

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

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LIU CHONG HING INVESTMENT LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock code: 194)

**RE-ELECTION OF DIRECTORS,
GENERAL MANDATES FOR
THE REPURCHASE AND ISSUE OF SHARES
AND
DISTRIBUTION IN SPECIE OF SHARES IN CHONG HING BANK LIMITED**

A letter from the chairman of Liu Chong Hing Investment Limited is set out on pages 4 to 11 of this circular. A notice convening the annual general meeting of Liu Chong Hing Investment Limited to be held at 27th Floor, Chong Hing Bank Centre, 24 Des Voeux Road Central, Hong Kong at 12:00 noon on Tuesday, 22 April 2014 was enclosed within the Company's 2013 Annual Report.

Whether or not you intend to attend the said meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding the annual general meeting. Completion and return of the form of proxy shall not preclude shareholders from attending and voting at the annual general meeting or any adjourned meeting should you so desire.

20 March 2014

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DEFINITIONS

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

“AGM”	means the annual general meeting of the Company to be convened and held at 27th Floor, Chong Hing Bank Centre, 24 Des Voeux Road Central, Hong Kong at 12:00 noon on Tuesday, 22 April 2014;
“AGM Notice”	means the notice of the AGM set out on pages 99 to 104 of the Company’s 2013 Annual Report to consider, and if thought fit, to approve resolutions including but not limited to the general mandates to issue and repurchase Shares;
“Articles of Association”	means the articles of association adopted by the Company, and as amended, from time to time by resolution of the shareholders of the Company;
“associate(s)”	has the meaning ascribed thereto under the Listing Rules;
“Board”	means the board of Directors of the Company or a duly authorised committee thereof;
“CHB”	means Chong Hing Bank Limited, a Hong Kong incorporated limited liability company listed on the Main Board of the Stock Exchange with Stock Code 1111;
“CHB Shares”	means the ordinary shares of HK\$0.50 each in the capital of CHB;
“Circular”	means the Company’s circular to shareholders dated 4 December 2013;
“Company”	means Liu Chong Hing Investment Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange;
“Connected Persons”	shall have the meaning ascribed to it under the Listing Rules;
“Directors”	means the directors (including non-executive directors and independent non-executive directors) of the Company;
“Group”	means the Company and its Subsidiaries for the time being;
“Hong Kong”	means the Hong Kong Special Administrative Region of the People’s Republic of China;

DEFINITIONS

“Joint Announcement”	means the joint announcement of the Company, CHB, Yue Xiu Enterprises (Holdings) Limited and Yuexiu Financial Holdings Limited dated 25 October 2013;
“Latest Practicable Date”	means 17 March 2014, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein;
“LCH Estate”	means Liu Chong Hing Estate Company, Limited, a wholly owned subsidiary of the Company;
“LCH Estate Distribution in Specie”	means the proposed distribution of a dividend by LCH Estate to its sole shareholder, the Company, in the form of a Distribution in Specie of all the Relevant Shares held by LCH Estate to the Company;
“LCHI Distribution in Specie”	means the proposed distribution of a special dividend by the Company to Shareholders in the form of a Distribution in Specie of all the Relevant Shares to the Shareholders whose names appear on the register of members of the Company on the Record Date on a pro-rata basis in proportion to their respective shareholdings in the Company;
“LCHI Irrevocable Undertaking”	means the irrevocable undertaking entered into between the Company, LCH Estate, Liu’s Holdings Limited, Alba Holdings Limited and Yue Xiu Enterprises (Holdings) Limited dated 25 October 2013, the principal terms of which are disclosed in the Circular;
“Listing Rules”	means Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Ordinary Resolution(s)”	means the proposed ordinary resolution(s) as referred to in the AGM Notice;
“Overseas Shareholder(s)”	means Shareholder(s) whose name(s) appear(s) on the register of members of the Company on the Record Date and whose address(es) as shown on such register on that date is(are) in a place outside of Hong Kong;
“Partial Offer”	has the meaning ascribed thereto in the Circular;
“Record Date”	means 25 April 2014;
“Relevant Shares”	37,858,344 CHB Shares, representing approximately 8.70% of the total number of issued CHB Shares as at the Latest Practicable Date;

DEFINITIONS

“Repurchase Mandate”	means the proposed mandate to the Directors to repurchase Share pursuant to Ordinary Resolution No. 8 as set out in the AGM Notice in its present or any amended form;
“Share(s)”	means ordinary share(s) of HK\$1.00 each in the Company (or of such other nominal amount as shall result from a subdivision, consolidation, reclassification or reconstruction of such shares from time to time of the Company);
“Shareholder(s)”	means holder(s) of Share(s);
“Share Issue Mandate”	means the proposed mandate to the Directors to issue Shares pursuant to Ordinary Resolution No. 9 as set out in the AGM Notice in its present or any amended form;
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited;
“Subsidiary”	means a subsidiary (within the meaning of the Companies Ordinance) for the time being of the Company;
“Takeovers Code”	means The Hong Kong Code on Takeovers and Mergers;
“HK\$”	means Hong Kong dollars, the lawful currency of Hong Kong; and
“%”	means per cent.



LIU CHONG HING INVESTMENT LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock code: 194)

Executive Directors:

Dr. Liu Lit Mo, LL.D., MBE, J.P.

(Chairman)

Mr. Liu Lit Chi

(Managing Director and Chief Executive Officer)

Mr. Liu Kam Fai, Winston

(Deputy Managing Director)

Mr. Liu Kwun Shing, Christopher

(also alternate director to Dr. Liu Lit Chung)

Mr. Lee Wai Hung

Registered Office:

25/F, Chong Hing Bank Centre,
24 Des Voeux Road Central,
Hong Kong

Non-executive Directors:

Dr. Liu Lit Chung, MBBS (Lon), MRCP (UK), F.R.C.P. (Lon)

Mr. Andrew Liu

Mr. Liu Chun Ning, Wilfred

Mr. Kho Eng Tjoan, Christopher

BES, M. Arch, HKIA, RIBA, ARAIA, MRAIC,

Assoc. AIA, Registered Architect, A.P. (Architect), MHKIoD

Independent Non-executive Directors:

Dr. Cheng Mo Chi, Moses, GBS, OBE, LLB (HK), J.P.

Mr. Tong Tsin Ka, FCA (AUST.), FCPA, FCIS

Mr. Au Kam Yuen, Arthur

Dr. Ma Hung Ming, John, PhD, BBS

Mr. Cheng Yuk Wo

MSc (Econ), BA (Hons), CA, FCA, FCPA, CPA (Practising)

Hong Kong, 20 March 2014

To the Shareholders

Dear Sir or Madam,

**RE-ELECTION OF DIRECTORS,
GENERAL MANDATES FOR
THE REPURCHASE AND ISSUE OF SHARES
AND**

DISTRIBUTION IN SPECIE OF SHARES IN CHONG HING BANK LIMITED

INTRODUCTION

At the AGM, resolutions will be proposed:

- (a) that certain Directors, who shall retire in accordance with the Articles of Association and (being eligible) offer themselves for re-election, be re-elected;

LETTER FROM THE CHAIRMAN

- (b) that the Directors be given the Repurchase Mandate and Share Issue Mandate; and
- (c) that the LCHI Distribution in Specie be approved.

The purpose of this circular is to provide you with the information necessary to enable shareholders of the Company to make an informed decision on whether to vote for and against the proposed resolutions relating to such matters at the AGM.

RE-ELECTION OF DIRECTORS

The Board currently consists of 14 members, namely:

the following Executive Directors:

- (a) Dr. Liu Lit Mo (*Chairman*)
- (b) Mr. Liu Lit Chi (*Managing Director and Chief Executive Director*)
- (c) Mr. Liu Kam Fai, Winston (*Deputy Managing Director*)
- (d) Mr. Liu Kwun Shing, Christopher (*also alternate director to Dr. Liu Lit Chung*)
- (e) Mr. Lee Wai Hung

the following Non-executive Directors:

- (f) Dr. Liu Lit Chung
- (g) Mr. Andrew Liu
- (h) Mr. Liu Chun Ning, Wilfred
- (i) Mr. Kho Eng Tjoan, Christopher

and the following Independent Non-executive Directors:

- (j) Dr. Cheng Mo Chi, Moses
- (k) Mr. Tong Tsin Ka
- (l) Mr. Au Kam Yuen, Arthur
- (m) Dr. Ma Hung Ming, John
- (n) Mr. Cheng Yuk Wo

In accordance with Article 99 of the Articles of Association, Mr. Tong Tsin Ka, Mr. Kho Eng Tjoan, Christopher, Mr. Liu Chun Ning, Wilfred and Mr. Liu Kwun Shing, Christopher shall retire at the conclusion of the AGM and, being eligible, shall offer themselves for re-election. In accordance with Article 92 of the Articles of Association, Mr. Cheng Yuk Wo shall hold office until the AGM and shall, being eligible, offer himself for re-election.

Biographical and other details of the above retiring and re-electing Directors are set out in Appendix 1 to this circular. At the AGM, separate Ordinary Resolutions will be proposed to approve their re-election.

LETTER FROM THE CHAIRMAN

GENERAL MANDATE TO REPURCHASE SHARES

At the annual general meeting of the Company held on 8 May 2013, a general mandate was granted to the Directors to exercise the powers of the Company to repurchase Shares with an aggregate nominal amount of up to a maximum of 10 per cent. of the aggregate nominal amount of the issued share capital of the Company as at the date of the passing of the resolution granting such general mandate. Such general mandate will lapse at the conclusion of the AGM.

To provide continued flexibility to the Directors, an Ordinary Resolution will be proposed at the AGM for the granting of the Repurchase Mandate to the Directors, on terms as set out in Ordinary Resolution No. 8 in the AGM Notice, allowing them to exercise all powers of the Company to repurchase its Shares. Under the Repurchase Mandate, the number of Shares that the Company may repurchase shall not exceed 10 per cent. of the issued share capital of the Company as at the date of passing such Ordinary Resolution.

In connection with the Repurchase Mandate, the Company's authority shall be restricted to repurchases made on the Stock Exchange. The Repurchase Mandate allows the Company to make repurchases only during the period ending on the earliest of the conclusion of the Company's next annual general meeting, the date by which the Company's next annual general meeting is required by any applicable law or the Articles of Association to be held or the date upon which such mandate is revoked or varied by an ordinary resolution of shareholders of the Company in general meeting.

An explanatory statement setting out the requisite information regarding the Repurchase Mandate, as required under the Listing Rules, is set out in Appendix 2 to this circular.

GENERAL MANDATE TO ISSUE SHARES

At the annual general meeting of the Company held on 8 May 2013, a general mandate was granted to the Directors to exercise the powers of the Company to issue, allot and deal with such number of Shares not exceeding 20 per cent. of the aggregate nominal amount of the issued share capital of the Company as at the date of the passing of the resolution granting such general mandate (equivalent to 75,716,688 Shares), and such general mandate was extended by adding to it the aggregate nominal amount of any Shares repurchased by the Company under the authority to repurchase Shares granted on the same date. Such general mandate to issue, allot and deal with Shares will also lapse at the conclusion of the AGM.

To provide continued flexibility to the Directors, an Ordinary Resolution will also be proposed at the AGM for the granting of the Share Issue Mandate to the Directors, on terms as set out in Ordinary Resolution No. 9 in the AGM Notice, allowing them to exercise all powers of the Company to issue, allot and deal with its Shares. Under the Share Issue Mandate, the number of Shares that the Company may issue, allot or deal with shall not exceed 20 per cent. of the issued share capital of the Company in issue as at the date of passing such Ordinary Resolution.

LETTER FROM THE CHAIRMAN

In addition, an Ordinary Resolution will also be proposed at the AGM to extend the Share Issue Mandate, on terms as set out in Ordinary Resolution No. 10 in the AGM Notice by adding to it the number of Shares that may be repurchased under the Repurchase Mandate.

In connection with the Share Issue Mandate, the exercise of the Company's authority shall also be restricted to the period ending on the earliest of the conclusion of the Company's next annual general meeting, the date by which the Company's next annual general meeting is required by any applicable law or the Articles of Association to be held or the date upon which such mandate is revoked or varied by an ordinary resolution of shareholders of the Company in general meeting.

As at the Latest Practicable Date, the issued share capital of the Company comprised 378,583,440 Shares in issue. As at the same date, no options to subscribe for Shares had been granted and were outstanding under the Company's share option scheme adopted on 9 May 2012. Subject to the passing of Ordinary Resolution No. 9 set out in the AGM Notice and on the basis that no further Shares are issued or repurchased between the Latest Practicable Date and up to the date of the AGM, the Company would be allowed under the Share Issue Mandate to issue, allot and deal with a maximum of 75,716,688 Shares.

DISTRIBUTION IN SPECIE OF SHARES IN CHONG HING BANK LIMITED

The LCHI Distribution in Specie

On 26 February 2014, the Board resolved that, subject to Shareholder approval at the AGM, a special dividend in the form of a Distribution in Specie of all of the Relevant Shares, being 37,858,344 CHB Shares currently held by the Company's wholly-owned subsidiary LCH Estate, will be made to the Shareholders whose names appear on the register of members of the Company on the Record Date on a pro-rata basis in proportion to their respective shareholdings in the Company on the following basis:

for every 10 Shares held 1 CHB Share

No fraction of a CHB Share will be distributed and fractional entitlements to the CHB Shares under the LCHI Distribution in Specie will be retained by the Company for sale in the market and the Company will keep the net proceeds of sale, after deduction of related expenses therefrom, for the benefit of the Company.

The above basis of distribution is determined after taking into account the number of existing issued Shares and the number of Relevant Shares and that a Shareholder needs to hold at least 10 Shares in order that he can be distributed with at least one Relevant Share.

Based on the closing price of HK\$27.10 per CHB Share as traded on the Stock Exchange on the last trading date before the Latest Practicable Date, the aggregate market value of the Relevant Shares to be distributed under the LCHI Distribution in Specie as at the Latest Practicable Date is approximately HK\$1,025,961,122, which equates to a distribution of approximately HK\$2.71 per Share assuming the number of issued Shares remains unchanged from the Latest Practicable Date until completion of the LCHI Distribution in Specie.

LETTER FROM THE CHAIRMAN

The Relevant Shares represent approximately 8.70% of the total number of issued CHB Shares as at the Latest Practicable Date. As the Relevant Shares are currently held by LCH Estate, LCH Estate will first implement the LCH Estate Distribution in Specie whereby all the Relevant Shares will be distributed to the Company. After the Relevant Shares have been transferred to the Company, the Company will then implement the LCHI Distribution in Specie.

The Relevant Shares to be distributed pursuant to the LCHI Distribution in Specie will rank pari passu in all respects with each other and with the other CHB Shares then in issue, save for any dividends or distributions declared, paid or made by CHB prior to the Record Date.

Record date and share certificate despatch date

Subject to the passing of the ordinary resolution at the AGM approving the LCHI Distribution in Specie, it is expected that the qualifying Shareholders will become registered holders of the Relevant Shares distributed pursuant to the LCHI Distribution in Specie on or about 30 April 2014 and the relevant certificates will be despatched by ordinary post at the risk of those entitled thereto on or before 5 May 2014. As noted in CHB's announcement dated 26 February 2014, the record date for the purposes of determining CHB shareholders who qualify for CHB's proposed 2013 final cash dividend is 20 May 2014 (the "**CHB Record Date**"). Accordingly, it is expected that qualifying Shareholders receiving Relevant Shares pursuant to the LCHI Distribution in Specie will be entitled to CHB's proposed 2013 final cash dividend, assuming that they continue to hold the Relevant Shares received under the LCHI Distribution in Specie on the CHB Record Date.

In order to qualify for the LCHI Distribution in Specie, all share transfers, accompanied by the relevant share certificates, must be lodged with the Company's share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Friday, 25 April 2014.

Overseas shareholders

The Relevant Shares will not be transferred to Overseas Shareholders pursuant to the LCHI Distribution in Specie. Instead, arrangements will be made for the CHB Shares which would otherwise have been transferred to such Overseas Shareholders to be sold in the market and any proceeds of sale, after deduction of expenses, will be distributed in Hong Kong dollars to the relevant Overseas Shareholders except that any amount of less than HK\$100 will be retained for the benefit of the Company.

LETTER FROM THE CHAIRMAN

Effects of the LCHI Distribution in Specie

As at the Latest Practicable Date, the Company, through LCH Estate, being a wholly-owned subsidiary of the Company, owns 50,408,418 CHB Shares, representing approximately 11.59% of the issued share capital of CHB. Immediately after completion of the LCHI Distribution in Specie, the Company, through LCH Estate, will own (on the assumption that there is no change in the issued share capital of the Company from the Latest Practicable Date up to the Record Date) 12,550,074 CHB Shares, representing approximately 2.89% of the issued share capital of CHB.

Reasons for and benefits of the LCHI distribution in specie

The following matters had been considered by the Board when deciding to implement the LCHI Distribution in Specie:

- (A) The Board is of the view that the LCHI Distribution in Specie will allow the Company to show appreciation to and reward the Shareholders for their continuous support of the Company and through the LCHI Distribution in Specie, the Company will be able to return value to the Shareholders.
- (B) Currently, LCH Estate holds 50,408,418 CHB Shares (representing approximately 11.59% of the issued share capital of CHB) and is therefore a substantial shareholder and connected person (as defined in Chapter 1 of the Listing Rules) of CHB. Following settlement of the Partial Offer, the shareholding of CHB held in public hands is approximately 13% and CHB is technically in breach of the minimum public float requirement of 25% under the Listing Rules. As disclosed in the Joint Announcement, under the LCHI Irrevocable Undertaking, the Company has agreed to reduce the residual shareholding of LCH Estate in CHB by way of the LCHI Distribution in Specie or other steps so that LCH Estate will cease to be a substantial shareholder and a connected person of CHB for the purpose of CHB's public float requirement under the Listing Rules. Upon completion of the LCHI Distribution in Specie, the Company will hold (through LCH Estate) 12,550,074 CHB Shares (representing approximately 2.89% of the issued share capital of CHB) and will therefore cease to be a substantial shareholder or connected person of CHB. The LCHI Distribution in Specie will therefore help restore the public float of CHB.

In light of the above, the Board considered that the LCHI Distribution in Specie is in the interests of both the Company and the Shareholders as a whole.

LETTER FROM THE CHAIRMAN

Expected timetable for the LCHI Distribution in Specie

The expected timetable for the implementation of the LCHI Distribution in Specie is as follows:

Date of AGM Tuesday, 22 April 2014

Last day of dealing in the Shares on a cum-entitlement basis Wednesday, 23 April 2014

Commencement of dealing in the Shares on
an ex-entitlement basis Thursday, 24 April 2014

Latest time for lodging transfer of the Shares in order to
qualify for entitlement pursuant to the LCHI Distribution
in Specie 4:30 p.m. on Friday,
25 April 2014

Record Date Friday, 25 April 2014

Qualifying Shareholders becoming registered holders of
CHB Shares distributed pursuant to the LCHI Distribution in Specie
on or about Wednesday, 30 April 2014

Despatch of share certificates in relation to the
Relevant Shares to be distributed pursuant to the
LCHI Distribution in Specie to Shareholders on or before Monday, 5 May 2014

Should there be any change to the above expected timetable, announcement will be made by the Company as and when necessary.

Information on CHB

CHB is a limited company incorporated in Hong Kong and the CHB Shares are listed on the Main Board of the Stock Exchange. CHB and its subsidiaries are principally engaged in the provision of banking and related financial services.

ANNUAL GENERAL MEETING

The AGM Notice setting out, inter alia, the Ordinary Resolutions to grant the Repurchase Mandate, the Share Issue Mandate and the proposed extension of the Share Issue Mandate and to approve the LCHI Distribution in Specie is enclosed within the Company's 2013 Annual Report. Shareholders of the Company are advised to read the AGM Notice and to complete and return the form of proxy for use at the AGM (which is enclosed within the Company's 2013 Annual Report) in accordance with the instructions printed thereon and deposit the same with the Company's Share Registrars, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not less than 48 hours before the time appointed for holding the AGM or any adjourned meeting. The return of the form of proxy will not preclude a Shareholder from attending and voting in person at the AGM should he so wishes.

LETTER FROM THE CHAIRMAN

VOTING AT ANNUAL GENERAL MEETING

In accordance with the relevant requirements under the Listing Rules, the Chairman would direct that each of the resolutions set out in the AGM Notice be voted on by poll.

As at the Latest Practicable Date, and to the best knowledge, belief and information of the Directors having made all reasonable enquiries, no Shareholder is required under the Listing Rules to abstain from voting on the resolution at the AGM.

RECOMMENDATION

The Directors believe that the re-election of Directors, the granting of the Repurchase Mandate, the Share Issue Mandate, the proposed extension of Share Issue Mandate and the LCHI Distribution in Specie are in the interests of the Company as well as its Shareholders. Accordingly, the Directors recommend shareholders of the Company to vote in favour of all the resolutions at the AGM.

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.

Yours faithfully,
DR. LIU LIT MO
Chairman

Biographical and other details about the retiring directors who are proposed to be re-elected at the 2014 AGM are as follows:

Mr. Tong Tsin Ka, aged 75, was appointed an Independent Non-executive Director of the Company in September 2004 and he has served as the Chairman of Audit Committee and a member of the Remuneration Committee, Nomination Committee and Corporate Governance Committee of the Company. Mr. Tong is a fellow of The Institute of Chartered Accountants in Australia, The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Certified Public Accountants respectively. In 1968, Mr. Tong commenced his own public accountancy practice and in 1970 founded his own accountancy firm, T. K. Tong & Co. (Chartered Accountants (AUST.). Certified Public Accountants), and has remained its principal to date.

Save as disclosed above, Mr. Tong did not hold any directorship in any other listed public company in the last three years. Other than that mentioned above, Mr. Tong does not hold any position with the Company or any of its subsidiaries and does not have any relationship with any director, senior management or substantial or controlling shareholders of the Company. As at the Latest Practicable Date, Mr. Tong had no interest (nor any short position) in the securities and underlying securities in the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). Mr. Tong has entered into a director's appointment letter with the Company for a term commencing on 4 May 2011 and will hold office until the next following AGM of the Company. Mr. Tong will be subject to retirement by rotation and re-election at the AGM of the Company in accordance with the articles of association of the Company. Mr. Tong will receive a director's fee of HK\$250,000 per year which is determined by the Board with reference to his duties and responsibilities, and is in line with that payable to other Independent Non-executive Directors approved by the Company in general meeting by ordinary resolution under the Articles of Association. Save as disclosed above, (i) there are no other matters that need to be brought to the attention of the Company's shareholders; and (ii) there is no other information to be disclosed pursuant to the requirements provided for in Rule 13.51(2)(h) to (v) of the Listing Rules.

Mr. Kho Eng Tjoan, Christopher, aged 51, served as Non-executive Director of the Company since May 2011 and he is now serving as a member of Audit Committee, Remuneration Committee and Nomination Committee of the Company. Mr. Kho holds a Bachelor of Environmental Studies degree on Urban and Regional Planning and a Master of Architecture degree. He is an Authorized Person under the Buildings Ordinance, a Registered Architect under the Architects Registration Ordinance, a member of the Hong Kong Institute of Architects, a corporate member of Royal Institute of British Architects, an associate member of Royal Australian Institute of Architects, a member of Royal Architectural Institute of Canada and an associate member of American Institute of Architects. Mr. Kho was an Executive Committee of the University of Waterloo Alumni Association and a Committee Member of the University of Manitoba Alumni Association from 1989 to 1990. During the year from 1997 to 2003, he was a Director and Council Member of the Wah Yan (Hong Kong) Past Students Association Limited. Mr. Kho is also a Committee Member of the Professional Committee of the Hong Kong Federation of Fujian Associations since 2009.

Save as disclosed above, Mr. Kho did not hold any directorship in any other listed public company in the last three years. Other than that mentioned above, Mr. Kho does not hold any position with the Company or any of its subsidiaries and does not have any relationship with any director, senior management or substantial or controlling shareholders of the Company. As at the Latest Practicable Date, Mr. Kho had no interest (nor any short position) in the securities and underlying securities in the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). Mr. Kho has entered into a director's appointment letter with the Company for a term commencing on 4 May 2011 and will hold office until the next following AGM of the Company. Mr. Kho will be subject to retirement by rotation and re-election at the AGM of the Company in accordance with the articles of association of the Company. Mr. Kho will receive a director's fee of HK\$250,000 per year which is determined by the Board with reference to his duties and responsibilities, and is in line with that payable to other Independent Non-executive Directors approved by the Company in general meeting by ordinary resolution under the Articles of Association. Save as disclosed above, (i) there are no other matters that need to be brought to the attention of the Company's shareholders; and (ii) there is no other information to be disclosed pursuant to the requirements provided for in Rule 13.51(2)(h) to (v) of the Listing Rules.

Mr. Liu Chun Ning, Wilfred, aged 52, has been appointed as Director of the Company since 1997. He holds a Bachelor's degree in economics from University of Newcastle upon Tyne (UK). He is a nephew of Dr. Liu Lit Mo (Chairman of the Company), Mr. Liu Lit Chi (Managing Director and Chief Executive Officer of the Company) and Dr. Liu Lit Chung (Non-executive Director of the Company), a cousin of Mr. Andrew Liu (Non-executive Director of the Company), Mr. Liu Kam Fai, Winston (Deputy Managing Director of the Company) and Mr. Liu Kwun Shing, Christopher (Executive Director of the Company), as well as a member of the Liu's family, some of whose members are directors, senior management or substantial or controlling shareholders of the Company.

In addition to his directorship in the Company, Mr. Liu has been an independent non-executive director of S.A.S. Dragon Holdings Limited and Get Nice Holdings Limited since August 2001 and May 2002 respectively, both are public companies listed on the Stock Exchange in Hong Kong. His other directorships in public listed companies in the last three years include Seamless Green China (Holdings) Limited and Chong Hing Bank Limited, both are public listed companies in Hong Kong. Save as disclosed above, Mr. Liu did not hold any directorship in any other listed public company in the previous three years.

Other than that mentioned above, Mr. Liu does not have any relationship with any other directors, senior management or substantial or controlling shareholders of the Company. As at the Latest Practicable Date, Mr. Liu had no interest (nor any short position) in the securities and underlying securities in the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). Mr. Liu's has entered into a director's appointment letter with the Company for a term of three years ending on 2014 AGM, subject to the rotational retirement requirements under the Articles of Association. Mr. Liu will receive a director's fee of HK\$150,000 per year which is determined by the Board with reference to his duties and responsibilities, and is in line with that payable to other non-executive directors approved by the Company in general meeting by ordinary resolution under

the Articles of Association. Save as disclosed above, (i) there are no other matters that need to be brought to the attention of the Company's shareholders; and (ii) there is no other information to be disclosed pursuant to the requirements provided for in Rule 13.51(2)(h) to (v) of the Listing Rules.

Mr. Liu Kwun Shing, Christopher, aged 38, is an Executive Director of the Company, a position which he has held since August 2008 following a re-designation from his previous role since 2000 as Non-executive Director of the Company and Alternate Director to Dr. Liu Lit Chung (who is a Non-executive Director of the Company). A holder of a Master of Arts degree in Jurisprudence from the University of Oxford, Mr. Liu is a qualified solicitor in both Hong Kong and England & Wales. Prior to joining the Company on a full-time basis, he was a partner of Deacons in Hong Kong focusing on corporate finance, mergers and acquisitions and private equity matters, and currently remains an advisory legal counsel of the international law firm. Mr. Liu is a member of the Foshan Municipal Committee of the Chinese People's Political Consultative Conference (CPPCC) as well as a director of both Beijing Chinese Overseas Friendship Association and Shanghai Chinese Overseas Friendship Association (COFA). Mr. Liu is also a Director of Hong Kong Chiu Chow Chamber of Commerce, an executive director of Guangdong Chamber of Foreign Investors, a Vice-chairman of Foshan Investment Chamber of Private Enterprises and a board member of Entrepreneurs' Organisation (Hong Kong). With a passion for the betterment of society and education, he is also a member of the Institutional Review Board of Hong Kong University/Hospital Authority Hong Kong West Cluster and a school manager of Liu Po Shan Memorial College. Mr. Liu serves as a member of the Corporate Governance Committee, and as a director of a number of subsidiaries, of the Company, as well as (prior to his resignation as a Non-executive Director of the Chong Hing Bank Limited) a member of the Risk Management and Compliance Committee and Private Banking Steering Committee of Chong Hing Bank Limited. He is the son of Dr. Liu Lit Chung (Non-Executive Director of the Company), a nephew of Dr. Liu Lit Mo (Chairman of the Company) and Mr. Liu Lit Chi (Managing Director and Chief Executive Officer of the Company) and a cousin of Mr. Andrew Liu (Non-executive Director of the Company), Mr. Liu Chun Ning, Wilfred (Non-executive Director of the Company) and Mr. Liu Kam Fai, Winston (Deputy Managing Director of the Company), as well as a member of the Liu's family, some of whose members are directors, senior management or substantial or controlling shareholders of the Company.

In addition to his directorship in the Company, Mr. Liu is a director of Abaleen Enterprises Limited; Alain Limited; Angel Face Consultants Limited; Blossom Success Investments Limited; Bonsun Enterprises Limited; Chong Yip Hotel Management Limited; Chong Yip (Nominees) Limited; Determined Resources Limited; Devon Realty Limited; Donington Company Limited; Foshan Nanhai Hugh Glory Property Development Company, Limited; Guangzhou Chong Hing Property Development Company Limited; Guangzhou Trade Castle Consultancy Company Limited; Guangzhou Wealth Smart Property Management Company, Limited; Honest Tone Limited; Hugh Glory Limited; Hugh Wealth International Limited; Ko Yew Company Limited; Liu Chong Hing Estate Company, Limited; Liu Chong Hing Godown Company, Limited; Liu Chong Hing Property Management & Agency Limited; Lord Duty Limited; Luxpolar Limited; Metro Bonus Limited; Multi Eternal Limited; Road To Glory Group Limited; Sharp Talent International Limited; Sino Pink Development Limited;

Supreme King International Limited; Top Team Limited; Trade Castle Limited; Wealth Bond Limited; Wealthy Target Investments Limited; Well Road Investment Limited; Wide Treasure Holdings Limited; Yue Tung Ching Kee Company Limited and 廣州市創鑫酒店管理有限公司, all of which are subsidiaries of the Company. His other directorships in public listed company in the last three years include Chong Hing Bank Limited, which is a public listed company in Hong Kong. Save as disclosed above, Mr. Liu did not hold any directorship in any other listed public company in the last three years.

Other than that mentioned above, Mr. Liu does not have any relationship with any other directors, senior management or substantial or controlling shareholders of the Company. As at the Latest Practicable Date, Mr. Liu had no interest (nor any short position) in the securities and underlying securities in the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). Mr. Liu's has entered into a director's appointment letter with the Company for a term of three years ending on 2014 AGM, subject to the rotational retirement requirements under the Articles of Association.

Mr. Liu is currently entitled to receive by way of annual remuneration and other benefits of approximately HK\$3,085,000 and he will also be entitled to receive by way of remuneration for his service as a member of the Board an annual director's fee of HK\$150,000 from the Company. Such Director's fee is determined by the Board with reference to Mr. Liu's duties and responsibilities, and is in line with that payable to other Executive Directors approved by the Company in general meeting by ordinary resolution under the Articles of Association. Save as disclosed above, (i) there are no other matters that need to be brought to the attention of the Company's shareholders; and (ii) there is no other information to be disclosed pursuant to the requirements provided for in Rule 13.51(2)(h) to (v) of the Listing Rules.

Mr. Cheng Yuk Wo, aged 53, was appointed as Independent Non-executive Director of the Company on 7 March 2014 and he has also served as member of the Audit Committee. Mr. Cheng obtained a Master of Science (Economics) degree in Accounting and Finance from London School of Economics, England and a Bachelor of Arts (Honours) degree in Accounting from University of Kent, England. He is a Fellow of the Institute of Chartered Accountants in England and Wales and the Hong Kong Institute of Certified Public Accountants, and a member of the Institute of Chartered Accountants of Ontario, Canada. Mr. Cheng has over 20 years' of expertise in accounting, finance and corporate advisory services.

Save as disclosed above, Mr. Cheng is currently an independent non-executive director of Chong Hing Bank Limited, C.P. Lotus Corporation, CSI Properties Limited, HKC (Holdings) Limited, Goldbond Group Holdings Limited, CPMC Holdings Limited, Imagi International Holdings Limited and Top Spring International Holdings Limited, the abovementioned companies are listed on the Main Board of the Stock Exchange in Hong Kong. His other directorships in public companies in the last three years include 21 Holdings Limited and South China Land Limited, both are public companies listed on the Stock Exchange in Hong Kong. Save as disclosed above, Mr. Cheng has not held any directorship in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years.

Other than that mentioned above, Mr. Cheng does not hold any position with the Company with the Company or any of its subsidiaries and does not have any relationship with any director, senior management or substantial or controlling shareholder of the Company. As at the Latest Practicable Date, Mr. Cheng had no interest (nor any short position) in the securities and underlying securities in the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). Mr. Cheng has entered into a service contract with the Company with a term commencing on 7 March 2014 and will hold office until the next following AGM of the Company. Mr. Cheng will be subject to retirement by rotation and re-election at the AGM of the Company in accordance with the articles of association of the Company. Mr. Cheng will receive a director's fee of HK\$250,000.00 per year which is determined by the Board with reference to his duties, responsibilities, and is in line with that payable to other Independent Non-executive Directors approved by the Company in general meeting by ordinary resolution under the Articles of Association. Save as disclosed above, (i) there is no matters that need to be brought to the attention of the Company's shareholders; and (ii) there is no other information to be disclosed pursuant to the requirements provided for in Rule 13.51(2)(h) to (v) of the Listing Rules.

This Appendix serves as an explanatory statement, as required by the Listing Rules, to provide the requisite information to shareholders of the Company for their consideration of the Repurchase Mandate. For this purpose, “shares” is defined in the Listing Rules to include securities carrying a right to subscribe for or purchase shares.

The Listing Rules permit companies whose primary listings are on the Stock Exchange to repurchase their fully paid up shares on the Stock Exchange subject to certain restrictions, the most important of which are summarized below:

1. REASONS FOR REPURCHASE

The Directors believe that the ability to repurchase Shares is in the interests of the Company and its shareholders. Repurchases may, depending on the circumstances, result in an increase in net assets and/or earnings per share. The Directors are seeking the grant of a general mandate to repurchase Shares to give the Company the flexibility to do so if and when appropriate. The number of Shares to be repurchased on any occasion and the price and other terms upon which the same are repurchased will be decided by the Directors at the relevant time having regard to the circumstances then prevailing.

2. SOURCE OF FUNDS

Repurchases must be made out of funds which are legally available for such purpose and in accordance with the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and the articles of association of the Company. It is envisaged that the funds required for any repurchase would be derived from the distributable profits of the Company which shall be funds legally available for such purpose in accordance with the Listing Rules and the laws of Hong Kong.

3. IMPACT OF REPURCHASES ON WORKING CAPITAL

There could be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in its latest published audited accounts for the year ended 31 December 2013) in the event that the proposed share repurchases were to be carried out in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the general mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

4. MAXIMUM NUMBER OF SHARES TO BE REPURCHASED AND SUBSEQUENT ISSUE

A maximum of 10 per cent. of the existing issued share capital of a company at the date of passing the relevant resolution may be repurchased on the Stock Exchange. A company may not, without the prior approval of the Stock Exchange, issue new shares or announce a proposed new issue of shares for a period of 30 days immediately following a share repurchase

whether on the Stock Exchange or otherwise (other than an issue of securities pursuant to the exercise of warrants, share options or similar instruments requiring the company to issue securities, which were outstanding prior to the repurchase).

As at the Latest Practicable Date, the issued share capital of the Company comprised 378,583,440 Shares in issue. As at the same date, no options to subscribe for Shares had been granted and were outstanding under the Company's share option scheme adopted on 9 May 2012. Subject to the passing of Ordinary Resolution No. 8 set out in the AGM Notice and on the basis that no further Shares are issued or repurchased between the Latest Practicable Date and up to the date of the AGM, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 37,858,344 Shares.

5. CONNECTED PARTIES

No Connected Persons have notified the Company that they have a present intention to sell Shares to the Company or have undertaken not to do so, in the event that the Repurchase Mandate is approved by the Shareholders.

6. SHARE PRICES

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

	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
March 2013	11.760	11.080
April 2013	12.640	11.040
May 2013	11.660	10.780
June 2013	11.500	10.000
July 2013	11.500	10.500
August 2013	14.660	11.260
September 2013	19.800	14.320
October 2013	20.100	16.260
November 2013	17.260	15.180
December 2013	15.720	13.800
January 2014	16.180	14.540
February 2014	17.280	15.160
1 March 2014 to Latest Practicable Date	16.920	15.640

7. SHARE PURCHASE MADE BY THE COMPANY

No repurchase has been made by the Company of its shares in the last six months prior to the date of this document.

8. UNDERTAKING OF DIRECTORS

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the powers of the Company to make repurchases pursuant to the Repurchase Mandate and in accordance with the Listing Rules, the applicable laws of Hong Kong and the articles of association of the Company.

9. EFFECT OF THE TAKEOVERS CODE

If on the exercise of the power to repurchase Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code. As a result, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of the Company and thereby become obliged to make a mandatory general offer in accordance with Rules 26 and 32 of the Takeovers Code.

As at the Latest Practicable Date, Liu's Holdings Limited is the largest shareholder of the Company, holding approximately 43.81% of the issued share capital of the Company. In the event that the Share Repurchase Mandate is exercised in full, assuming that the present shareholdings and capital structure of the Company remains the same, Liu's Holdings Limited's interest in the Company would be increased to approximately 48.67% of the issued share capital of the Company and such increase would give rise to an obligation to make a mandatory offer under Rules 26 and 32 of the Takeover Code.

Currently, the Directors have no intention to exercise the powers of the Company to make any repurchases of the Shares of the Company. In any event, the Directors do not intend to exercise the Repurchase Mandate to an extent which will trigger off the mandatory offer requirement pursuant to the rules of the Takeovers Code or which will reduce the aggregate amount of the share capital of the Company in public hands to below 25%.

10. DISCLOSURE OF INTEREST

Having made all reasonable enquiries and to the best of the knowledge of the Directors, no Director nor any associate of any Director of the Company, has any present intention, in the event that the Repurchase Mandate is approved by the Shareholders, to sell Shares to the Company.