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創興銀行有限公司
Chong Hing Bank Limited

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

Agreement among the Bank, the SFC, the HKMA and the Distributing Banks to repurchase Minibonds

The Board is pleased to announce that the Bank has, without admission of any liability, entered into an Agreement with the SFC, the HKMA and the Distributing Banks in relation to the repurchase of the Minibonds.

The Board is pleased to announce that on 22 July 2009, the Bank has, without admission of any liability, entered into the Agreement with the SFC, the HKMA and the Distributing Banks in relation to the repurchase of the Minibonds from Eligible Customers.

Under the Repurchase Scheme, the Bank will offer to repurchase all Outstanding Minibonds from Eligible Customers of the Bank at a price equivalent to 60% of the nominal value of the original investment for Eligible Customers below the age of 65 as at 1 July 2009, or 70% of the nominal value of the original investment for Eligible Customers aged 65 or above as at 1 July 2009 in accordance with the terms of the Repurchase Scheme. Based on information currently available to the Bank, it is estimated that the total amount payable by the Bank will be approximately HK\$239 million if all Eligible Customers accept the Bank's offer to be made under the Repurchase Scheme.

If the Bank shall recover from collaterals for the Minibonds repurchased by the Bank, an amount up to the initial 10% of the nominal value of the Minibonds (depending on recoveries) actually recovered, as well as any amount in excess of 70% of the nominal value of the Minibonds actually recovered, will be paid to Eligible Customers below the age of 65 as at 1 July 2009 who have accepted the Bank's offer in the same proportions as their original investments. Recovery in excess of 70% will be paid to Eligible Customers who have accepted the Bank's offer at or above the age of 65 as at 1 July 2009.

Under the Agreement, the Bank has also committed that it will make available approximately HK\$12 million, representing the amount of commission income received by the Bank as a distributor of the Minibonds, to the Trustee, to fund the recovery of the underlying collaterals for the Outstanding Minibonds on the terms of the Expenses Funding Agreement to be entered into between the Trustee, the Distributing Banks and the Bank.

In addition, the Bank will make an *ex gratia* payment to customers of the Bank who have entered into settlement agreements with the Bank on terms less favourable than the Repurchase Scheme to bring such customers in line with Eligible Customers accepting the Bank's offer under the Repurchase Scheme. Based on information currently available to the Bank and excluding any future payments following recovery from collaterals which cannot be

estimated currently, the additional amount payable by the Bank to such customers is estimated to be approximately HK\$5.8 million.

The Bank and the Distributing Banks have entered into the Agreement with the SFC and HKMA without admission of any liability. The Agreement constitutes full and final settlement and conclusion of all reviews, investigations, disciplinary or enforcement proceedings (whether administrative, civil or criminal) commenced, conducted or intimated by the SFC relating to the distribution of Minibonds by the Bank (amongst others). On the basis of the information they currently have, the SFC has agreed not to take any disciplinary or enforcement action against the Bank or any past or present director, officer or employee of the Bank, in respect of any conduct relating to the distribution of the Minibonds in accordance with the Agreement. Further, the HKMA does not intend to take any disciplinary or enforcement action in relation to the complaints of any Eligible Customer who accepts the Bank's offer.

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 remain well above the relevant statutory requirements after entering into the Agreement.

The Board is pleased to be able to reach an agreement with the SFC and the HKMA to assist customers of the Bank who have suffered from the collapse of the Lehman Brothers group, and is fully committed to strengthening and maintaining the public's confidence in the Bank and the Hong Kong banking industry.

This announcement is made by the Board of the Bank pursuant to Rule 13.09 of the Listing Rules.

Definitions

“Agreement”	The Agreement between the Bank, the SFC, the HKMA and the Distributing Banks dated 22 July 2009 pursuant to section 201 of the SFO
“Bank”	Chong Hing Bank Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Board”	The Bank's Board of Directors
“Code of Conduct”	The Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission issued by the SFC pursuant to section 399 of the SFO
“Distributing Banks”	ABN AMRO Bank N.V., Bank of China (Hong Kong) Ltd, Bank of Communications Co Ltd., Chiyu Banking Corporation Ltd, CITIC Ka Wah Bank Ltd, Dah Sing Bank Ltd, Fubon Bank (Hong Kong) Limited, Industrial and Commercial Bank of China (Asia) Ltd, Mevas Bank Ltd, Nanyang Commercial Bank, Ltd, Public Bank (Hong Kong) Ltd, Shanghai Commercial Bank Ltd, The Bank of East Asia, Limited, Wing Hang Bank Ltd and Wing Lung Bank Ltd

“Eligible Customers”	Persons who, through the Bank, purchased Outstanding Minibonds as part of a primary offering and with open positions in such Outstanding Minibonds, except those who (i) have, in the three years preceding their first purchase of Minibonds, executed five or more transactions in Leveraged Products, Structured Products or a combination of these products; (ii) are non-individuals, meaning those who hold an account with the Bank in the name of an entity incorporated or formed in Hong Kong or elsewhere, excluding sole proprietorships, exempt charitable bodies under section 88 of the Inland Revenue Ordinance (Cap 112) and not-for-profit organizations whose assets are not managed by an SFC licensed fund manager; (iii) are professional investors falling under paragraph (a) to (i) of the definition of “professional investor” in Part 1 of Schedule 1 to the SFO; (iv) are professional investors under section 3 of the Securities and Futures (Professional Investor) Rules (Cap. 571D) and classified by the Bank and agreed by the customers to be treated as such in accordance with paragraphs 15.3 and 15.4 of the Code of Conduct at the time they purchased the Minibonds; or (v) have previously settled their claims in relation to the distribution of Minibonds with the Bank
“Expenses Funding Agreement”	The agreement to be entered into between the Trustee, the Bank and the Distributing Banks in relation to the recovery of the Minibonds collateral
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKMA”	The Hong Kong Monetary Authority
“Leveraged Product”	Any unlisted securities product which involves any method by which an investor increases his or her exposure to a particular market, risk or asset class, whether through borrowing of cash, through the use of derivatives or by any other means
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Minibonds”	All retail structured notes issued under the “Secured Continuously Offered Note Programme” of Pacific International Finance Limited, commonly known as Lehman Brothers Minibonds
“Outstanding Minibonds”	The following series of Minibonds: series 5, series 6, series 7, series 9, series 10, series 11, series 12, series 15, series 16, series 17, series 18, series 19, series 20, series 21, series 22, series 23, series 25, series 26, series 27, series 28, series 29, series 30, series 31, series 32, series 33, series 34, series 35, series 36
“Repurchase Scheme”	The scheme to repurchase Outstanding Minibonds from Eligible Customers to be offered by the Bank pursuant to the Agreement
“SFC”	The Securities and Futures Commission
“SFO”	The Securities and Futures Ordinance, Cap 571
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Structured Product”	means a derivative or other product which is structured in the form of a debenture, other security or deposit and which contains, references, or is based on, a derivative or a derivative strategy. The definition comprises exclusively: (i) credit-linked notes, (ii) equity-linked notes and equity-linked deposits and (iii) private placement notes, provided that, Structured Products do not include any principal-protected product or listed securities
“Trustee”	HSBC Bank USA, National Association

By Order of the Board
Michael Kin Wah Yeung
Company Secretary

22 July 2009

As of 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 Tsang Chiu Wing and Mr Wong Har Kar; 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.