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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 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 BUY-BACK AND ISSUE OF SHARES
AND
ADOPTION OF NEW ARTICLES OF ASSOCIATION**

A letter from the chairman of Liu Chong Hing Investment Limited is set out on pages 3 to 7 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 11:00 a.m. on Wednesday, 29 April 2015 was enclosed within the Company's 2014 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.

26 March 2015

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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 11:00 a.m. on Wednesday, 29 April 2015;
- “AGM Notice” means the notice of the AGM set out on pages 92 to 97 of the Company’s 2014 Annual Report to consider, and if thought fit, to approve resolutions including but not limited to the general mandates to issue and buy back 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;
- “Buy-back Mandate” means the proposed mandate to the Directors to buy back Share pursuant to Ordinary Resolution No. 5 as set out in the AGM Notice in its present or any amended form;
- “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;
- “Existing Articles” the existing articles of association of the Company, and a reference to an “Existing Article” is a reference to a provision in the Existing Articles;
- “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;
- “Latest Practicable Date” means 13 March 2015, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein;

DEFINITIONS

“Listing Rules”	means Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“New Articles”	the articles of association of the Company, proposed by the Company to be adopted in the AGM, and a reference to a “New Article” is a reference to a provision in the New Articles;
“Ordinary Resolution(s)”	means the proposed ordinary resolution(s) as referred to in the AGM Notice;
“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);
“Special Resolution(s)”	the proposed special resolution(s) as referred to in the AGM Notice;
“Share Issue Mandate”	means the proposed mandate to the Directors to issue Shares pursuant to Ordinary Resolution No. 6 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, (*Chairman*) LLD, MBE, J.P.
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, 26 March 2015

To the Shareholders

Dear Sir or Madam,

**RE-ELECTION OF DIRECTORS,
GENERAL MANDATES FOR
THE BUY-BACK AND ISSUE OF SHARES
AND
ADOPTION OF NEW ARTICLES OF ASSOCIATION**

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 Buy-back Mandate and Share Issue Mandate; and
- (c) that the proposed for adoption the New Articles of Association which would enable the company to comply with the new Companies Ordinance 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 Officer*)
- (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, Dr. Liu Lit Mo, Mr. Liu Kam Fai, Winston, Dr. Cheng Mo Chi, Moses and Mr. Lee Wai Hung shall retire at the conclusion of the AGM and, being eligible, shall offer themselves 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 BUY-BACK SHARES

At the annual general meeting of the Company held on 22 April 2014, a general mandate was granted to the Directors to exercise the powers of the Company to buy-back 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 Buy-back Mandate to the Directors, on terms as set out in Ordinary Resolution No. 5 in the AGM Notice, allowing them to exercise all powers of the Company to buy back its Shares. Under the Buy-back Mandate, the number of Shares that the Company may buy back 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 Buy-back Mandate, the Company's authority shall be restricted to buy back made on the Stock Exchange. The Buy-back Mandate allows the Company to make buy-backs 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 Buy-back 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 22 April 2014, 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 bought back by the Company under the authority to buy back 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. 6 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. 7 in the AGM Notice by adding to it the number of Shares that may be bought back under the Buy-back 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. 6 set out in the AGM Notice and on the basis that no further Shares are issued or bought back 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.

ADOPTION OF THE NEW ARTICLES OF ASSOCIATION

A special resolution will be proposed at the AGM to amend the Articles of Association in response to the changes introduced by the new Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

A summary of the major areas of the proposed amendments to the Existing Articles are set out in Appendix 3 to this circular.

ANNUAL GENERAL MEETING

The AGM Notice setting out, inter alia, the Ordinary Resolutions to grant the Buy-back Mandate, the Share Issue Mandate and the proposed extension of the Share Issue Mandate as well as the Special Resolution to approve the proposed amendments to the Articles of Association is enclosed within the Company's 2014 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 2014 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.

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.

LETTER FROM THE CHAIRMAN

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 Buy-back Mandate, the Share Issue Mandate and the proposed extension of Share Issue Mandate 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.

The Directors also believe that the proposed amendments to the Articles of Association are necessary for the Company's compliance with the new Companies Ordinance and will also benefit the Company and its shareholders as a whole. The Directors therefore recommend shareholders of the Company to vote in favour of the Special Resolution.

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 2015 AGM are as follows:

Dr. Liu Lit Mo, aged 77, is the Chairman of Liu Chong Hing Investment Limited. Dr. Liu resigned as the Managing Director of the Company on 26 February 2014 after serving the Managing Director since 1972. He has also served as the Chairman of Nomination Committee and Corporate Governance Committee, and as a director of a number of subsidiaries of the Company. As for community service, Dr. Liu was the Chairman of Tung Wah Group of Hospitals in 1967 and is now serving as an Adviser of the Group. He had also been President of the Hong Kong Chiu Chow Chamber of Commerce, Chairman of Hong Kong Football Association and District Governor of District 3450, Rotary International. Presently, he is a member of the Board of Trustees of United College, The Chinese University of Hong Kong and a Manager of Liu Po Shan Memorial College. He was awarded Silver Jubilee Medal by Her Majesty the Queen in 1977. Dr. Liu was conferred an Honorary Degree of Doctor of Laws by Lingnan University in 2005. Dr. Liu is the brother of Mr. Liu Lit Chi (Managing Director and Chief Executive Officer of the Company) and Dr. Liu Lit Chung (Non-executive Director of the Company), the father of Mr. Liu Kam Fai, Winston (Deputy Managing Director of the Company) and an uncle of Mr. Andrew Liu (Non-executive Director of the Company), Mr. Liu Chun Ning, Wilfred (Non-executive 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, Dr. Liu is also an Independent Non-executive Director of China Motor Bus Company Limited, which a public company listed on the Stock Exchange in Hong Kong. His other directorships in public listed company in the last three years include Chong Hing Bank Limited, which is a public company listed on the Stock Exchange in Hong Kong. Save as disclosed above, Dr. Liu did not hold any directorship in any other listed public company in the last three years

Besides, Dr. Liu is also a director of Abaleen Enterprises Limited; Alain Limited; Angel Face Consultants Limited; Blossom Success Investments Limited; Bonsun Enterprises Limited; China Link Technologies Limited; Chong Yip Finance Limited; Chong Yip Hotel Management Limited; Chong Yip (Nominees) Limited; Determined Resources Limited; Devon Realty Limited; Donington Company Limited; Fortune Plus Investments Limited; Foshan Nanhai Hugh Glory Property Development Company, Limited; Great Earnest Limited; Guangzhou Chong Hing Property Development Company Limited; Guangzhou Wealth Good Property Management Company, Limited; Guangzhou Wealth Smart Property Management Company, Limited; Guangzhou Trade Castle Property Consultancy Company, Limited; Heng Kin Investment Limited; Honest Tone Limited; Hugh Glory Limited; Hugh Wealth International Limited; Jacot Limited; Ko Yew Company Limited; Linktime Int'l Development Limited; Liu Chong Hing Estate Company, Limited; Liu Chong Hing Godown Company, Limited; Liu Chong Hing Property Management & Agency Limited; Long Castle Limited; Long Supreme Investments Limited; Lord Duty Limited; Luxpolar Limited; Maanshan Gaoke Magnetic Material Company Limited; Metro Bonus Limited; Multi Eternal Limited; Queen Profit International Investment Limited; Richview Property Management Company Limited; Road To

Glory Group Limited; Shanghai Huang Pu Liu Chong Hing Property Development Company, Limited; Shanghai Truegrow Hotel Management Company, Limited; Sharp Talent International Limited; Sino Pink Development Limited; Speed World Investment Limited; Supreme King International Limited; Terryglass Limited; Top Team Limited; Trade Castle Limited; Truegrow Investments Limited; Wealth Bond Limited; Wealth Good Investment Limited; Well Road Investment Limited; Yue Tung Ching Kee Company Limited; 北京捷欣西宣酒店管理有限公司; 上海捷欣三林酒店管理有限公司; 上海捷欣松江酒店管理有限公司; and 廣州市創鑫酒店管理有限公司, all of which are subsidiaries of the Company.

Other than that mentioned above, Dr. 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, Dr. Liu is interested in 139,122,310 shares in the Company (amounting 36.75% of its existing issued and fully paid share capital) within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). Dr. Liu will enter into a director's appointment letter with the Company for a term commencing from forthcoming AGM of the Company. Dr. Liu 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.

Dr. Liu is currently entitled to receive by way of annual remuneration and other benefits of approximately HK\$9,088,000. Besides, he will also be entitled to receive by way of remuneration for his service as the Chairman of the Board an annual director's fee of HK\$250,000 from the Company. Such Director's fee is determined by the board and 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 Kam Fai, Winston, aged 48, was appointed an Executive Director of the Company since 1997. He was re-designated as the Deputy Managing Director of the Company in August 2008 and is also serving as a member of Corporate Governance Committee of the Company. Mr. Liu holds a Master degree in Economics from the University of London, specializing in Finance and Macro Economic Policy. Mr. Liu oversees the Company's strategic development, project implementation, as well as all aspects of business operations. He is the son of Dr. Liu Lit Mo (Managing Director of the Company), a nephew of Mr. Liu Lit Chi (Executive Director of the Company) and Dr. Liu Lit Chung (Executive Director of the Company), 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 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, his other directorships in public listed company in the last three years include Freeman Financial Corporation Limited, which is a public company listed on the Stock Exchange in Hong Kong. Save as disclosed above, Mr. Liu did not hold any directorship in any other public company in last three year. Besides, Mr. Liu

is a director of Abaleen Enterprises Limited; Alain Limited; Angel Face Consultants Limited; Blossom Success Investments Limited; Bonsun Enterprises Limited; China Link Technologies Limited; Chong Yip Finance Limited; Chong Yip Hotel Management Limited; Chong Yip (Nominees) Limited; Determined Resources Limited; Devon Realty Limited, Donington Company Limited; Fortune Plus Investments Limited; Foshan Nanhai Hugh Glory Property Development Company, Limited; Great Earnest Limited; Guangzhou Chong Hing Property Development Company Limited; Guangzhou Wealth Good Property Management Company, Limited; Guangzhou Wealth Smart Property Management Company, Limited; Guangzhou Trade Castle Property Consultancy Company, Limited; Heng Kin Investment Limited; Honest Tone Limited; Honour Speed Development Limited; Hugh Glory Limited; Hugh Wealth International Limited; Jacot Limited; Ko Yew Company Limited; Linktime Int'l Development Limited; Liu Chong Hing Estate Company, Limited; Liu Chong Hing Godown Company, Limited; Liu Chong Hing Property Management & Agency Limited; Long Castle Limited; Long Supreme Investments Limited; Lord Duty Limited; Luxpolar Limited; Maanshan Gaoke Magnetic Material Company Limited; Metro Bonus Limited; Multi Eternal Limited; Queen Profit International Investment Limited; Richview Property Management Company Limited; Road To Glory Group Limited; Shanghai Truegrow Hotel Management Company, Limited; Sharp Talent International Limited; Sino Pink Development Limited; Speed World Investment Limited; Supreme King International Limited; Terryglass Limited; Top Team Limited; Trade Castle Limited; Truegrow Investments Limited; Wealth Bond Limited; Wealth Good Investment Limited; Well Road Investment Limited; Yue Tung Ching Kee Company Limited; 北京捷欣西宣酒店管理有限公司; 上海捷欣三林酒店管理有限公司; 上海捷欣松江酒店管理有限公司; and 廣州市創鑫酒店管理有限公司, all of which are subsidiaries of the Company.

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 is interested in 6,386,000 shares in the Company (amounting 1.68% of its existing issued and fully paid share capital) within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). Mr. Liu has entered into a director's appointment letter with the Company for a term commencing on 9 May 2012 and will hold office until the next following AGM of the Company. Mr. Liu 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. Liu is currently entitled to receive by way of annual remuneration and other benefits of approximately HK\$5,576,000. Besides, he will be entitled to receive by way of remuneration of 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 Director's fees 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.

Dr. Cheng Mo Chi, Moses, aged 65, was appointed as an Independent Non-executive Director of the Company in August 1999 and he has served as Chairman of the Remuneration Committee and a member of the Audit Committee, Nomination Committee and Corporate Governance Committee of the Company. Dr. Cheng is a practising solicitor and the senior partner of Messrs. P.C. Woo & Co. Dr. Cheng was a member of the Legislative Council of Hong Kong. He is the Founder Chairman of the Hong Kong Institute of Directors of which he is now the Honorary President and Chairman Emeritus. He was also the President of International Association of Practising Lawyers.

In addition to his directorship in the Company, Dr. Cheng has been an independent non-executive director of China Mobile Limited, China Resources Enterprises, Limited, Guangdong Investment Limited and Towngas China Company Limited since March 2003, November 2005, November 2012 and May 2007 respectively. Besides, Dr. Cheng has also been the non-executive director of K. Wah International Holdings Limited, Tian An China Investments Company Limited and Kader Holdings Company Limited since August 2009, September 2004 and September 2004 respectively, all being public companies listed on the Stock Exchange in Hong Kong. Save as disclosed above, Dr. Cheng is also an independent non-executive director of ARA Asset Management Limited, a company whose shares are listed on Singapore Exchange Limited. His other directorships in public listed companies in the last 3 years include Hong Kong Exchanges and Clearing Limited and Hong Kong Television Network Limited, both companies are public listed on the Stock Exchange in Hong Kong. Save as disclosed above, Dr. Cheng did not hold any directorship, whether in Hong Kong or overseas, in any other public listed companies in the previous 3 years.

Other than that mentioned above, Dr. Cheng 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, Dr. Cheng did not have any interest (nor any short position) in the securities and underlying securities in the Company and its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). Dr. Cheng has entered into a director's appointment letter with the Company for a term commencing on 9 May 2012 and will hold office until the next following AGM of the Company. Dr. 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.

As an Independent Non-Executive Director of the Company, Dr. Cheng will receive a Director's fees 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. Lee Wai Hung, aged 52, is an Executive Director and Company Secretary of the Company. Mr. Lee is also serving as a member of Corporate Governance Committee of the Company. Mr. Lee holds a Bachelor of Law degree, a Master of Business Administration

degree and Postgraduate Diploma in Construction and Real Estate. He is also a fellow of Hong Kong Institute of Certified Public Accountants (Practising) and a fellow member of the Association of Chartered Certified Accountants. Before joining the Company, Mr. Lee had worked in an international accounting firm for over six years. Mr. Lee has over twenty five years of experience in corporate finance and accounting. Mr. Lee joined the Company in 1992 and was appointed as Director in 1994. Mr. Lee is primarily responsible for the Company's finance and secretarial matters.

In addition to his directorship in the Company, Mr. Lee is a director of Abaleen Enterprises Limited; Alain Limited; Angel Face Consultants Limited; Blossom Success Investments Limited; Bonsun Enterprises Limited; China Link Technologies Limited; Chong Yip Finance Limited; Chong Yip Hotel Management Limited; Chong Yip (Nominees) Limited; Determined Resources Limited; Devon Realty Limited, Donington Company Limited; Fortune Plus Investments Limited; Foshan Nanhai Hugh Glory Property Development Company, Limited; Great Earnest Limited; Guangzhou Chong Hing Property Development Company Limited; Guangzhou Wealth Good Property Management Company, Limited; Guangzhou Wealth Smart Property Management Company, Limited; Guangzhou Trade Castle Property Consultancy Company, Limited; Heng Kin Investment Limited; Honest Tone Limited; Honour Speed Development Limited; Hugh Glory Limited; Hugh Wealth International Limited; Jacot Limited; Ko Yew Company Limited; Linktime Int'l Development Limited; Liu Chong Hing Estate Company, Limited; Liu Chong Hing Godown Company, Limited; Liu Chong Hing Property Management & Agency Limited; Long Castle Limited; Long Supreme Investments Limited; Lord Duty Limited; Luxpolar Limited; Maanshan Gaoke Magnetic Material Company Limited; Metro Bonus Limited; Multi Eternal Limited; Queen Profit International Investment Limited; Richview Property Management Company Limited; Road To Glory Group Limited; Shanghai Huang Pu Liu Chong Hing Property Development Company, Limited; Shanghai Truegrow Hotel Management Company, Limited; Sharp Talent International Limited; Sino Pink Development Limited; Speed World Investment Limited; Supreme King International Limited; Terryglass Limited; Top Team Limited; Trade Castle Limited; Truegrow Investments Limited; Wealth Bond Limited; Wealth Good Investment Limited; Well Road Investment Limited; Yue Tung Ching Kee Company Limited; 北京捷欣西宣酒店管理有限公司; 上海捷欣三林酒店管理有限公司; 上海捷欣松江酒店管理有限公司; and 廣州市創鑫酒店管理有限公司, all of which are subsidiaries of the Company. Save as disclosed above, Mr. Lee did not hold any directorship in any other listed public company in the last three years.

Other than that mentioned above, Mr. Lee 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. Lee did not have any interest (nor any short position) in the securities and underlying securities in the Company and its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). Mr. Lee has entered into an employment service contract with the Company which can be terminated by 3-month written notice by either party. Mr. Lee's appointment to the Company as a Director is subject to the rotational retirement requirements under the Articles of Association of the Company.

Pursuant to his service contract, Mr. Lee receives annual remuneration of approximately HK\$3,216,000 and as a Executive Director of the Company, he will also entitled to receive a director's fees of HK\$150,000 per year which is determined by the Board with reference to his duties and responsibilities, and is in line with Director's fees 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.

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 Buy-back 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 buy back their fully paid up shares on the Stock Exchange subject to certain restrictions, the most important of which are summarized below:

1. REASONS FOR BUY-BACK

The Directors believe that the ability to buy back Shares is in the interests of the Company and its shareholders. Buy-backs 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 buy back Shares to give the Company the flexibility to do so if and when appropriate. The number of Shares to be bought back on any occasion and the price and other terms upon which the same are bought back will be decided by the Directors at the relevant time having regard to the circumstances then prevailing.

2. SOURCE OF FUNDS

Buy-backs 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 buy-back 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 BUY-BACKS ON WORKING CAPITAL

There could be an 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 2014) in the event that the proposed share buy-backs were to be carried out in full at any time during the proposed buy-back 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 BOUGHT BACK 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 bought back 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 buy-back 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 buy-back).

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. 5 set out in the AGM Notice and on the basis that no further Shares are issued or bought back between the Latest Practicable Date and up to the date of the AGM, the Company would be allowed under the Buy-back Mandate to buy back 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 Buy-back 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 2014	16.920	15.640
April 2014	17.500	14.500
May 2014	11.700	8.890
June 2014	9.940	9.180
July 2014	10.280	9.170
August 2014	10.960	10.040
September 2014	10.600	9.580
October 2014	9.850	9.280
November 2014	10.440	9.650
December 2014	9.900	9.480
January 2015	9.900	9.520
February 2015	9.740	9.500
1 March 2015 to Latest Practicable Date	9.800	9.520

7. SHARE BUY-BACK MADE BY THE COMPANY

No buy-back 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 buy-backs pursuant to the Buy-back 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 buy back Shares pursuant to the Buy-back 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 34.95% of the issued share capital of the Company. In the event that the Buy-back 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 38.83% 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 buy-backs of the Shares of the Company. In any event, the Directors do not intend to exercise the Buy-back 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 Buy-back Mandate is approved by the Shareholders, to sell Shares to the Company.

The Existing Articles are proposed to be replaced in their entirety by the New Articles. The principal differences between the New Articles and the Existing Articles are outlined below.

AMENDMENTS MADE IN RESPONSE TO THE CHANGES INTRODUCED BY THE COMPANIES ORDINANCE (CAP 622 OF THE LAWS OF HONG KONG) (“NEW CO”)

1. Introductory paragraph

New Article 1 dis-applies the Model Articles.

New Articles 2, 3 and 4 include certain provisions currently contained in the Memorandum.

2. Share warrants to bearer

The deletion of the Existing Article 4(b) reflects the changes introduced by section 139 of the New CO which repeals the power of companies to issue share warrants to bearer.

3. Preference shares

New Article 6(a) authorises the Directors to determine the terms, conditions and manner of redemption of any preference shares, as permitted by section 235 of the New CO. The requirement for any issuance of preference shares to be sanctioned by a special resolution is removed as it is not required under the New CO.

4. Directors’ powers to deal with securities of the Company

New Article 9 outlines the power of Directors to allot shares or grant other rights subject to the requirements of the New CO such as sections 140(1)(b) and 141(1)(b) of the New CO.

New Article 154(b) reiterates that any allotment of shares shall be subject to the requirements set out in the New CO.

5. Issue of share certificate on transfer

New Article 17 reflects the position under section 155(2)(b) of the New CO which provides that a public company must have the relevant share certificate ready for delivery within 10 business days after the day on which a transfer is lodged with the company, subject to certain conditions.

6. Directors’ power to refuse to register transfers without giving reasons

New Article 47 reflects the changes introduced by section 151(3) of the New CO which requires a company to provide a statement of reasons when the registration of a share transfer is refused, if requested by the transferee or the transferor. New Article 47 removes the power of the directors to refuse registration without reason to reflect this requirement.

7. Alteration of capital

Existing Article 60 provides for the consolidation, cancellation and sub-division of the shares of the Company. Section 53 of the Companies Ordinance, Chapter 32 of the Laws of Hong Kong (“Previous CO”) required companies wishing to have these powers to provide for them specifically in their articles. New Article 58 replaces certain provisions in Existing Article 60 and streamlines the provisions in the New Articles by aligning them to section 170 of the New CO. This modifies the position under the Previous CO and gives a company the statutory power to alter its share capital in a number of specified ways, subject to any exclusion or restriction in the company’s articles.

New Article 62 reflects the position under section 170(2)(e) of the New CO which refers to a company converting all or any of its shares into a larger or smaller number of shares. This modifies the position under the Previous CO which referred to a company consolidating and dividing its capital into shares of a larger amount.

8. Abolition of concepts of “nominal value” and “authorised share capital”

8.1 *Nominal value and authorised capital*

The deletion of Existing Article 3 and the adoption of New Articles 9, 20, 23, 60, 61, 154(a)(i)(dd), 154(a)(ii)(dd) and 155 reflects the abolition under section 135 of the New CO of the concepts of nominal value and authorised capital. Particularly, references to these concepts and related concepts, including “unissued shares”, “par”, “original capital”, “nominal amount”, “premium”, “share premium account” and “capital redemption reserve”, are re-drafted or deleted as appropriate.

New Article 5 includes additional defined terms in relation to the payment of shares, such as “fully paid-up” and “issue price”. These definitions are inserted or re-drafted as necessary in order to align the New Articles with the position under the New CO due to the abolition of the concepts of nominal value and authorised capital.

8.2 *Modification of class rights*

New Article 63(a) reflects: (a) the changes introduced by section 180(3)(a) of the New CO which requires the written consent of holders representing at least 75 per cent. of the total voting rights of holders of shares in a class to be provided in order for the rights of that class to be varied; and (b) the changes introduced by section 623(4) of the New CO in relation to the quorum requirements for a variation of class rights meeting.

8.3 *General meeting with short notice*

New Article 66 reflects the change introduced by section 571(3)(b) of the New CO which provides that a general meeting called by a company (other than an annual general meeting) with shorter notice than specified in its articles or required by the New CO shall be deemed to have been duly called if it is agreed by a majority in number of the

members having the right to attend and vote at the meeting, being a majority together representing at least 95 per cent. of the total voting rights at the meeting of all the members. This is subject to the requirements of the Listing Rules.

9. Meeting procedures

New Articles 64, 65 and 69 do not refer to “extraordinary general meetings” of the Company as the concept of an “extraordinary general meeting” is not retained under the New CO. All general meetings of a company (other than its annual general meetings) are simply referred to as “general meetings” under the New CO.

New Article 64 incorporates by reference the requirements in relation to the holding of annual general meetings set out in section 610 of the New CO. New Article 66 reflects the changes introduced by section 571(1)(b)(i) of the New CO which provides that the notice period for all general meetings of a limited company (except annual general meetings) is 14 days.

New Articles 66 and 69 reflect the changes introduced by: (i) section 584 of the New CO which allows for general meetings to be held in two or more places; and (ii) section 576 of the New CO which sets out the content requirements in a notice of general meeting.

New Article 67 reflects the change introduced by section 579(1) which provides that the accidental omission to give notice of, among other things, a resolution intended to be moved at a meeting, or the non-receipt of such notice by any person entitled to receive such notice, must be disregarded for the purpose of determining whether notice of the resolution is duly given.

10. Members’ written resolutions

New Article 68 reflects the changes introduced by section 556 of the New CO which allows eligible members to pass a written resolution by signifying their agreement to it. It also incorporates by reference the definitions of “eligible members” and “circulation date” which are set out in section 547 of the New CO.

11. Special business

Existing Article 66, which differentiates between a specific list of business that is transacted at an annual general meeting and other “special business”, is deleted as the concept of “special business” is not retained under the New CO. The reference to “special business” in New Article 66 is also being deleted.

12. Poll

New Article 74 reflects the changes introduced by section 591(2)(b) of the New CO which reduces the threshold requirement for members to demand a poll from 10 per cent. to 5 per cent. of the total voting rights of all the members having the right to vote at that meeting.

13. Proxy arrangements

The changes in proxy arrangements in the New Articles are as follows:

13.1 New Article 78 reflects the changes introduced by (I) section 588(1)(b) of the New CO which allows a proxy to vote on a show of hands; and (II) section 588(2) of the New CO that, on a vote by show of hands, if a member appoints more than one proxy, none of the proxies so appointed are entitled to vote.

13.2 New Article 85 reflects the change introduced by section 598 of the New CO which sets out the notice periods for appointing a proxy.

13.3 New Article 86 reflect the changes introduced by section 598(3) of the New CO which require that the calculation of notice periods in respect of appointing and terminating a proxy excludes public holidays in Hong Kong.

14. Meaning of “mental incapacity”

The reference to “unsound mind” in the Existing Articles is archaic. In order to modernise the language, these references are replaced by “mentally incapacitated” in New Articles 81 and 101(b) in accordance with its meaning under section 2(1) of the Mental Health Ordinance. This is in line with the approach adopted by the Model Articles.

15. Declaration of material interest by Directors

New Articles 102 and 103 reflect the changes introduced in Part 11, Division 5 of the New CO in relation to the disclosure by directors of their and their “connected entities” (as defined in section 486 the New CO) material interests in any transaction, arrangement or contract or any proposed transaction, arrangement or contract with the company of which they are a director. New Article 102 also reflects the changes introduced in Part 11, Division 5 of the New CO in relation to the specific timing and other procedural requirements for the declaration by a director of his material interests.

New Article 103(b), which deals with the resolution of the Board to make a conclusive resolution regarding the materiality of an interest in question or a Director’s entitlement to vote or be counted in a quorum, is extended to cover a resolution in relation to the interest of a connected entity of a Director.

16. Use of seal and execution of documents

New Article 141 incorporates the general position under section 127(5) of the New CO in relation to the execution of documents that previously required sealing.

17. Reporting documents

New Articles 166, 167, 168 and 169 reflect the new terminology used throughout the New CO for various financial documents that the Directors are required to prepare and put forward in the annual general meeting of the Company.

18. Directors' Insurance

New Article 185(c) reflects the change introduced by section 468 of the New CO which allows a company to take out and maintain insurance for a director of an associated company of a company.

19. Meaning of “related company”

The concept of a “related company” and its definition in the Existing Articles are taken from the Previous CO. Under the New CO, the term “related company” is replaced by “associated company”, although the meaning of the term remains the same. New Article 185(c) reflects this change.

Full text of the New Articles is available in English and Chinese under the Corporate Governance section of the Company's website (www.lchi.com.hk). The Chinese translation of the New Articles is for reference only. In the event of any inconsistency between the Chinese and English version of the New Articles, the English version shall prevail. A copy of the New Articles will also be available for inspection at the registered office of the Company during the business hours from 9:00 a.m. to 6:00 p.m. (Hong Kong time) Monday to Friday, excluding public holidays from the date of this circular up to and including 29 April 2015.