



LIU CHONG HING BANK LIMITED

(Incorporated in Hong Kong with limited liability)
(Stock code: 1111)

CONNECTED TRANSACTION

The Directors are pleased to announce that the Bank has entered into a Sale and Purchase Agreement with the Vendor on 16 March 2006, pursuant to which the Bank has agreed to acquire the Property from the Vendor for a total cash consideration of HK\$13,750,000. Such consideration will be funded from the internal resources of the Bank.

The terms of the Sale and Purchase Agreement were negotiated on an arm's length basis and the Directors (including the independent non-executive Directors) consider that the Transaction is made on normal commercial terms and in the interests of the Bank and its shareholders as a whole.

As at the date of this announcement, the Vendor is wholly-owned by LCH Investment. LCH Investment is the Controlling Shareholder of the Bank, by virtue of its indirect equity interest of approximately 45.78% in the Bank. The Vendor is therefore an Associate of LCH Investment and a Connected Person of the Bank.

The Transaction constitutes a connected transaction for the Bank under Chapter 14A of the Listing Rules. As none of the applicable Percentage Ratios exceeds 2.5%, the Transaction is subject only to the disclosure and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules. Based on information provided by LCH Investment, the Transaction does not constitute a connected or discloseable transaction for LCH Investment under Chapters 14 and 14A of the Listing Rules respectively.

I. THE SALE AND PURCHASE AGREEMENT

Date: 16 March 2006

Parties: (a) Vendor – Bonsun Enterprises Limited
(b) Purchaser – Liu Chong Hing Bank Limited

Pursuant and subject to the Sale and Purchase Agreement, the Vendor agreed to sell, and the Bank agreed to purchase, the Property. As at the date of this announcement, the Vendor is a wholly-owned subsidiary of LCH Investment. The consideration for the Transaction is HK\$13,750,000 in cash, which will be funded from the internal resources of the Bank and payable in full at Completion. A deposit of HK\$1,375,000 was paid by the Purchaser upon the signing of the Sale and Purchase Agreement. The balance of the consideration of HK\$12,375,000 shall be payable by the Purchaser upon Completion, which is scheduled to take place on or before 16 April 2006.

Information on the Property:

The Property is sold on an "as is" basis and with vacant possession subject to and save for two existing licence agreements in relation to certain parts of the second floor. Based on information provided by LCH Investment: (a) the aggregate income received in respect of the Property for the 2 years ended 31 December 2005 amounted to approximately HK\$379,000 and HK\$319,000 respectively; (b) the total book value of the Property and certain other units or parts in the same building held by LCH Investment as at 31 December 2005 was approximately HK\$5,213,000. The expiry dates of the respective terms of these two licence agreements are 31 May 2006 and 30 November 2006 respectively. The Bank currently does not intend to renew or extend such tenancy agreements and, at the request of the Bank, LCH Investment has served termination notices on the respective tenants. The gross area of the Property is approximately 34,748 square feet. The building where the Property is situated was built in or around 1975.

Basis for determination of the consideration:

The consideration for the Transaction was determined after arm's length negotiations between the Bank and the Vendor, with reference to:

- the property valuation report dated 7 March 2006 and prepared by Savills Valuation and Professional Services Limited, acting as property valuers to the Bank, in which the Property was valued at approximately HK\$13,500,000; and
- the property valuation report dated 9 March 2006 and prepared by Vigers Appraisal & Consulting Limited, acting as property valuers to the Vendor, in which the Property was valued at approximately HK\$14,000,000.

Conditions:

The Vendor is required to show and give good title to the Property at its own expense prior to Completion. If the Vendor is unable to show and give good title within the time period as aforesaid and the Vendor serves notice to cancel the Sale and Purchase Agreement, the deposit paid pursuant to the Sale and Purchase Agreement shall be returned to the Purchaser in full whereupon the Sale and Purchase Agreement shall be cancelled.

II. CONNECTED PERSON

The Vendor is wholly-owned by LCH Investment and is principally engaged in property holding. LCH Investment is the Controlling Shareholder of the Bank, by virtue of its equity interest of approximately 45.78% in the Bank. The Vendor is therefore an Associate of LCH Investment and hence a Connected Person of the Bank.

III. REASONS FOR THE TRANSACTION

In order to allow for business growth and accommodate increased operational needs, the Bank is required to seek and secure additional property space from time to time. The Bank intends to hold the Property for warehousing purposes.

The terms of the Sale and Purchase Agreement were negotiated on an arm's length basis, and the Directors (including the independent non-executive Directors) consider that the Transaction is made on normal commercial terms and is in the interests of the Bank and its shareholders as a whole.

IV. GENERAL

The Bank is principally engaged in the provision of banking and related financial services.

The Transaction constitutes a connected transaction for the Bank under Chapter 14A of the Listing Rules. As none of the applicable Percentage Ratios exceeds 2.5%, the Transaction is subject only to the disclosure and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules.

Based on information provided by LCH Investment, the Transaction does not constitute a connected or discloseable transaction for LCH Investment under Chapters 14 and 14A of the Listing Rules respectively.

V. DEFINITIONS

"Associate(s)"	shall have the meaning as ascribed to it in the Listing Rules;
"Bank"	Liu Chong Hing Bank Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange;
"Completion"	completion of the Sale and Purchase Agreement in accordance with its terms;
"Controlling Shareholder"	shall have the meaning as ascribed to it in the Listing Rules;
"Directors"	the directors of the Bank;
"HK\$"	Hong Kong Dollars, the lawful currency of Hong Kong;
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China;
"LCH Investment"	Liu Chong Hing Investment Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange;
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange;
"Property"	the whole of the first and second floors of Bonsun Industrial Building, 364-366 Sha Tsui Road, Tsuen Wan, New Territories, Hong Kong
"Sale and Purchase Agreement"	a conditional agreement dated 16 March 2006 entered into between the Bank and the Vendor in relation to the Transaction;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"Transaction"	the acquisition of the Property by the Bank from the Vendor; and
"Vendor"	Bonsun Enterprises Limited, a company incorporated under the laws of Hong Kong and a wholly-owned subsidiary of LCH Investment.

By order of the Board
LIU CHONG HING BANK LIMITED
Michael K W Yeung
Company Secretary

Hong Kong, 16 March 2006

As at the date of this announcement, the executive directors of the Bank are Mr. Liu Lit Man (executive chairman), Dr. Liu Lit Mo (vice chairman), Mr. Liu Lit Chi (managing director & chief executive officer), Mr. Don Tit Shing Liu (executive director & deputy chief executive officer), Mr. Wilfred Chun Ning Liu, Mr. Lau Wai Man, Mr. Frank Shui Sang Jin, Mr. Andrew Chiu Wing Tsang, and Mr. George Har Kar Wong; the non-executive directors are Mr. Timothy George Freshwater, Mr. Toshiaki Arai, Mr. Andrew Liu, Mr. Sun Jiakang, Mr. Christopher Kwun Shing Liu, Mr. Alfred Cheuk Yu Chow and Mr. Wang Zhi; and the independent non-executive directors are Dr. Robin Yau Hing Chan, Mr. Wanchai Chiranakhorn and Mr. Cheng Yuk Wo.