



# 創興銀行有限公司 Chong Hing Bank Limited

(a Hong Kong-incorporated limited liability company)  
(Stock Code: 01111)

## Business Update

This announcement is made by the Board of Directors (the “Board”) of Chong Hing Bank Limited (the “Bank”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The Board expects that the Bank’s profit for the financial year ending 31 December 2008 will decrease considerably when compared with that of the financial year ended 31 December 2007. The Bank’s profit for the first half of 2008 was 65% below that for the first half of 2007 and market conditions have further deteriorated in the second half of 2008. In the light of the repercussions of the lingering global financial tsunami, the Bank, in order to better manage risks prudently, has maintained, on a short-term basis, a more liquid balance sheet and this has resulted in lower interest income. The unfavourable market conditions have also led to reductions in fees and commission income, securities investment and share of financial results from jointly-controlled entities when compared with those of the previous financial year. Moreover, from time to time and as part of its product offerings to customers, the Bank sells and distributes third party investment products, including the minibond series issued by Lehman Brothers (the “Minibonds”). Owing to the continuing developments relating to, among other things, the Minibonds repurchase exercise, it is difficult to assess at this stage whether such third party investment products will have any significant adverse impact on the Bank.

At present, the Bank has no debt securities which require impairment allowances to be made, nor does it have any subprime-related investments or collateralised debt obligations. The Bank had already recognised impairment losses in 2007 and the first half of 2008 to the tune of 94% of its investments in structured investment vehicles (the “SIVs”). As of 30 June 2008, the residual book value of such SIVs was approximately HK\$30,043,000 (representing about 0.04% of the Bank’s total assets).

The Board wishes to emphasise that the Bank’s core business lines and overall financial health are sound, and that its capital adequacy and liquidity ratios are well above the relevant statutory requirements. **However, in the light of the above, the Bank’s shareholders and prospective investors are advised to exercise caution when dealing in the Bank’s shares.**

By Order of the Board  
**Michael Kin Wah Yeung**  
Company Secretary

28 November 2008

*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 Lau Wai Man (Executive Director & Deputy Chief Executive Officer), Mr Wilfred Chun Ning Liu, Mr Andrew Chiu Wing Tsang and Mr George Har Kar Wong; the non-executive directors are Mr Timothy George Freshwater, Mr Wang Xiaoming, Mr Andrew Liu, Mr Eiichi Yoshikawa, Mr Christopher Kwun Shing Liu, Mr Alfred Cheuk Yu Chow and Mr Meng Qinghui; and the independent non-executive directors are Dr Robin Yau Hing Chan, Mr Wanchai Chiranakhorn, Mr Cheng Yuk Wo and Mr Andrew Chiu Cheung Ma.*