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## LETTER FROM SOMERLEY

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*Set out below is the text of the letter of advice from Somerley Capital Limited to the Independent Board Committee and the Independent Shareholders in relation to the Connected Grants for inclusion in this circular.*



### SOMERLEY CAPITAL LIMITED

20th Floor  
China Building  
29 Queen's Road Central  
Hong Kong

September 3, 2018

*To: the Independent Board Committee and the Independent Shareholders of  
Samsonite International S.A.*

Dear Sirs,

## PROPOSED CONNECTED TRANSACTIONS RELATING TO THE PROPOSED GRANTS OF RSUS TO CONNECTED PARTICIPANTS

### INTRODUCTION

We refer to our appointment by the Company to advise the Independent Board Committee and the Independent Shareholders in connection with the Connected Grants. Details of the Connected Grants are set out in the letter from the Board contained in the circular of the Company to the Shareholders dated September 3, 2018 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

On September 14, 2012, the Shareholders adopted the Share Award Scheme, which will remain in effect until September 13, 2022. Under the Share Award Scheme, the Board may grant Awards of Options or RSUs to participants. Since the adoption of the Share Award Scheme, the Company's annual long-term compensation awards for the Group's Senior Managers and other managers have consisted solely of the grant of Awards of Options but not any RSUs under the Share Award Scheme.

With a view to aligning the LTIP for the Group's Senior Managers with similar programs adopted by international companies in the Company's Peer Group, and to increase alignment of the LTIP with long-term Shareholders' interests, the Remuneration Committee has proposed that the LTIP for the Group's Senior Managers be comprised of PRSUs, TRSUs and Options.

In order to implement the LTIP and to facilitate the granting of RSUs, the Board proposed the granting of a mandate to the Directors to grant awards of RSUs pursuant to the Share Award Scheme in respect of a maximum of 8,022,571 new Shares (the “**Share Award Mandate**”) (calculated based on a per Share price of HK\$26.70, the lowest closing market price of a Share during the 52-week period preceding the Latest Practicable Date), representing 0.56% of the total number of issued shares of the Company as at the date of passing of the proposed ordinary resolution to approve the Share Award Mandate at the General Meeting (assuming the issued share capital of the Company remains unchanged on the date of the General Meeting), and allot, issue and deal with Shares underlying the RSUs granted pursuant to the Share Award Scheme during the Relevant Period as and when such RSUs vest.

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## LETTER FROM SOMERLEY

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At the same time, the Remuneration Committee has proposed to grant to: (i) Mr. Kyle Francis Gendreau, the Chief Executive Officer, interim Chief Financial Officer and executive Director, an aggregate target LTIP Value of US\$4,200,000, which is equivalent to 350% of his base salary of US\$1,200,000 for the year 2018 (of which 50% of the target LTIP Value will be in the form of PRSUs, 25% in the form of TRSUs and 25% in the form of Options); and (ii) the Other Connected Participants RSUs representing an aggregate target grant date value of US\$3,808,772 (which will be in the form of PRSUs and/or TRSUs). The Other Connected Participants comprise Senior Managers and employees of the Group and who also hold positions as a director and/or chief executive of one or more of the Significant Subsidiaries of the Company or (in the case of Mrs. Anushree Tainwala) an associate of a former Director within the last 12 months.

As (i) Mr. Gendreau is a Director; and (ii) the Other Connected Participants are directors and/or chief executives of one or more of the Significant Subsidiaries of the Company or (in the case of Mrs. Anushree Tainwala) an associate of a former Director within the last 12 months, they are connected persons of the Company under the Listing Rules. Accordingly, the Connected Grants constitute non-exempt connected transactions of the Company under Chapter 14A of the Listing Rules and are subject to reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules.

The Independent Board Committee, comprising all four of the Company's independent non-executive Directors, namely Mr. Paul Kenneth Etchells, Mr. Keith Hamill, Mr. Bruce Hardy McLain (Hardy) and Ms. Ying Yeh, has been formed to make recommendation to the Independent Shareholders on the terms of the Connected Grants. We, Somerley Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard.

We are not associated with the Company, the Connected Participants or their respective close associates, associates or core connected persons (all as defined under the Listing Rules) and accordingly we are considered eligible to give independent advice on the Connected Grants. Apart from normal professional fees payable to us in connection with this or similar appointments, no arrangement exists whereby we will receive any fees or benefits from the Company, the Connected Participants or their respective close associates, associates or core connected persons.

In formulating our opinion, we have reviewed, amongst other documents, the Share Award Scheme, the independent compensation consultant report (the "**Compensation Expert Report**") prepared by Mercer, a global human resources consulting firm, the annual reports of the Company for the year ended December 31, 2016 and December 31, 2017 (the "**2017 Annual Report**") and the information contained in the Circular.

We have relied on the information and facts supplied, and the opinions expressed to us, by the management and the Directors of the Group which we have assumed to be true, accurate, complete and not misleading in all material aspects at the relevant time they were supplied or expressed. We have also sought and received confirmation from the Company that no material facts have been omitted from the information supplied and opinions expressed to us. We have no reason to believe that any material information has been withheld from us, or to doubt the truth, accuracy or completeness of the information provided. We have relied on such information and consider that the information we have received is sufficient for us to reach an informed view. We have not, however, conducted any independent investigation into the business and affairs of the Group, nor have we carried out any independent verification of the information supplied.

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## LETTER FROM SOMERLEY

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### PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and our recommendation with regard to the Connected Grants, we have taken into account the principal factors and reasons set out below:

#### 1. Information on the Group

The Group is principally engaged in the design, manufacture, sourcing and distribution of luggage, business and computer bags, women's bags, outdoor and casual bags, travel accessories and slim protective cases for personal electronic devices throughout the world, primarily under the *Samsonite*<sup>®</sup>, *Tumi*<sup>®</sup>, *American Tourister*<sup>®</sup>, *Speck*<sup>®</sup>, *High Sierra*<sup>®</sup>, *Gregory*<sup>®</sup>, *Lipault*<sup>®</sup>, *Kamiliant*<sup>®</sup>, *Hartmann*<sup>®</sup> and *eBags*<sup>®</sup> brand names as well as other owned and licensed brand names.

#### 2. Background of and reasons for the Connected Grants

On September 14, 2012, the Shareholders adopted the Share Award Scheme, which will remain in effect until September 13, 2022. The purpose of the Share Award Scheme is to attract skilled and experienced personnel, to incentivise them to remain with the Group and to motivate them to strive for the future development and expansion of the Group by providing them with the opportunity to acquire equity interests in the Company.

Under the Share Award Scheme, the Board may grant Awards of Options or RSUs to participants. The difference between RSUs and Options is that holders of Options have the right to elect, at their discretion, whether to exercise their Option to subscribe for the new Share; and they are required to pay an exercise price upon such exercise. By contrast, holders of RSUs hold contingent rights to receive Shares when the RSUs vest. Upon the vesting of an Award of RSUs, they do not need to elect to receive the Shares underlying the RSUs and do not need to pay any consideration (or only pay the nominal value of the Shares if required by the Company) in order to receive those Shares underlying the RSUs. As participants may not be required to pay for Shares upon vesting of an Award of RSUs, they can receive the same economic advantage using fewer Shares than upon exercise of an Award of Options, which means that the Equity Dilution from Awards of RSUs that deliver a given LTIP Value is less than that from Awards of Options that deliver comparable LTIP Value.

Since the adoption of the Share Award Scheme, the Company's annual long-term compensation awards for the Group's Senior Managers and other managers have consisted solely of the grant of Awards of Options under the Share Award Scheme.

As set out in the letter from the Board contained in the Circular, the Remuneration Committee and the Board note that international companies are increasingly moving towards making performance-based long-term restricted share awards to their Senior Managers in order to increase alignment with shareholders' interests. The Remuneration Committee and the Board further recognise that while the Shares are listed on the Stock Exchange, the Company is a global business with operations around the world, and that in order to attract and retain talented executives in the various jurisdictions in which the Company operates, it is important to consider compensation practices of peer group companies engaged in similar global consumer goods businesses, most of which are listed in the United States of America (the "USA"). Therefore, in order to better reflect the compensation practices of the Company's peers, the Remuneration Committee retained Mercer to serve as an independent compensation consultant to provide compensation consulting services including, among other things, recommendation of a performance-based compensation program more closely aligned with peer group practice.

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## LETTER FROM SOMERLEY

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With a view to aligning the LTIP for the Group's Senior Managers with similar programs adopted by international companies in the Company's Peer Group, and to increase alignment of the LTIP with long-term Shareholders' interests, the Remuneration Committee has proposed to revise the LTIP for the Group's Senior Managers after considering the advices from Mercer and a leading governance advisory firm, which reflects not only a positive move toward performance-based awards in lieu of share options, but also introduces both share ownership and clawback policies for participants that reinforces the Company's philosophy of "pay-for-good-performance" and reduces the level of the Equity Dilution required to deliver comparable LTIP Value.

The Board presented certain proposals related to the Company's LTIP at the AGM for Shareholder approval. However, the relevant resolutions were not duly passed. Since the AGM, the Remuneration Committee and the Board have had further discussions to understand the basis of the voting decisions taken by the Shareholders. Subsequently, the Board has revised its proposals for Shareholder approval at the General Meeting. Further details of the Share Award Scheme and the LTIP Proposals are set out in the letter from the Board in the Circular.

# LETTER FROM SOMERLEY

## 3. Information on the Connected Participants and the Connected Grants

The table below sets out the roles and responsibilities of the Connected Participants, grant date value of the RSUs under the Share Award Scheme and the estimated number of the Shares to be granted upon vesting of the RSUs:

Name	Position/Title	Roles and responsibilities	Grant date value of TRSUs (US\$)	Grant date value of PRSUs (US\$)	Total grant date value of RSUs (US\$)	Estimated number of the Shares to be granted upon vesting of the RSUs (Note)	Approximate % of total issued share capital as at the Latest Practicable Date
<b>Director</b>							
Mr. Kyle Francis Gendreau	Chief Executive Officer, interim Chief Financial Officer and executive Director	Mr. Gendreau is responsible for the Company's overall strategic planning and for managing the Group's operations as well as the Group's finance and treasury matters.	1,050,000	Threshold Target Maximum	1,575,000 3,150,000 5,250,000	419,786 839,570 1,399,282	0.03% 0.06% 0.10%
<b>Other Connected Participants</b>							
Mr. Patrick Baele	Vice President of Finance/ Chief Financial Officer (Europe)	Mr. Baele is responsible for managing all aspects of the Group's finance and treasury matters in the Europe region.	284,608	Not applicable	284,608	75,858	0.01%
Ms. Lynne Berard	President of North America	Ms. Berard is responsible for the overall management and development of the Company's business (excluding the Tumi brand) in the United States and Canada.	179,025	Threshold Target Maximum	89,513 358,050 716,100	71,576 143,149 238,580	0.01% 0.01% 0.02%
Mr. Arne Borrey	President of Europe	Mr. Borrey is responsible for the overall management and development of the Group's business in Europe.	190,718	Threshold Target Maximum	95,359 381,435 762,870	76,248 152,496 254,159	0.01% 0.01% 0.02%
Mr. Robert W. Cooper	General Manager of North America for Tumi	Mr. Cooper is responsible for the overall management and development of the Tumi brand's business in North America.	179,025	Threshold Target Maximum	89,513 358,050 716,100	71,576 143,149 238,580	0.01% 0.01% 0.02%
Mr. Subrata Dutta	President of Asia Pacific and Middle East	Mr. Dutta is responsible for the overall management and development of the Company's business in Asia.	157,125	Threshold Target Maximum	78,562 314,250 628,499	62,819 125,637 209,394	Less than 0.01% 0.01% 0.01%
Mr. J. Roberto Guzmán	President of Latin America	Mr. Guzman is responsible for the overall management and development of the Company's business in Latin America.	159,420	Threshold Target Maximum	79,710 318,841 637,682	63,737 127,473 212,453	Less than 0.01% 0.01% 0.01%

## LETTER FROM SOMERLEY

Name	Position/Title	Roles and responsibilities	Grant date value of TRSUs (US\$)	Grant date value of PRSUs (US\$)	Total grant date value of RSUs (US\$)	Shares to be granted upon vesting of the RSUs (Note)	Estimated number of the	Approximate % of total issued share capital as at the Latest Practicable Date
Mr. Richard Andrew Lamb	Vice President of Intellectual Property	Mr. Lamb is responsible for managing the Company's intellectual property portfolio.	101,486	Not applicable	101,486	27,051		Less than 0.01%
Mr. John Bayard Livingston	Executive Vice President, General Counsel and Joint Company Secretary	Mr. Livingston is responsible for all of the Company's legal matters worldwide and provides counsel to senior management and the Directors on matters of corporate governance.	178,736	Threshold Target Maximum	268,104 536,209 893,681	71,459 142,917 238,194		Less than 0.01% 0.01% 0.02%
Mr. Rui Guo Ma (Frank)	President of Greater China	Mr. Ma is responsible for the overall management and development of the Group's business in mainland China and Taiwan.	268,003	Not applicable	268,003	71,433		Less than 0.01%
Mrs. Anushree Tainwala	Executive Director of Marketing (India)	Mrs. Tainwala is responsible for the Group's marketing in India.	22,527	Not applicable	22,527	6,006		Less than 0.01%
<b>Total</b>			2,770,673	<b>Threshold</b> <b>Target</b> <b>Maximum</b>	3,817,698 6,958,772 11,146,869	1,017,549 1,854,739 2,970,990		0.07% 0.13% 0.21%

*Note: The estimated numbers of the Shares to be granted upon vesting of the RSUs as set out in the table above are for illustrative purpose only. They are calculated based on the sum of the grant date values of the TRSUs and the PRSUs and dividing the sum by a per Share price of HK\$29.45 (equivalent to approximately US\$3.75 per Share), the closing price of the Shares as of the Latest Practicable Date. The exact numbers of Shares will be determined by dividing the total grant date value of RSUs by the higher of (i) the closing price of a Share on the grant date; and (ii) the average closing price of a Share for the five trading days immediately preceding the grant date, and may differ from the above estimates.*

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## LETTER FROM SOMERLEY

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The Connected Participants are Mr. Kyle Francis Gendreau, Chief Executive Officer, interim Chief Financial Officer and executive Director, and directors or chief executives of different Significant Subsidiaries of the Company or (in the case of Mrs. Anushree Tainwala) an associate of a former Director within the last 12 months.

Mr. Kyle Francis Gendreau joined the Group in June 2007 as Vice President of Corporate Finance and as Assistant Treasurer. He has been a member of the Group's senior executive team since June 2007 and has served as an executive Director of the Company since its incorporation in March 2011 and as an executive director of the consolidated group since January 2009. He served as the Chief Financial Officer of the Group from January 2009 until his appointment as the Chief Executive Officer of the Company as at May 31, 2018, and he continues to serve as the Interim Chief Financial Officer of the Company while the Company conducts a search for his successor as Chief Financial Officer. Prior to joining the Group, he held various positions including vice president of finance and chief financial officer at Zoots Corporation, a venture capital-backed start-up company from 2000 to 2007, assistant vice president of finance and director of SEC reporting at Specialty Catalog Corporation, a listed catalog retailer from 1997 to 2000 and a manager at Coopers & Lybrand in Boston from 1991 to 1996. Further information on the biography of Mr. Gendreau can be found in the annual reports of the Company in recent financial years and the announcement of the Company dated May 31, 2018 in relation to his appointment as the Chief Executive Officer of the Company.

In addition to the above, we have also reviewed the biographies and roles and responsibilities in the Group of the Other Connected Participants. Based on our review, we are of the view that the aforementioned participants are capable of having a significant influence on the performance of the Group.

#### **4. Summary of the LTIP and key terms of the Connected Grants**

Set out below is a summary of key features of the LTIP, details of which are set out in the letter from the Board contained in the Circular.

##### **(i) Selection of peer companies**

Based on the Compensation Expert Report prepared by Mercer and the advice from a leading governance advisory firm, the Remuneration Committee has identified 11 companies (the "**Peer Companies**") which are of similar industry sectors, business operations with revenue, market capitalisation, global presence comparable with the Company. The Peer Companies consist of Hanesbrands Inc., Michael Kors Holdings Limited, Tapestry, Inc. (formerly known as Coach, Inc.), Under Armour, Inc., Fossil Group, Inc., Skechers U.S.A., Inc., Carter's, Inc., Wolverine World Wide, Inc., G-III Apparel Group, Ltd., Columbia Sportswear Company, Lululemon Athletica Inc., Steven Madden Ltd. and Deckers Outdoor Corporation. Also, Mercer has identified six international peer companies, comprising Burberry Group plc, Hugo Boss AG, Prada S.p.A. ("**Prada**"), Global Brands Group Holdings Limited, L'Occitane International S.A. and Belle International Holdings Limited ("**Belle**") (together with the Peer Companies, the "**Global Peer Companies**"), which are considered comparable for the purpose of the Compensation Expert Report. For the avoidance of doubt, since Belle was delisted in 2017 and therefore it is excluded from the Global Peer Companies in the section headed "(iv). PRSUs" in this letter.

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## LETTER FROM SOMERLEY

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We have reviewed and discussed with Mercer the selection criteria and assessed the appropriateness of the Global Peer Companies. According to Mercer, the Global Peer Companies are, in their opinion, appropriate and a representative sample for comparison with the Company on the basis of similar industry sectors, business operations with revenue and market capitalisation, while also considering the Company's significant global presence. We have reviewed the financial performance of the Global Peer Companies and noted that (i) the Company and the Global Peer Companies are principally engaged in similar business activities (i.e. consumer brands and fashions); (ii) all of the Company and the Global Peer Companies have global presence of the products and brands; (iii) the Company and the Global Peer Companies have comparable market capitalisation; and (iv) all of the Company and the Global Peer Companies have generated revenue worldwide. Having considered the above, we are satisfied with the selection of the Global Peer Companies.

### **(ii) Total compensation packages for Mr. Gendreau and the Other Connected Participants**

The Remuneration Committee has engaged Mercer to review the compensation packages for Mr. Gendreau, an executive Director and chief executive officer and interim chief financial officer of the Company, and the Other Connected Participants who are Senior Managers. The compensation packages for Mr. Gendreau and the Other Connected Participants mainly comprise (a) base salary; (b) short-term incentives represented by a percentage of yearly base salary; and (c) long-term incentives which are currently in the form of Options. Details of the total compensation of Mr. Gendreau in recent years are set out in the 2017 Annual Report.

Mercer has compared the total compensation level of the chief executive officer of the Company with that of the chief executive officers of the Global Peer Companies.

We have reviewed the proposed total compensation package for Mr. Gendreau for the year ending December 31, 2018 and noted that it is within the range of that for the chief executive officers of the Global Peer Companies. The pay mix of Mr. Gendreau's proposed compensation package comprises approximately 17% of base salary, approximately 25% of short-term incentive and approximately 58% of long-term incentive. After taking into account the pay mix in the market, we are of the view that the pay mix of Mr. Gendreau is generally in line with the market, of which approximately 18% is base salary, approximately 28% is the short-term incentive and approximately 54% is the long-term incentive. Having considered the above, we are of the view that the proposed total compensation package for and the pay mix of Mr. Gendreau to be appropriate.

We consider a higher proportion of long-term incentive for senior management which links to the actual performance of the Company is favourable to the Company as the compensation packages for the senior management align with the shareholders' interest and demonstrates the Company's philosophy of "pay-for-good-performance".

In addition to the above, the Company and Mercer have compared the total compensation packages for the Other Connected Participants who are Senior Managers of the Group with that from Mercer's survey market data of companies engaging similar business of the Company in the USA and/or the rest of the world. We have obtained and reviewed the relevant results of the survey and noted that the total compensation packages for the Other Connected Participants (who are Senior Managers of the Group) are, as a whole, comparable to those of similar positions in the market.

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## LETTER FROM SOMERLEY

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As for the Other Connected Participants (who are not Senior Managers), we have reviewed and discussed the total compensation packages for the Other Connected Participants (who are not Senior Managers) with the management of the Group and noted that the total compensation packages for the Other Connected Participants (who are not Senior Managers) are generally comparable with those of other employees (who are not Senior Managers), after having considered the factors including the respective role, responsibility and contribution to the Group and longevity with the Company.

### **(iii) Weighting of Awards**

Whereas previous years' Awards consisted entirely of Options, the proposed LTIP replaces a portion of Option grants with PRSUs and/or TRSUs. The target LTIP Value of Awards to be granted to the Group's Connected Participants (who are Senior Managers) will be comprised 50% of PRSUs, 25% of TRSUs and 25% of Options based on the grant date value. The target LTIP Value of Awards to be granted to the Group's Connected Participants (who are not Senior Managers) will be comprised 75% of TRSUs and 25% of Options (based on the grant date value).

We have reviewed the Compensation Expert Report and noted that only two (i.e. Belle and Prada) out of the 19 Global Peer Companies did not have any long-term incentive schemes in place. Among the rest of the Global Peer Companies, the average mix of the long-term incentive scheme consisted of 43% performance shares, 24% service-based stock (i.e. TRSUs) and 33% options. Therefore, we considered the proposed mix of 50% PRSUs, and 25% TRSUs and 25% Options of the LTIP is comparable with that of the Global Peer Companies.

### **(iv) PRSUs**

As discussed with the management of the Group, a PRSU under the LTIP is a contractual right, granted to a participant, to be given a relevant number of award shares for nil or nominal cash consideration if relevant performance targets are achieved. The PRSUs do not confer rights to the participant as a Shareholder until such time as the performance targets are achieved, the PRSUs are vested and converted into the Shares.

PRSUs will cliff vest three years after the grant date only upon achievement of pre-established cumulative performance goals determined by reference to earnings per share ("EPS") and relative total shareholders' return ("TSR") relative to the Global Peer Companies, with no above-target payout made with respect to relative TSR if the Company's absolute TSR is negative.

As set out in the letter from the Board contained in the Circular, the PRSUs ensure that there is a greater linkage between executive compensation and the Company's financial goals and Shareholder returns.

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## LETTER FROM SOMERLEY

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Set out below are further details of the performance measures and performance period of the PRSUs:

(a) *Performance measures*

The two performance measures of the PRSUs, which carry out equal weights, are the Adjusted EPS CAGR and the relative TSR. Details of the performance conditions, including maximum vesting level of the PRSUs are set out below.

***Adjusted EPS CAGR (50% weighting)***

	<b>Fiscal Year 2018–2020 3-year adjusted EPS CAGR (% of target)</b>	<b>Vesting level (% of target shares granted)</b>
<b>Maximum</b>	120% or higher	200%
<b>Target</b>	100%	100%
<b>Threshold</b>	90%	50%
	Below 90%	0%

*Notes:*

- (1) *Adjusted EPS CAGR targets will not be disclosed prospectively. However, retrospective disclosure of the targets and performance against them will be provided in the Company’s annual report following the end of the three-year performance period.*
- (2) *Vesting levels will be interpolated for actual performance between goals.*

The 3-year Adjusted EPS CAGR represents the adjusted diluted earnings per Share compound annual growth rate for the three years ending December 31, 2020. The adjusted diluted earnings per Share for the year ended December 31, 2017 was US\$0.182. In determining the target 3-year Adjusted EPS CAGR, the Remuneration Committee and Mercer have taken into account a number of factors including: (i) the recent historical performance of the compound annual growth rate of the earnings per share for three years (the “**EPS 3-year CAGR**”) of the Company, the Global Peer Companies and the general market; (ii) the analyst forecasts on the future performances of the EPS 3-year CAGR of the Company, the Global Peer Companies and the general market for the three years ending December 31, 2020; and (iii) the Company’s internal projection of the EPS 3-year CAGR for the three years ending December 31, 2020. We have obtained the goal setting guidelines for PRSUs prepared by Mercer and we have reviewed the aforesaid historical performances, analyst consensus and projection of the adjusted diluted EPS of the Company in determining the target Adjusted EPS CAGR by the Company’s management and we considered that the aforesaid goal setting methodology to be appropriate.

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## LETTER FROM SOMERLEY

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In determining the actual payout, it is proposed that if the Company achieves 120% or higher of the 3-year Adjusted EPS CAGR target, the vesting level will be 200% of the target number of the Shares. Mercer noted that for the Global Peer Companies adopting EPS as the performance measurement, accomplishing 115% of the target was a common benchmark of entitlement for maximum vesting level and the vesting level for achieving such maximum performance level (i.e. 115% of the target) was approximately 183%. On the other hand, if the Company only manages to achieve 90% of the Adjusted EPS CAGR target, the vesting level will drop to 50% of the target number of the Shares. The average benchmark for the threshold performance level of the Global Peer Companies was approximately 86%, which is lower than the proposed threshold performance level of the Company of 90%, with the average vesting level of approximately 36%. Having considered the above, we are of the view that the scale of the proposed performance target and vesting level are in line with, if not more stringent than, the prevailing market practices.

### *Relative TSR (50% weighting)*

	<b>Fiscal Year 2018–2020 3-year TSR percentile ranking</b>	<b>Vesting level (% of target shares granted)</b>
<b>Maximum</b>	90th or higher	200%
<b>Target</b>	50th	100%
<b>Threshold</b>	35th	50%
	Below 35th	0%

*Note: Relative TSR will measure the Company's TSR relative to the TSR of a benchmark group consisting of the Global Peer Companies. No above-target payout will be made with respect to relative TSR if the Company's absolute TSR is negative. Vesting levels will be interpolated for actual performance between goals.*

TSR is the total return of a stock to an investor, or the capital gain plus dividends. TSR is the internal rate of return of all cash flows to an investor during the holding period of an investment. Relative TSR is a market-based performance measure that substantially aligns the interests of the Shareholders with the Participants. The higher the relative TSR, the higher the likelihood for the Shareholders to benefit from investing in the Shares, as compared to the shares of peer companies.

For the 3-year TSR percentile ranking, Mercer has taken into account the practices of the companies listed in Standard & Poor's 500 Index ("**S&P 500 Companies**"), an American stock market index based on the market capitalisation of 500 largest companies having common stock traded on New York Stock Exchange or NASDAQ, but not that of the Peer Companies since the relative TSR was adopted as a performance measure by two Peer Companies only. According to Mercer, the most prevalent approach among such companies is (i) to set the threshold performance for vesting at the 25th percentile, (ii) to set the target performance for vesting at the 50th percentile, and (iii) to set the maximum performance for vesting at the 75th percentile. The percentile ranking levels for the PRSUs proposed to be granted by the Company are more stringent than those that are in use among majority of S&P 500 companies.

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## LETTER FROM SOMERLEY

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As for the vesting levels that may be achieved based on achievement of the threshold, target and maximum percentile ranking, the most common practice among S&P 500 companies is (i) to make a payout of 50% of target for threshold performance; (ii) to make a payout of 100% of target for target performance; and (iii) to make a payout of 200% of target for maximum performance. We have reviewed the relative TSR payout scale as mentioned above and considered the range of the relative TSR payout is in general in line with market practices, in particular the USA market practices

We have discussed with Mercer the appropriateness in selecting the Adjusted EPS CAGR and the relative TSR as the performance measures. According to Mercer, a relative TSR compared to the peers and the EPS are the most prevalent performance metrics for long-term incentive plans adopted by companies with performance-based long-term incentive plans. Approximately 59% and 27% of the S&P 500 Companies adopted relative TSR and EPS respectively for performance measurement.

Having considered the above, we consider the performance measures of the PRSUs proposed to be adopted by the Company are in line with the market practices.

The final number of Shares vested under the PRSUs will vary depending on the level of achievement of performance conditions applicable to PRSUs, thereby ensuring that the actual payout is linked to the Company's performance.

*(b) Performance period*

PRSUs will vest three years after the grant date only upon achievement of pre-established cumulative performance goals determined as mentioned above. The performance period is from January 1, 2018 to December 31, 2020 (the "**Performance Period**"). The Group's achievement against the corresponding performance targets will be determined upon the end of the Performance Period for the purpose of vesting of the PRSUs.

Based on our discussion with Mercer, we noted that three-year performance period is the most common practice in the USA. We have reviewed a survey conducted by Mercer, among 478 companies under the survey, approximately 89.3% opted for a 3-year performance period for similar PRSUs. Approximately 85.6% of the above adopted cliff vesting, i.e. the PRSUs are fully vested at specified time compared with partially vested in increasing amount over the performance period. We have obtained the survey results from Mercer and noted that the findings are consistent with above.

We also consider the Performance Period of three years to be sufficient (but not prolonged) period of time to evaluate the performance of the Group, while not losing sight of the Participants' interests in realising their PRSUs.

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## LETTER FROM SOMERLEY

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### (v) TRSUs

As set out in the letter from the Board contained in the Circular, TRSUs will vest pro rata over a three-year period on each anniversary of the grant date. Upon vesting, Shares will be issued to the Senior Managers in accordance with the terms of the Share Award Scheme and no consideration or nominal consideration is payable by the Senior Managers to receive such Shares. TRSUs aid in the retention of Senior Managers since the Shares will vest over a period of time, thereby rewarding long-term performance.

Based on our discussion with Mercer, we noted that three-year vesting period for restricted share units schemes is also the most common in the USA. We have reviewed a survey conducted by Mercer, approximately 71.0% of the restricted share units schemes adopted a three-year vesting period among 382 companies in the survey. We have obtained the survey results from Mercer and noted that the findings are consistent with above.

### (vi) Termination of employment/corporate events

Under the Share Award Scheme as currently in effect, in case of termination of employment, the Board has discretion to determine (i) whether and to what extent any unvested Awards should vest; and (ii) how long any vested Options should remain exercisable. Unvested Awards will normally be forfeited upon termination of employment, save that Awards will vest early if termination is due to death or disability (in which case the Board may take into account the extent to which performance conditions have been satisfied at the time).

In case of a change in control of the Company (including by way of a voluntary offer, takeover or scheme of arrangement), the Board in its absolute discretion shall determine the number of underlying Shares (if any) of the unvested Awards which shall vest and the date on which any such vesting will occur (by reference to factors which may include the extent to which performance conditions have been satisfied and the proportion of the vesting period that has expired at the time of the change in control).

The Board has proposed that the Share Award Scheme be amended to provide for continuation of unvested Awards following a change in control (unless rollover of Awards is not permitted under applicable law or not agreed by the acquirer), save that awards will vest early (where the level of PRSU vesting will be determined assuming target level performance and applying time pro-rating) upon involuntary termination of employment without cause or voluntary resignation for good reason within two years following the change in control (commonly known as “**double-trigger**”).

With a view to aligning the LTIP with the change of control provisions adopted in similar programs adopted by international companies in the Peer Group, the Board has proposed certain amendments to the Share Award Scheme relating to the vesting of Awards in the event of a change in control of the Company for any Awards granted on or after September 26, 2018. The effect of these proposed amendments will be to provide that on a change of control existing awards rollover into awards over the shares in the acquirer and will be subject to “double-trigger” vesting (with the vesting level pro-rated for time), unless rollover is not permitted under applicable laws or not agreed by the acquirer.

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## LETTER FROM SOMERLEY

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We have discussed with Mercer and we noted that accelerated vesting via double-trigger has become the most prevalent in the USA and is considered as the best practice. Furthermore, approximately 80% of the peer companies' share award scheme adopted accelerated vesting via double-trigger. We have obtained Mercer's research on peer companies' share award scheme and noted that the research result is consistent with Mercer's finding. Therefore, the proposed accelerated vesting via double-trigger to be adopted in the Share Award Scheme is considered to be in line with market practices.

### **(vii) Malus and clawback policy**

The Board will adopt a malus and clawback policy which will apply to performance-based compensation (including PRSUs) paid or granted to certain Senior Managers (including the Company's chief executive officer, chief financial officer and certain other Senior Managers) on or after September 26, 2018.

Under the policy, if the Company determines that it must prepare an accounting restatement due to material non-compliance with any applicable financial reporting requirements resulting from the individual's fraud or misconduct, the Company has the power to seek to recover in respect of vested Awards and reduce in respect of unvested Awards the amount of erroneously awarded performance-based compensation received by the individual.

We consider this policy can safeguard the interests of the Shareholders from individual's fraud or misconduct.

## **5. Financial effects of the Connected Grants**

In accordance with the terms of the PRSUs and the TRSUs, holders of Awards receive Shares when vesting occurs. The fair value of services received in return for the PRSUs and the TRSUs granted is based on the grant date fair value of the underlying Shares. The grant-date fair values of the PRSUs and the TRSUs granted are generally recognised as an expense, with a corresponding increase in a reserve account in equity over the vesting period of the Awards. The amount recognised as an expense is adjusted to reflect the number of Awards for which the vesting conditions are expected to be met, such that the amount ultimately recognised is based on the number of Awards that meet the vesting conditions at the vesting date. Upon vesting of the RSUs, the Shares under the RSUs will be issued and the corresponding balance in the reserve account will be transferred to share capital account in equity.

The financial impact on the consolidated income statement of the Group between the proposed grants of a combination of RSUs and Options and grants of solely Options will have no material difference in aggregate over the four-year option vesting period, on the basis that the target LTIP Value of Awards between the two are the same.

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## LETTER FROM SOMERLEY

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In terms of financial impact on net asset value (“NAV”) of the Group, it is anticipated that there will be a dilution in the NAV per Share upon the issue of new Shares as a result of the vesting of the RSUs. It is expected that the Connected Grants in 2018 will result in the dilution in the NAV per Share of not more than approximately 0.13% (assuming target level vesting of PRSUs and based on the Share price as at the Latest Practicable Date) and approximately 0.21% (assuming maximum level vesting of the PRSUs and based on the Share price as at the Latest Practicable Date). On the other hand, it is expected there will be a NAV per Share accretion upon the vesting and exercise of Options on the basis that the exercise price, which will be determined with reference to the prevailing market price of the Shares, is significantly above the current NAV per Share.

### 6. Shareholding effects of the Connected Grants

The table below sets out the shareholding in the Company assuming (i) all the conditions to the grant of the RSUs are satisfied; (ii) RSUs in respect of the maximum number of Shares referred to section headed “3. Information on the Connected Participants and the Connected Grants” above (i.e. 2,970,990 Shares) are granted to the Connected Participants; (iii) no Options (whether outstanding or proposed to be granted) are exercised; (iv) no other Shares are issued or repurchased by the Company; and (v) there are no other changes to the issued share capital of the Company as of the Latest Practicable Date:

	As of the Latest Practicable Date		Upon vesting of the RSUs granted to the Connected Participants in full	
	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>
The Capital Group Companies, Inc.	229,619,812	16.05	229,619,812	16.02
JP Morgan Chase & Co	85,017,690	5.94	85,017,690	5.93
Citigroup Inc.	73,343,585	5.12	73,343,585	5.12
FIL Limited	71,770,300	5.01	71,770,300	5.01
Mr. Gendreau	1,409,648	0.09	2,808,930	0.20
Other Connected Participants	541,854	0.03	2,113,562	0.15
Other Shareholders	968,666,951	67.76	968,666,951	67.57
<b>Total</b>	<b><u>1,430,369,840</u></b>	<b><u>100.0</u></b>	<b><u>1,433,340,830</u></b>	<b><u>100.0</u></b>

As shown in the table above, the shareholding of the Other Shareholders in the Company will decrease from approximately 67.76% to approximately 67.57% assuming the RSUs in respect of the maximum number of Shares are granted to the Connected Participants.

Having said the above, if Options are only granted instead of the proposed grants of a combination of RSUs and Options as currently proposed and provided that the target LTIP Value of Awards between the two alternatives are the same, the shareholding dilution of issuing solely Options will be higher than the proposed RSU grants.

Although the shareholding interest of the Independent Shareholders will be diluted, taking into account the reasons for and benefits of the Connected Grants and terms and conditions of the Connected Grants as discussed above, the dilution to the Independent Shareholders upon the issuance of the Awards to the Connected Participants is considered acceptable.

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## LETTER FROM SOMERLEY

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### OPINION AND RECOMMENDATION

Having taken into account the above principal factors and reasons, we consider that (i) the Connected Grants are in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole; and (ii) the terms of the Connected Grants are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders, to vote in favor of the ordinary resolutions to be proposed at the General Meeting in relation to the Connected Grants.

Yours faithfully,  
for and on behalf of  
**SOMERLEY CAPITAL LIMITED**  
**Danny Cheng**  
*Director*

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## NOTICE OF GENERAL MEETING

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### SAMSONITE INTERNATIONAL S.A.

新秀麗國際有限公司

13-15 Avenue de la Liberté, L-1931 Luxembourg

R.C.S. LUXEMBOURG: B 159.469

(Incorporated in Luxembourg with limited liability)

(Stock code: 1910)

### NOTICE OF GENERAL MEETING

Notice is hereby given that a general meeting (the “General Meeting”) of Samsonite International S.A. (the “Company”) will be held at 13-15 Avenue de la Liberté, L-1931 Luxembourg on Wednesday, September 26, 2018 at 11:00 a.m. (CET)/5:00 p.m. (Hong Kong time) for the purposes of considering and, if thought fit, passing (with or without amendments) the following resolutions:

#### ORDINARY RESOLUTIONS

To consider and, if thought fit, pass with or without amendments, the following resolutions as ordinary resolutions:

1. To acknowledge the resignation of Mr. Ramesh Dungarmal Tainwala as a Director of the Company as at May 31, 2018.
2. “**THAT** a mandate be and is hereby granted to the Directors of the Company to grant awards of restricted share units (“RSUs”) pursuant to the Share Award Scheme in respect of a maximum of 8,022,571 new Shares during the period from the passing of this resolution until whichever is the earliest of (a) the conclusion of the next annual general meeting of the Company, (b) the expiration of the period within which the next annual general meeting of the Company is required by the articles of incorporation of the Company or any applicable laws to be held and (c) 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 (the “Relevant Period”) and to allot, issue and deal with Shares underlying the RSUs granted pursuant to the Share Award Scheme during the Relevant Period as and when such RSUs vest.”
3. “**THAT** the Share Award Scheme adopted by the Company on September 14, 2012 (as amended) (the “Share Award Scheme”) be amended as follows:
  - (1) the definition of the Board under paragraph 1.1 of the Share Award Scheme shall be amended from:

“**Board** means the board of Directors from time to time or a duly authorised committee of the Board or such other committee as the Board may authorise;”

to

“**Board** means the board of Directors from time to time;”

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## NOTICE OF GENERAL MEETING

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- (2) paragraph 1.1 of the Share Award Scheme shall be amended by inserting the following new definition:

“**Committee** means the remuneration committee of the Board, whose composition shall be determined in accordance with the Listing Rules and shall be comprised of non-executive Directors only, or any other duly authorised committee of the Board comprised of non-executive Directors only;”

- (3) references to the “Board” in the definitions of “Disability”, “Exercise Period” and “Vesting Date” and paragraphs 2.2, 3.1, 3.2, 3.5, 4.2, 5 and 6 shall be amended to the “Committee”;
- (4) the definition of “Participants” under paragraph 1.1 of the Share Award Scheme shall be amended from:

“**Participants** means the Directors (including executive Directors, non-executive Directors and independent non-executive Directors), the directors of the Company’s subsidiaries, the employees of the Group or any other persons as determined by the Board who the Board considers, in its absolute discretion, have contributed or will contribute to the Group;”

to

“**Participants** means (i) the Directors and/or the directors of the Company’s subsidiaries (provided that on or after September 26, 2018, no further Awards may be granted to non-executive Directors/directors), and/or (ii) the managers employed or engaged by the Group and/or employees of the Group;”

- (5) paragraph 5.11 of the Share Award Scheme shall be amended from:

“5.11 Upon the occurrence of any of the events referred to in **paragraphs 5.7 to 5.10**, the number of underlying Shares (if any) which shall vest and the date on which any such vesting will occur shall be determined by the Board in its absolute discretion by reference to factors which may include (a) the extent to which any performance or other conditions to vesting have been satisfied and (b) the proportion of the Vesting Period that has expired, in each case as at the relevant event, and the Company shall notify the Grantee of the date on which and the extent to which his Award will vest, in the case of an Option, the period during which it may be exercised (which period shall not expire after the expiry of the periods for exercising the Options referred to in **paragraphs 5.7 to 5.10** above). If the Board determines that any Award shall vest in part only, the balance of the Award shall lapse.”

to

“5.11 Upon the occurrence of any of the events referred to in **paragraphs 5.7 to 5.10**, the number of underlying Shares (if any) which shall vest and the date on which any such vesting will occur shall be determined by the Committee by reference to factors which shall include (a) the extent to which any performance or other conditions to vesting have been satisfied and (b) the proportion of the Vesting Period that has expired, in each case as at the relevant event, and the Company shall notify the Grantee of the date on which and the extent to which his Award will vest, in the case of an Option, the period during which it may be exercised (which period shall not expire after the expiry of the periods for exercising the Options referred to in **paragraphs 5.7 to 5.10** above). If the Committee determines that any Award shall vest in part only, the balance of the Award shall lapse.”

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## NOTICE OF GENERAL MEETING

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- (6) a new paragraph 5.12 shall be inserted after paragraph 5.11 of the Share Award Scheme:

“5.12 For any Award granted on or after September 26, 2018, in the case of any of the events referred to in **paragraphs 5.7 to 5.9** above (the *Relevant Event*), such an Award shall not vest pursuant to **paragraph 5.7, 5.8 or 5.9** above (as the case may be) but shall be cancelled in consideration for the grant of a new award on terms agreed with the offeror or acquiring company in the Relevant Event, and which the Committee determines is equivalent to the Award which it replaces, provided that if the offeror or acquiring company does not agree to such replacement or if such replacement is not permitted under applicable laws, then Awards will vest or be exercisable (as the case may be) pursuant to **paragraph 5.7, 5.8 or 5.9** above (as the case may be). Such new award may be over amounts of cash or securities, or over shares in the offeror or acquiring company or some other company, and may or may not be subject to additional or varied vesting conditions as the Committee shall consider reasonable, provided that any such additional or varied vesting conditions shall not be materially more or less challenging to satisfy. The provisions of this Scheme will continue to apply to any new award granted under this **paragraph 5.12** but subject to such amendments as may be necessary, including that references to Shares shall be read as references to the shares, securities or cash amounts over which the new award is granted and references to the Company shall be read as references to a company whose shares or securities are subject to the new award. Notwithstanding any other terms applicable to the new award, the shares, securities or cash amounts underlying the new award shall vest or be exercisable (as the case may be) immediately (provided that the award shall vest or be exercisable (as the case may be) in respect of such number of shares, securities or cash amounts determined by multiplying the total number of shares, securities or cash amounts underlying the award (based on at-target level achievement of any applicable performance conditions) by the Relevant Proportion (as defined below)) upon the occurrence of any of the following events during the 24-month period following the Relevant Event:

- (a) involuntary termination of the Grantee’s employment or service by his/her employer without Cause; or
- (b) voluntary termination of the Grantee’s employment or service for Good Reason. For the purpose of this **subparagraph (b)**, *Good Reason* shall have the same meaning as the defined term, if any, contained in any written employment agreement between the Grantee and the Company, and if there is no such agreement or defined term, then *Good Reason* shall mean the occurrence of any of the following without the Grantee’s express written consent: (i) a material reduction of the Grantee’s authority, duties or responsibilities, provided that a material reduction in title, duties or responsibilities solely by virtue of the Company being acquired and made part of a larger entity shall not constitute Good Reason; (ii) a material reduction by the Company or relevant member of the Group in the Grantee’s base salary (other than a general reduction in base salary that affects all similarly situated executives in substantially the same proportions) and annual target bonus opportunity; or (iii) the required relocation of Grantee’s primary geographic work location by more than 35 miles (unless such relocation does not have a material impact on the Grantee’s commute), provided that no event described herein shall constitute Good Reason unless (A) the Grantee has given the Company or relevant member of the Group written notice of termination setting forth the conduct that is alleged to constitute Good Reason within 90 days of the first date on which the Grantee has knowledge of such event or conduct, and (B) the Grantee has provided the Company or relevant member of the Group at least 30 days following the date on which such notice is provided to cure such conduct and the Company or relevant member of the Group has failed to do so.

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## NOTICE OF GENERAL MEETING

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For the purpose of this **paragraph 5.12**, the *Relevant Proportion* is determined by dividing (x) the number of days elapsed from the date of commencement of the Vesting Period to the date of the termination of the Grantee's employment under **subparagraph (a)** or **(b)** (both dates inclusive) by (y) the number of days in the Vesting Period."

(7) paragraph 6.1 of the Share Award Scheme shall be amended as follows:

(i) paragraph 6.1(d) shall be amended from:

"subject to **paragraph 5.7**, the date on which the offer (or, as the case may be, revised offer) closes;"

to

"subject to **paragraphs 5.7** and **5.12**, the date on which the offer (or, as the case may be, revised offer) closes;"

(ii) paragraph 6.1(e) shall be amended from:

"subject to **paragraph 5.8**, the record date for determining entitlements under a scheme of arrangement;"

to

"subject to **paragraphs 5.8** and **5.12**, the record date for determining entitlements under a scheme of arrangement;"; and

(iii) paragraph 6.1(f) shall be amended from:

"the date on which the compromise or arrangement referred to in **paragraph 5.9** becomes effective;"

to

"subject to **paragraph 5.12**, the date on which the compromise or arrangement referred to in **paragraph 5.9** becomes effective;"

(8) the following sentence shall be inserted at the end of paragraph 7.1 of the Share Award Scheme:

"For the avoidance of doubt, any Shares withheld to account for the Exercise Price in accordance with **paragraph 5.5** or tax and social security contributions in accordance with **paragraph 15.5** will be counted for the purpose of determining the maximum aggregate number of Shares which may be issued and/or transferred upon the vesting or exercise of Awards granted pursuant to this Scheme."

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## NOTICE OF GENERAL MEETING

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4. “**THAT** subject to the passing of the resolution in paragraph 2 above, (a) the grant of RSUs pursuant to the Share Award Scheme in respect of an aggregate of up to 1,543,402 Shares to Mr. Kyle Francis Gendreau in accordance with the terms of the Share Award Scheme, subject to all applicable laws, rules and regulations and applicable award document(s), be approved and (b) authority be given to the Directors to exercise the powers of the Company under the mandate granted to the Directors to grant RSUs referred to in the resolution in paragraph 2 above to give effect to such grant of RSUs.”
5. “**THAT** subject to the passing of the resolution in paragraph 2 above, (a) the grant of RSUs pursuant to the Share Award Scheme in respect of an aggregate of up to 1,733,586 Shares to the Other Connected Participants (as defined in the circular dated September 3, 2018) in accordance with the terms of the Share Award Scheme, subject to all applicable laws, rules and regulations and applicable award document(s), be approved and (b) authority be given to the Directors to exercise the powers of the Company under the mandate granted to the Directors to grant RSUs referred to in the resolution in paragraph 2 above to give effect to such grant of RSUs.”

By Order of the Board  
**SAMSONITE INTERNATIONAL S.A.**  
**Timothy Charles Parker**  
*Chairman*

Luxembourg, September 3, 2018

*Notes:*

1. All resolutions at the General Meeting will be taken by poll pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the results of the poll will be published on the websites of Hong Kong Exchanges and Clearing Limited and the Company in accordance with the Listing Rules.
2. Any shareholder of the Company entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a shareholder of the Company. If more than one proxy is so appointed, the appointment shall specify the number of Shares in respect of which each such proxy is so appointed.
3. Any shareholder of the Company whose ownership is either recorded through the Central Clearing and Settlement System (“**CCASS**”) or maintained with a licensed securities dealer (i.e. not directly recorded in his own name in the register of members of the Company) shall only be entitled to vote by providing its instructions to vote to HKSCC Nominees Limited either directly as a CCASS Participant or through its licensed securities dealer and the relevant financial intermediaries. In order to attend and vote at the meeting, any such shareholder shall be appointed by HKSCC Nominees Limited as its proxy to attend and vote instead of him.
4. In order to be valid, the form of proxy must be deposited at the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong or at the Company’s registered office at 13–15 Avenue de la Liberté, L-1931 Luxembourg not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Delivery of the form of proxy shall not preclude a shareholder of the Company from attending and voting in person at the meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
5. For determining the entitlement to attend and vote at the above meeting, the register of members of the Company will be closed from Wednesday, September 19, 2018 to Wednesday, September 26, 2018, both dates inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the General Meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s registered office at 13–15 Avenue de la Liberté, L-1931 Luxembourg or with the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1717, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Tuesday, September 18, 2018 (Hong Kong time).

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## NOTICE OF GENERAL MEETING

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6. In order to comply with its legal obligations under relevant laws (including, without limitation, the Luxembourg law dated August 10, 1915 on commercial companies as amended, the Luxembourg law dated November 12, 2004 on the fight against money laundering and terrorist financing as amended, any Luxembourg law implementing the Directive (EU) 2015/849 of the European Parliament and of the Council of May 20, 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing as amended), the Company shall collect (or has collected) and process (or has processed) your personal data as shareholder of the Company.

The Company is the data controller of your personal data.

The Company shall transmit (or has transmitted) your personal data to its services providers (e.g. banks, legal advisors, auditors, domiciliation agent) with whom the Company has entered into a services agreement including the compliance with the applicable laws on data protection (the Luxembourg law on August 2, 2002 on the protection of individuals with regard to the processing of personal data, as amended, and effective as from May 25, 2018, the Regulation (EU) 2016/679 of the European Parliament and of the Council of April 27, 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46 EC (General Data Protection Regulation)).

Your personal data will be stored by the Company until your personal data will no longer be necessary for the purposes for which it was collected/processed.

You have the right to request from the Company access to and rectification of your personal data or restriction of processing concerning the data subject or to object to processing as well as the right to data portability.

Please be also aware that, to the extent it is necessary to the management of the Company, and provided that the Company always complies with its legal obligations, the Company may disclose your personal data to, without limitation:

- Company's professional advisors (other than the ones referred to above);
- Governmental bodies; and
- Regulatory and non-regulatory authorities.

Please note that you have the right to lodge a complaint with the Luxembourg supervisory authority (*Commission Nationale pour la Protection des Données*).

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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### SAMSONITE INTERNATIONAL S.A.

新 秀 麗 國 際 有 限 公 司

*13-15 Avenue de la Liberté, L-1931 Luxembourg*

*R.C.S. LUXEMBOURG: B 159.469*

*(Incorporated in Luxembourg with limited liability)*

**(Stock code: 1910)**

## NOTICE OF EXTRAORDINARY GENERAL MEETING

**Notice is hereby given that** an extraordinary general meeting (the “**Extraordinary General Meeting**”) of Samsonite International S.A. (the “**Company**”) will be held in the presence of a notary of the Grand Duchy of Luxembourg at 13–15 Avenue de la Liberté, L-1931 Luxembourg on Wednesday, September 26, 2018 at 11:30 a.m. (CET)/5:30 p.m. (Hong Kong time) (or as soon thereafter as the General Meeting shall have adjourned) for the purposes of considering and, if thought fit, passing (with or without amendments) the following resolution.

The purpose of the Extraordinary General Meeting is to (a) extend the authorisation granted to the board of directors of the Company until May 10, 2021, subject always to compliance with applicable provisions of the Luxembourg law of August 10, 1915 on commercial companies, as amended from time to time, and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, to allocate existing Company’s shares without consideration and/or to issue Company’s shares paid-up out of available reserves to employees and/or corporate officers (including directors, members of the management board and the supervisory board) of the Company or companies pertaining to the same group as the Company upon the vesting of awards of restricted share units without any consideration to be paid from the participants, within the limits of the authorized capital of the Company and without reserving a preferential subscription right to the existing Company’s shareholders to subscribe to the Company’s shares to be issued, and (b) amend accordingly Article 4.2 of the articles of incorporation of the Company to reflect the extension referred to above.

Subject to the passing of the special resolution set out below and subject always to the same conditions and restrictions currently in effect (as further described in the letter from the board of directors of the Company included in the circular issued by the Company on September 3, 2018), the Company’s directors will have the authority under the Luxembourg law of August 10, 1915 on commercial companies, as amended from time to time: (i) to issue additional shares, to grant options to subscribe for the Company’s shares, to grant restricted share units to receive Company’s shares and to issue any other securities or instruments convertible into the Company’s shares without reserving for the existing Company’s shareholders the preferential rights to subscribe for the issued shares and (ii) to allocate existing Company’s shares without consideration and/or to issue Company’s shares paid-up out of available reserves to employees and/or corporate officers (including directors, members of the management board and the supervisory board) of the Company or companies pertaining to the same group as the Company, pursuant to the existing mandate or any future mandate that the Company’s shareholders may grant to the board of directors at a general meeting with the authority for the board of directors of the Company to cancel or limit the preferential subscription rights of the existing Company’s shareholders when issuing the shares.

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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A report of the board of directors of the Company justifying the reasons for the extension of the share capital authorisation with the authority for the board of directors to cancel or limit the preferential subscription rights of the existing Company's shareholders is attached to the present convening notice.

### SPECIAL RESOLUTION

To consider and, if thought fit, pass with or without amendments, the following resolution as a special resolution:

1. To (a) extend the authorization granted to the board of directors of the Company until May 10, 2021, subject always to compliance with applicable provisions of the Luxembourg law of August 10, 1915 on commercial companies, as amended from time to time, and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, to grant restricted share units (without reserving the existing shareholders a preferential subscription right), to receive Company's shares and to allocate existing Company's shares without consideration and/or to issue Company's shares paid-up out of available reserves to employees and/or corporate officers (including directors, members of the management board and the supervisory board) of the Company or companies pertaining to the same group as the Company, within the limits provided for in Article 4.2 of the articles of incorporation of the Company and without reserving (by canceling or limiting) a preferential subscription right to the existing Company's shareholders to subscribe to the Company's shares to be issued, on the basis of the report of the board of directors of the Company drawn up in accordance with Article 420-26 (5) and (6) of the Luxembourg law of August 10, 1915 on commercial companies, as amended from time to time, and (b) amend Article 4.2 of the articles of incorporation of the Company to reflect the extension referred to above which shall be read as follows:

*“The authorised share capital of the Company is set, including the subscribed share capital, at thirty-five million United States Dollars (USD35,000,000.-) represented by three billion five hundred million (3,500,000,000) Shares with a par value of United States Dollars one Cent (USD0.01) each. Subject always to compliance with applicable provisions of the Luxembourg Companies Law, during the period of five years from the date of the publication in the Luxembourg Official Gazette, Mémorial C, Recueil des Sociétés et Associations, of the minutes of the Extraordinary General Meeting approving the renewal of the authorised share capital, the Board is authorised:*

- (i) to issue Shares, to grant options to subscribe for Shares, to grant restricted share units to receive/subscribe for Shares, and to issue, grant any subscription rights or any other securities or instruments, convertible or exchangeable into Shares, to such persons and on such terms as it shall see fit and specifically to proceed to such issue and/or grant without reserving (i.e., by canceling or limiting) for the existing Shareholders a preferential right to subscribe for the issued Shares or such instruments, and*
- (ii) to allocate existing Shares without consideration or to issue Shares paid-up out of available reserves (the “Bonus Shares”) to employees and to corporate officers (including the directors) of the Company, or certain categories thereof.*

*When issuing Bonus Shares within the limits of the authorised capital as set forth in Article 4.2 of the Articles, the Board is authorised to proceed to such issue without reserving (ie by cancelling or limiting) for the existing Shareholders a preferential right to subscribe for the issued Shares. The Board is authorised to fix the terms and conditions of the allocation of the Bonus Shares, including the final allocation period and a minimum period during which the Bonus Shares may not be transferred by their respective holder.*

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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*The Board is also authorised to allocate existing Shares or to issue the Bonus Shares within the same terms and conditions as described above to (i) employees of companies in which the Company holds, directly or indirectly, at least 10% of the issued share capital or voting rights, (ii) employees of companies which, directly or indirectly, hold at least 10% of the issued share capital or voting rights of the Company, (iii) employees of companies at least 50% of the issued share capital or voting rights of which are directly or indirectly, held by a company which itself, directly or indirectly, holds at least 50% of the issued share capital of the Company, and (iv) corporate officers (including directors, members of the management board and the supervisory board) of the companies referred to under (i), (ii) and (iii) above, or certain categories thereof.*

*Moreover, to comply with applicable provisions of the Listing Rules, any issue of Shares, any grant of options to subscribe for Shares, any grant of restricted share units to receive Shares and any issue of any other securities or instruments convertible into Shares by the Board through the authorised share capital authorisation shall be or shall have been specifically approved in advance by a resolution passed by Shareholders at a general meeting of the Company, except as expressly permitted in the Listing Rules.”*

By Order of the Board  
**SAMSONITE INTERNATIONAL S.A.**  
**Timothy Charles Parker**  
*Chairman*

Luxembourg, September 3, 2018

*Notes:*

1. The resolution at the Extraordinary General Meeting will be taken by poll pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the results of the poll will be published on the websites of Hong Kong Exchanges and Clearing Limited and the Company in accordance with the Listing Rules.
2. Any shareholder of the Company entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a shareholder of the Company. If more than one proxy is so appointed, the appointment shall specify the number of Shares in respect of which each such proxy is so appointed.
3. Any shareholder of the Company whose ownership is either recorded through the Central Clearing and Settlement System (“**CCASS**”) or maintained with a licensed securities dealer (i.e. not directly recorded in his own name in the register of members of the Company) shall only be entitled to vote by providing its instructions to vote to HKSCC Nominees Limited either directly as a CCASS Participant or through its licensed securities dealer and the relevant financial intermediaries. In order to attend and vote at the meeting, any such shareholder shall be appointed by HKSCC Nominees Limited as its proxy to attend and vote instead of him.
4. In order to be valid, the form of proxy must be deposited at the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong or at the Company’s registered office at 13–15 Avenue de la Liberté, L-1931 Luxembourg not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Delivery of the form of proxy shall not preclude a shareholder of the Company from attending and voting in person at the meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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5. For determining the entitlement to attend and vote at the above meeting, the register of members of the Company will be closed from Wednesday, September 19, 2018 to Wednesday, September 26, 2018, both dates inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the Extraordinary General Meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's registered office at 13–15 Avenue de la Liberté, L-1931 Luxembourg or with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1717, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Tuesday, September 18, 2018 (Hong Kong time).
6. In order to comply with its legal obligations under relevant laws (including, without limitation, the Luxembourg law dated August 10, 1915 on commercial companies as amended, the Luxembourg law dated November 12, 2004 on the fight against money laundering and terrorist financing as amended, any Luxembourg law implementing the Directive (EU) 2015/849 of the European Parliament and of the Council of May 20, 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing as amended), the Company shall collect (or has collected) and process (or has processed) your personal data as shareholder of the Company.

The Company is the data controller of your personal data.

The Company shall transmit (or has transmitted) your personal data to its services providers (e.g. banks, legal advisors, auditors, domiciliation agent) with whom the Company has entered into a services agreement including the compliance with the applicable laws on data protection (the Luxembourg law on August 2, 2002 on the protection of individuals with regard to the processing of personal data, as amended, and effective as from May 25, 2018, the Regulation (EU) 2016/679 of the European Parliament and of the Council of April 27, 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46 EC (General Data Protection Regulation)).

Your personal data will be stored by the Company until your personal data will no longer be necessary for the purposes for which it was collected/processed.

You have the right to request from the Company access to and rectification of your personal data or restriction of processing concerning the data subject or to object to processing as well as the right to data portability.

Please be also aware that, to the extent it is necessary to the management of the Company, and provided that the Company always complies with its legal obligations, the Company may disclose your personal data to, without limitation:

- Company's professional advisors (other than the ones referred to above);
- Governmental bodies; and
- Regulatory and non-regulatory authorities.

Please note that you have the right to lodge a complaint with the Luxembourg supervisory authority (*Commission Nationale pour la Protection des Données*).