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Vigors Building Consultancy



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Certificate No. CC11114
Vigors Appraisal & Consulting



ISO 9001:2008
Certificate No. CC13115
Vigors Property Management Services (Pty)

4 December 2013

The Board of Directors
Chong Hing Bank Limited (“CHB”)
Ground Floor
Chong Hing Bank Centre
24 Des Voeux Road Central
Central
Hong Kong

AND

The Board of Directors
Liu Chong Hing Investment Limited (“LCHI”)
25th Floor
Chong Hing Bank Centre
24 Des Vocux Road Central
Central
Hong Kong

(collectively referred to as the “Companies”)

Dear Sirs,

In accordance with your joint instructions for us to value on a 100% interest basis of “Chong Hing Bank Centre”, No. 24 Des Voeux Road Central, Central, Hong Kong (the “Property”) which is to be transferred by CHB to LCHI, we confirm that we have inspected the Property, made relevant enquiries and investigations as well as obtained such further information as we consider necessary for the purpose of providing our opinion of market value of the unencumbranced leasehold interest of the Property as at 25 October 2013 (the “Valuation Date”). It is our understanding that this valuation report is to be reproduced in circulars to the shareholders of the Companies.

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BASIS OF VALUATION

Our valuation is our opinion of market value of the Property which is defined as intended to mean “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”. Our valuation has been prepared in accordance with The HKIS Valuation Standards (2012 Edition) published by The Hong Kong Institute of Surveyors (“HKIS”), relevant provisions in the Companies Ordinance, The Codes on Takeovers and Mergers and Share Repurchases published by the Securities and Futures Commission and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (Main Board) published by The Stock Exchange of Hong Kong Limited. Market value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

VALUATION APPROACH

We have valued the tenanted portions of the Property on the basis of capitalization of net rental income derived from the existing tenancies with allowance onto the reversionary interest by making reference to comparable market transactions. In valuing the portions of the Property which are occupied by the owner, we have employed the direct comparison method whereby comparisons based on transactions on actual sales of comparable properties have been made. Comparable properties with similar character, location, sizes and so on are analyzed and carefully weighed against all respective advantages and disadvantages of the Property in order to arrive at a fair comparison of value.

TITLE INVESTIGATION

We have conducted land search for the Property at the Land Registry but we have not searched any original documents to ascertain ownership nor to verify any lease amendments which may not appear on the copies handed to us. We are not aware of any investigations, notices, pending litigation, breaches of law, title defect, easement or rights of way affecting the Property and our valuation has been made on the assumption that there is none.

VALUATION ASSUMPTIONS

Our valuation has been made on the assumption that the Property can be sold in the prevailing market in existing state without the effect of any deferred term contract, joint venture, management agreement or any other similar arrangement which may serve to affect the value of the Property, unless otherwise noted or specified. In addition, no account has been taken into of any option or right of pre-emption concerning or affecting the sale of the Property.

In our valuation, we have assumed that the owner of the Property has free and uninterrupted rights to use and assign the Property during the whole of the unexpired lease term granted subject to the payment of usual Government Rent. Our valuation for the Property is carried out on the basis of cash purchase, and no allowance has been made for interest and/or funding cost in relation to the sale or purchase of the Property.



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We had carried out on-site inspection to the Property but no soil investigation has been carried out to determine the suitability of ground conditions or services for any property development erected or to be erected on the Property. Our valuation has been carried out on the assumption that these aspects are satisfactory. We have also assumed that all necessary consents, approvals and licences from relevant government authorities have been or will be granted without onerous conditions or delay.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the Property or any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, we have assumed that the Property is free from any encumbrances, restrictions and outgoings of an onerous nature which may serve to affect the value of the Property.

We have not carried out on-site measurement to verify the correctness of the site and floor areas in respect of the Property but we have assumed that the site and floor areas shown on the documents handed to us are accurate and reliable.

VALUATION CONSIDERATION

Inspection to the Property, including the exterior and portion of the interior thereof, was carried out by Mr. David W. I. Cheung *MRICS MHKIS RPS(GP) CREA* and Mr. Eric W. L. Tang *MRICS* on 16 September 2013. During the course of our inspection, we did not note any serious defect.

However, no structural survey nor test on any of the services has been made and we are therefore unable to report as to whether the Property is free from rot, infestation or other structural or non-structural defect. Having examined all relevant documents, we have relied to a considerable extent on the information given by CHB, particularly in respect of planning approvals or statutory notices, easements, site areas, floor areas, occupancy status and in the identification of the Property.

Unless otherwise stated, all dimensions, measurements and areas included in the attached Valuation Certificate are based on the information contained in the documents provided to us by CHB and are therefore approximations. We have had no reason to doubt the truth, accuracy or completeness of the information made available to us.

REMARKS

We declare hereby that we are independent to the Companies and we are not interested directly or indirectly in any share in either Company or in any member of either Company. We do not have any right or option whether legally enforceable or not to subscribe for or to nominate persons to subscribe for any share in either Companies or in any member of either Company. We confirm that we have no material connection with any of the other parties to the proposed disposal by CHB to LCHI of the Property or with any of the parties to any related transactions.

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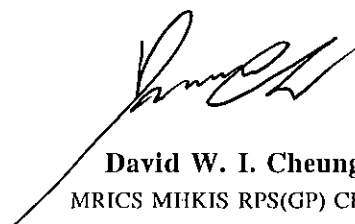
The potential tax liabilities which would arise on the disposal of the Property include profit tax (16.5% on profits). As advised by LCHI, the likelihood of such potential profit tax liabilities being crystallized is remote for LCHI as LCHI has no intention to further dispose of the Property.

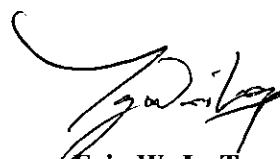
Unless otherwise stated, all monetary amounts stated herein are denoted in the currency of Hong Kong Dollars ("HK\$"), the lawful currency of Hong Kong.

We enclose herewith our Valuation Certificate.

Yours faithfully,
For and on behalf of

VIGERS APPRAISAL AND CONSULTING LIMITED


David W. I. Cheung
MRICS MHKIS RPS(GP) CREA
Executive Director


Eric W. L. Tang
MRICS
Associate Director

Note: Mr. David W. I. Cheung is a Registered Professional Surveyor in General Practice Division with over 30 years' valuation experience on property in various regions including Hong Kong, Macao, the PRC, Taiwan, Japan, the United Kingdom, Canada and the United States of America, who has been vetted on the list of property valuers for undertaking valuations for incorporation or reference in listing particulars and circulars and valuations in connection with takeovers and mergers published by The Hong Kong Institute of Surveyors, and is suitably qualified for undertaking valuations relating to listing exercises. Mr. Cheung has 7-year of experience with Vigers Appraisal and Consulting Limited.

Mr. Eric W. L. Tang is a Member of the Royal Institution of Chartered Surveyors with over 10 years' valuation experience on property in various regions including Hong Kong, Macao and the PRC. Mr. Tang has 6-year of experience with Vigers Appraisal and Consulting Limited.



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VALUATION CERTIFICATE

Property held by CHB for owner occupation and investment purposes in Hong Kong

Property	General Description	Occupancy Status	Market Value in Existing State as at 25 October 2013
<p>"Chong Hing Bank Centre", No. 24 Des Voeux Road Central, Central, Hong Kong</p> <p>All those shares or parts registered in the Land Registry as The Remaining Portion of Section A of Marine Lot No. 62</p>	<p>Located in the downtown prime commercial area on Hong Kong Island and completed in 2006, "Chong Hing Bank Centre" (the "Property") comprises a 24-storey office building erected above the retail premises on ground floor and first floor.</p> <p>According to a copy of a set of approved General Building Plans, the Property has a site area of approximately 7,087 square feet (658.404 square metres) and a total plot ratio gross floor area of approximately 108,141 square feet (10,046.596 square metres).</p> <p>The Property is held under Government Lease for a term of 979 years commencing on 25 June 1863 subject to the non-offensive trade clauses with Government Rent payable of HK\$128 per annum.</p>	<p>Upon our inspection and according to the information provided by CHB, 2nd floor, portion of 3rd floor, 5th floor, 21st floor, 22nd floor, 23rd floor and 25th floor of the Property have been leased to its wholly-owned subsidiaries and ultimate holding company at an aggregate monthly rent of HK\$1,385,850 (exclusive of Government Rent, Rates and management fees) with the last expiry date on 30 April 2015; whilst the remainder of the Property are owner-occupied as its head office.</p>	<p>HK\$2,230,000,000</p>

Notes:

- The current registered owner of the Property is "LIU CHONG HING BANK LIMITED" (the former name of CHB) vide Memorial No. 06031101470029 dated 14 February 2006.
- According to the recent land registration record, the Property is subject to the following salient encumbrances:
 - No-objection Letter from The Government of The HKSAR by the District Lands Officer / Hong Kong West re ML 62 S.A vide Memorial No. UB9007751 dated 1 September 2003; and
 - Undertaking Letter from Right Way Investments Limited to The Building Authority re ML 62 S.A vide Memorial No. 05042201810027 dated 10 January 2005.
- The Property lies on an area zoned as "Commercial" under Approved Central District Outline Zoning Plan (No.: S/H4/14).
- The Property is situated in Central District, the central business district area of Hong Kong. Developments in the area comprise mainly medium to high-rise commercial buildings and bank headquarters. The average selling prices of ground floor retail shops in Central District vary from about HK\$85,000 to HK\$140,000 per square foot on saleable area basis; whilst the average selling prices of office property in Central District vary from about HK\$16,900 to HK\$21,000 per square foot on gross floor area basis.





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5. Inspection to the Property, including the exterior and portion of the interior thereof, was carried out by Mr. David W. I. Cheung *MRICS MHKIS RPS(GP) CREA* and Mr. Eric W. L. Tang *MRICS* on 16 September 2013. During the course of our inspection, no serious defect was noted; and the condition of the Property is considered to be reasonable. The Property is mainly finished with curtain walling; and the majority of the interior of the Property are finished with carpeted floor, panelled walls and suspended ceiling. Supply of electricity, water and drainage are available. Centralized air-conditioning system and sprinkler system are installed throughout the Property. Neither structural survey nor test on any services was made; and hence we are unable to report as to whether the Property is free from rot, infestation or other structural or non-structural defect.