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LIFESTYLE PROPERTIES DEVELOPMENT LIMITED

利福地產發展有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2183)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2017

INTERIM RESULTS

The board of directors (“Board”) of Lifestyle Properties Development Limited (“Company”) is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively, “Group”) for the six months ended 30 June 2017, together with comparative figures for the corresponding period in 2016, as follows:

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2017**

		Six months ended 30 June	
		2017	2016
	<i>NOTES</i>	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Turnover		-	-
Operating expenses		(6,677)	(5,033)
Other income, gains and losses	4	(8,463)	14,317
Staff costs		(8,881)	(9,632)
Depreciation and amortisation		(8,263)	(18)
Investment income	5	23,825	2,759
Fair value changes on investment properties		-	(900)
(Loss) profit before taxation		(8,459)	1,493
Taxation	6	-	(7)
(Loss) profit for the period attributable to owners of the Company	7	(8,459)	1,486
Other comprehensive income (expense) attributable to owners of the Company:			
<i>Item that will not be reclassified to profit or loss:</i>			
Exchange differences arising on translation of functional currency to presentation currency		56,884	(23,593)
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operation		(41)	-
Other comprehensive income (expense) for the period		56,843	(23,593)
Total comprehensive income (expense) for the period attributable to owners of the Company		48,384	(22,107)
(Loss) earnings per share – Basic (HK cents)	8	(2.02)	0.35

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2017**

	<i>NOTES</i>	30 June 2017 HK\$'000 (Unaudited)	31 December 2016 HK\$'000 (Audited)
Non-current assets			
Investment properties		652,106	631,416
Property, plant and equipment		243	255
Properties under development		126,970	122,668
Prepaid lease payments		559,073	548,191
		<u>1,338,392</u>	<u>1,302,530</u>
Current assets			
Prepaid lease payments		16,688	16,123
Deposits, prepayments and other receivables	9	3,992	6,663
Financial assets at fair value through profit or loss		117,876	91,217
Fixed deposits		42,932	45,481
Bank balances and cash		362,740	369,180
		<u>544,228</u>	<u>528,664</u>
Current liabilities			
Other payables and accrued charges	10	4,244	6,107
Taxation payable		199,757	200,024
		<u>204,001</u>	<u>206,131</u>
Net current assets		<u>340,227</u>	<u>322,533</u>
Total assets less current liabilities		1,678,619	1,625,063
Non-current liability			
Deferred tax liabilities		152,633	147,461
Net assets		<u>1,525,986</u>	<u>1,477,602</u>
Capital and reserves			
Share capital		41,911	41,911
Reserves		1,484,075	1,435,691
Total equity		<u>1,525,986</u>	<u>1,477,602</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2017

1. COMPANY INFORMATION AND BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The Company was a subsidiary of Lifestyle International Holdings Limited ("Lifestyle International"), a company with its shares listed on The Stock Exchange of Hong Kong Limited. On 13 April 2017, Lifestyle International (the "Vendor"), the Company's precedent immediate holding company, and Mega Regal Limited (the "Offeror" or "Mega Regal") entered into a sale and purchase agreement (the "S&P Agreement"). Pursuant to the S&P Agreement, the Offeror agreed to acquire from the Vendor 249,611,200 issued shares (representing approximately 59.56% of the issued share capital) of the Company as at the date of the S&P Agreement for a cash consideration of HK\$1,292,986,016. Upon the completion of the S&P Agreement on 13 April 2017, the Company's immediate holding company changed to Mega Regal. The ultimate controlling party of Mega Regal is Mr. Lin Rongbin ("Mr. Lin"), who has been appointed as an executive director of the Company since 11 May 2017. Furthermore, upon the close of an unconditional mandatory cash general offer by Mega Regal on 31 May 2017 and completion of a placing of the Company's shares by Mega Regal on 10 July 2017, Mega Regal has had a total of 313,584,752 issued shares (representing approximately 74.82% of the issued share capital immediately after the completion of the placing) of the Company.

Pursuant to a special resolution passed by the shareholders of the Company (the "Shareholders") in the extraordinary general meeting held on 8 August 2017, the change of name of the Company from "Lifestyle Properties Development Limited" to "Sansheng Holdings (Group) Co. Ltd." was approved by the Shareholders. On 8 August 2017, a certificate of incorporation on change of name of the Company was issued by the Registrar of Companies in the Cayman Islands. As at the date of approval of the interim condensed consolidated financial statements, the change of name of the Company is still pending for the completion of registration in the Companies Registry in Hong Kong.

As further disclosed in the section headed "EVENTS AFTER THE REPORTING PERIOD" in this announcement, on 7 July 2017, the Group announced its proposed transaction to set up an entity which will be principally engaged in investment of property development projects in the People's Republic of China (the "PRC"). The registered capital of that entity will be RMB2,000,000,000, which shall be contributed as to 55% (equivalent to RMB1,100,000,000) by the Group and as to 45% (equivalent to RMB900,000,000) by Fuzhou Sansheng Investment Co. Ltd* (福州三盛投資有限公司), a related company in which Mr. Lin has controlling interests. In addition, Sansheng Land Development Limited* (三盛置地發展有限公司), a wholly-owned subsidiary of the Company, and Mr. Wang Peng ("Mr. Wang") entered into an agreement on 16 August 2017, pursuant to which, the Group conditionally agreed to acquire, and Mr. Wang conditionally agreed to sell, 90% of the issued share capital of Hong Kong Zhong Sheng Property Investment Limited ("Hong Kong Zhong Sheng") for a cash consideration of RMB549,400,000. Fuzhou Shangsheng Investment Co. Ltd, a wholly-owned subsidiary of the Company, also conditionally agreed to provide a loan in the principal amount of RMB890,600,000 to a wholly-owned subsidiary to be established in the PRC by Hong Kong Zhong Sheng.

Taking into account of the internal resources presently available to the Group, the revolving loan facilities to be provide by Mr. Lin and other related companies, the Directors are of the opinion that the Group will be able to meet in full its financial obligations as and when they fall due in the foreseeable future and will be in a position to continue as a going concern and the Group has prepared the interim condensed consolidated financial statements on a going concern basis.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments, which are measured at fair values.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2017 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2016.

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are effective during the current period.

Amendments to HKFRS 12	As part of the Annual improvements to HKFRSs 2014 – 2016 cycle
Amendments to HKAS 7	Disclosure initiative
Amendments to HKAS 12	Recognition of deferred tax assets for unrealised losses

The application of the above amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in the condensed consolidated financial statements and/or disclosures set out in the condensed consolidated financial statements.

3. SEGMENT INFORMATION

Operating segment

The Group's operating activities are attributable to a single operating segment focusing on property development and property investment. This operating segment has been identified on the basis of internal management reports prepared in accordance with accounting policies which conform with HKFRSs, that are regularly reviewed by the chief operating decision maker ("CODM") (i.e. the executive directors of the Company). The CODM regularly reviews properties portfolio by locations and considers them as one single operating segment since all properties, including those situated in Hong Kong and the PRC, are held by the Group for capital appreciation and development. No revenue analysis, operating results or other discrete financial information is available for the assessment of performance of the respective locations.

The CODM reviews the (loss) profit for the period (before changes in fair value of investment properties) of the Group as a whole to make decisions about resource allocation. No analysis of segment assets or segment liabilities is presented as they are not regularly provided to the CODM. The operation of the Group constitutes one single operating segment under HKFRS 8 "Operating segments" and accordingly, no separate segment information is presented.

4. OTHER INCOME, GAINS AND LOSSES

	Six months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
Net exchange (loss) gain	(12,758)	6,815
Project management income	4,295	7,460
Miscellaneous income	-	42
	<u>(8,463)</u>	<u>14,317</u>

5. INVESTMENT INCOME

	Six months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
Interest income on bank deposits	3,725	2,759
Dividend income from financial assets at fair value through profit and loss	2,393	-
Change in fair value of listed equity securities in Hong Kong	17,707	-
	<u>23,825</u>	<u>2,759</u>

6. TAXATION

	Six months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
The taxation charge comprises:		
PRC Enterprise Income Tax	-	7
	<u>-</u>	<u>7</u>

No provision for Hong Kong Profits Tax has been made in the condensed consolidated financial statements as the Group has no assessable profit for both periods.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%. No provision of EIT has been made in the condensed consolidated financial statements as the Group has no assessable profit for the current period.

7. (LOSS) PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
(Loss) profit for the period has been arrived at after charging:		
Release of prepaid lease payments	8,243	8,439
Less: Amount capitalised in properties under development	-	(8,439)
	<u>8,243</u>	<u>-</u>

8. (LOSS) EARNINGS PER SHARE

The calculation of the basic (loss) earnings per share attributable to the owners of the Company is based on the following data:

	Six months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
(Loss) earnings		
(Loss) profit for the period attributable to owners of the Company for the purpose of basic (loss) earnings per share	<u>(8,459)</u>	<u>1,486</u>
	<i>'000</i>	<i>'000</i>
Number of shares		
Weighted average number of shares for the purpose of basic (loss) earnings per share	<u>419,114</u>	<u>419,114</u>

No diluted (loss) earnings per share is presented as there were no dilutive potential ordinary shares during both periods.

9. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	30 June	31 December
	2017	2016
	HK\$'000	HK\$'000
Project management income receivables	1,104	4,879
Value added tax receivables	634	568
Prepayments	176	211
Rental, utility and other deposits	1,119	337
Interest receivable	885	549
Others	74	119
	<u>3,992</u>	<u>6,663</u>

10. OTHER PAYABLES AND ACCRUED CHARGES

	30 June	31 December
	2017	2016
	HK\$'000	HK\$'000
Value added tax payables	28	46
Construction costs payables	279	127
Accrued charges	3,775	5,879
Others	162	55
	<u>4,244</u>	<u>6,107</u>

INTERIM DIVIDEND

The Board has resolved not to declare any dividend for the six months ended 30 June 2017 (2016: nil).

FINANCIAL REVIEW

Turnover

As the Group's investment properties remained vacant, no turnover was recorded for the period under review.

Loss/Profit for the period attributable to owners of the Company

Loss for the period attributable to owners of the Company was approximately HK\$8.5 million as comparing to a profit approximately HK\$1.5 million in the corresponding period in 2016. During the period, the main income for the Group comprised mark-to-market unrealized gain on the Group's financial assets, interest income from bank deposits and project management services income from a related company, Lifestyle China Group Limited ("Lifestyle China Group").

The turnaround from profit to loss this current period was mainly due to an exchange loss of HK\$12.8 million (2016: gain of HK\$6.8 million) and expensing to profit or loss, rather than capitalizing as properties under development, the amortised prepaid lease payments of HK\$8.2 million with respect to the Group's land situated in Shenyang, Liaoning Province, the PRC ("Yifu Land").

Operating expenses

Operating expenses comprised mainly property related expenses and tax, utilities charges, legal and professional fees and rental expenses. The higher operating expenses this current period was due mainly to the legal and professional fees in relation to the General Offer exercise following the change of controlling shareholder of the Group.

Other income, gains and losses

These mainly comprised project management income and exchange gain/loss. Other income, gains and losses recorded net loss of HK\$8.5 million when compared with net gain of HK\$14.3 million during the same period last year was mainly due to the turnaround from prior period's exchange gain of HK\$6.8 million to exchange loss of HK\$12.8 million. It primarily arose from translating HKD/USD denominated bank deposits to Renminbi, the Company's functional currency, which experienced appreciation during the period. In addition, the project management income has dropped approximately by HK\$3.2 million in the current period. This income is based on the cost-plus arrangement on the Mainland China project team's staff cost, the decrease in management services income mainly due to lower man hours of services provided.

Staff cost

Staff costs decreased 7.8% to HK\$8.9 million which was mainly due to some of the staff being transferred to Lifestyle China Group since Lifestyle International Holdings Limited ceased to be the controlling shareholders of the Group on 13 April 2017 following the disposal of its entire interest in the Group.

Depreciation and amortisation

The significant increase during the period was a result of charging to the profit and loss account the amortized prepaid lease payment of HK\$8.2 million in respect of the Group's Yifu Land in Shenyang, the PRC. The same has been capitalized in the past as part of the properties under development. The change in accounting treatment was due to the fact that there has been a long delay in getting approval from the relevant government authorities in respect of the master layout plan and hence construction work postponement is anticipated.

Financial investments and net investment income

During the period, the Group recorded an aggregate investment income of approximately HK\$23.8 million which mainly comprised mark-to-market unrealized gain of HK\$17.7 million on the Group's financial assets.

As part of the Group's cash management with an aim to enhance the yield on the cash, the Group's started building a small portfolio consisting of Hong Kong listed equities in the second half of last year and as at 30 June 2017, the market value of the investment portfolio was approximately HK\$117.9 million.

Fair value changes on investment properties

During the period, no fair value change is recorded whereas an unrealised fair value loss of HK\$0.9 million was recognized from the Group's investment properties situated in Hong Kong in the corresponding period in 2016.

Liquidity and Financial Resources

As at 30 June 2017, the Group was debt free and had no contracted financial instrument. Fixed deposits and cash and bank balances amounted to approximately HK\$405.7 million (31 December 2016: approximately HK\$414.7 million), of which approximately 82% were held at banks in Hong Kong (31 December 2016: 86%) and the remaining approximately 18% were deposited with banks in the PRC (31 December 2016: 14%). Approximately 15% of the bank balances are denominated in RMB (31 December 2016: 16%) and the remaining are in USD and HKD. As mentioned above, as part of the Group's cash management, certain cash has been used for purchase of listed equity securities and structured investment products which were worth approximately HK\$110.9 million (31 December 2016: approximately HK\$91.2 million) and HK\$6.9 million respectively (31 December 2016: nil) at 30 June 2017. The Group did not have any banking facilities available at 30 June 2017 (31 December 2016: nil) but will make appropriate banking facility arrangements when required.

Pledge of assets

At 30 June 2017, none of the Group's assets was pledged (31 December 2016: none).

Capital expenditure

The Group did not incur capital expenditure for the six months ended 30 June 2017 due to construction work in respect of the Yifu Land in Shenyang being postponed (2016: approximately HK\$2.4 million).

Material acquisition and disposal

The Group did not have any material acquisition or disposal for the six months ended 30 June 2017.

Contingent liabilities

The Group did not have any material contingent liabilities as at 30 June 2017 (31 December 2016: nil).

Foreign exchange risk

The functional currency of the Company and its major subsidiaries is RMB, in which most of their transactions and assets are denominated. The Group does not have significant foreign currency transactions which may expose the Group to foreign currency risk, apart from holding certain bank balances and payment of certain administrative expenses which are denominated in USD and HKD. The Group has not taken any measures to hedge the foreign currency exposure but will monitor closely the situation.

REVIEW OF OPERATIONS

The Group's principal activities are property development and property investment. During the period under review, none of the Group's properties were leased out or sold and that there was no progress in respect of the Group's Yifu Land development project in Shenyang.

Leveraging the management team's extensive experience in property development and project management, the Group continued to provide project management services to connected parties during the period. These services were charged on a cost-plus basis and constitute continuing connected transaction for the Group.

Property investment

The Group's portfolio of investment properties includes certain properties in Hong Kong and mainland China. During the period, no rental income was recorded as the Group's investment properties remained vacant. It is the intention of the Group to dispose of these investment properties, although the Group would consider leasing them out for rental purposes should attractive offers arise.

Property development

The Yifu Land is currently the Group's only project under development. The Group plans to develop a commercial complex with a three-level basement consisting of retail shops, offices, serviced apartment and car parking spaces on this Yifu Land. While the Group will continue to work closely with the relevant government authorities for the necessary approvals and permits before construction work can be commenced, the Board will also take into account the local property market conditions before incurring significant development costs. During the period, there was no construction works carried out on the site and it is anticipated that the delay in obtaining approval from the relevant government authorities may prolong for a period of time.

EVENT AFTER THE REPORTING PERIOD

Change of Company Name

On 7 July 2017, the Board proposed to change the official registered English name of the Company from "Lifestyle Properties Development Limited" to "Sansheng Holdings (Group) Co. Ltd." and replace "利福地產發展有限公司" by "三盛控股(集團)有限公司" as the Company's Chinese name ("Change of Company Name").

On 8 August 2017, a special resolution approving the Change of Company Name was passed by the Shareholders at the extraordinary general meeting.

On 8 August 2017, a certificate of incorporation on change of name of the company was issued by the Registrar of Companies in the Cayman Islands. Thereafter, the Company has carried out the necessary filing procedures with the Companies Registry in Hong Kong. As at the date of this announcement, the Change of Company Name is still pending for the registration in the Companies Registry in Hong Kong.

Formation of the JV Company

On 7 July 2017, Fuzhou Shangsheng Investment Co. Ltd* (福州上盛投資有限公司), a wholly-owned subsidiary of the Company, and Fuzhou Sansheng Investment Co. Ltd* (福州三盛投資有限公司) entered into a joint venture agreement, pursuant to which the parties agreed to set up a joint venture company which will be principally engaged in investment of property development projects ("Formation of the JV Company").

For more details of the Formation of the JV Company, please refer to the announcement of the Company dated 7 July 2017.

Placing of Shares by the Controlling Shareholder and Public Float

The Company was informed by Mega Regal, the controlling shareholder of the Company, that on 7 July 2017, in order to assist the Company to restore the public float, Mega Regal entered into a placing agreement with a placing agent (the “Placing Agent”) to place down 29,616,000 Shares (representing approximately 7.07% of the issued share capital of the Company as at 7 July 2017).

The Company was further informed by Mega Regal that through the Placing Agent, on 10 July 2017, Mega Regal has completed the placing of 28,938,000 Shares held by it, representing approximately 6.91% of the issued share capital of the Company as at 10 July 2017 (the “Placing”). Upon completion of the Placing, a total of 105,529,248 Shares, representing approximately 25.18% of the issued share capital of the Company, are held by the public Shareholders. As such, the public float of the Company has been restored to not less than 25% of the total issued Shares in compliance with Rule 8.08(1)(a) of the Listing Rules (the “Restoration of Public Float”).

For more details of the Placing and the Restoration of Public Float, please refer to the announcement of the Company dated 7 July 2017 in relation to the Placing and the announcement of the Company dated 10 July 2017 in relation to the Restoration of Public Float.

Acquisition of 90% of the Issued Share Capital of Hong Kong Zhong Sheng Property Investment Limited

On 16 August 2017, Sansheng Land Development Limited*(三盛置地發展有限公司) (a wholly-owned subsidiary of the Company) (the “Purchaser”) and Mr. Wang Peng* (王鵬) (the “Vendor”), being the sole shareholder and director of the Hong Kong Zhong Sheng Property Investment Limited (the “Target Company”), entered into an agreement, pursuant to which the Purchaser conditionally agreed to acquire, and the Vendor conditionally agreed to sell, 90% of the issued share capital of the Target Company for a cash consideration of RMB549,400,000 (equivalent to approximately HK\$642,798,000) (the “Acquisition”).

As the Acquisition constitutes a very substantial acquisition for the Company under Chapter 14 of the Listing Rules, the Acquisition is subject to the Shareholders’ approval at the extraordinary general meeting.

For more details of the Acquisition, please refer to the announcement of the Company dated 17 August 2017.

Save as disclosed above, there was no other significant events affecting the Group after 30 June 2017.

OUTLOOK AND PLAN

The Group will continue holding the investment properties for capital appreciation, meanwhile actively seeking commercial opportunities to lease out the investment properties or carry out cooperation so as to contribute income and cash flow to the Group as soon as possible. The Group will pay close attention to the changes in policies, economic environment and property market in mainland China, Hong Kong and overseas, actively vitalize the Group’s assets to obtain new financial resources by leveraging on the extensive experience and expertise of the Group’s shareholders in real estate sector, and participate in land auction or acquire quality land projects so as to achieve rapid growth in revenue and profitability.

EMPLOYEES

As at 30 June 2017, the Group employed a total of 31 employees, 29 of them were based in Mainland China. Staff costs (excluding directors' emoluments) for the six months ended 30 June 2017 amounted to approximately HK\$6.6 million (2016: HK\$8.2 million). The Group ensures that the pay levels of its employees are competitive and in line with the market trend and its employees are rewarded on a performance related basis within the general framework of the Group's salary and bonus system.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any listed securities of the Company during the six months ended 30 June 2017.

CORPORATE GOVERNANCE CODE

To the best of the knowledge of the Directors having made all reasonable enquiries, the Company has complied with the code provisions of the Corporate Governance Code ("CG Code") as set out in Appendix 14 to the Listing Rules during the six months ended 30 June 2017, except the following deviation:

For the period from 1 January 2017 to 31 May 2017, Mr. Lau Luen Hung, Thomas and Mr. Wong Man Hoi, former non-executive directors, and Mr. Lam Siu Lun, Simon, Mr. Robert Charles Nicholson and Mr. Wong Kun Kau, former independent non-executive directors ("Former Directors"), were not appointed for a specific term as required under code provision A.4.1 of the CG Code, but were subject to retirement by rotation at least once every three years in accordance with the Company's article of association. The Company considers that such requirement was sufficient to meet the same objective as a specific term of appointment under the CG Code.

Following the resignation of the above Former Directors with effect on 31 May 2017, the Company has complied with the code provisions A.4.1 of the CG Code.

REVIEW OF INTERIM RESULTS

The Group's unaudited interim results for the six months ended 30 June 2017 have been reviewed by the audit committee, and by the auditor of the Company in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

ACKNOWLEDGEMENT

I would like to thank the Board, the management and all of our staff for their hard work and dedication, as well as our shareholders for their continuous support to the Group.

On behalf of the Board
Lifestyle Properties Development Limited
Lin Rongbin
Chairman

Hong Kong, 18 August 2017

As at the date of this announcement, the Board comprises Mr. Lin Rongbin and Ms. Cheng Xuan as executive directors, Mr. Xiao Zhong and Mr. Xu Jianwen as non-executive directors and Mr. Pan Dexiang, Mr. Yuan Chun and Mr. Zhong Bin as independent non-executive directors.

* The English translation of the Chinese names denoted in this announcement is for illustration purpose only.