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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)

Non-exempt Continuing Connected Transaction Tenancy Agreement

The Board hereby announces that the Bank entered into the Tenancy Agreement with the Landlord on 28 November 2012 for the lease of the Property for a monthly rent of HK\$280,000 (exclusive of utilities, maintenance charges and other charges and outgoings) with effect from 1 November 2012 for a term of two years.

Based on the current estimation by the Board, the annual caps (including rent, utilities, maintenance charges and other charges and outgoings) for the transactions under the Tenancy Agreement for the three years ending on 31 December 2014 are HK\$732,500, HK\$4,550,260 and HK\$3,940,660 respectively. As one or more of the applicable Percentage Ratios in respect of the annual caps exceed 0.1% but are less than 5%, the transactions under the Tenancy Agreement will be subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules but are exempt from the independent shareholders' approval requirements under Rule 14A.32 of the Listing Rules.

A. LEASE

1. Background

The Board wishes to announce that the Bank entered into the Tenancy Agreement with the Landlord on 28 November 2012 for the lease of the Property for a monthly rent of HK\$280,000 (exclusive of utilities, maintenance charges and other charges and outgoings) payable in advance on the first day of each month with effect from 1 November 2012 for a term of two years. The rent for the first month was paid upon the signing of the Tenancy Agreement. Utilities, maintenance charges and other charges and outgoings shall be paid by the Bank to the Landlord on the first day of each month together with the monthly rent. The Property is used for residential purposes.

2. Connected Person

The Landlord is a company owned as to about 80% by Mr Liu Lit Chi, a Director, and as to about 20% by his associates (within the meaning ascribed to it under the Listing Rules). The Landlord is, therefore, a Connected Person of the Bank.

3. Implications under the Listing Rules

The Lease constitutes a continuing connected transaction of the Bank under Chapter 14A of the Listing Rules.

Based on the current estimation by the Board, the annual caps (including rent, utilities, maintenance charges and other charges and outgoings) for the transactions under the Tenancy Agreement for the three years ending on 31 December 2014 are HK\$732,500, HK\$4,550,260 and HK\$3,940,660.

The Board has taken into account the following principal factors in estimating the above annual caps:

- the annual rent payable by the Bank for the three years ending 31 December 2014 under the Tenancy Agreement; and
- the maximum utilities, maintenance charges and other charges and outgoings likely to be payable by the Bank for the three years ending 31 December 2014 under the Tenancy Agreement, taking into account the average amount of such charges and outgoings for the Property of about HK\$75,000 per month during the year ended 31 October 2012 and an estimated 15% possible increase of such charges and outgoings due to inflation and change in market prices each year.

As one or more of the applicable Percentage Ratios in respect of the annual caps exceed 0.1% but are less than 5%, the transactions under the Tenancy Agreement will be subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules but are exempt from the independent shareholders' approval requirements under Rule 14A.32 of the Listing Rules.

Mr Liu has a material interest in the transaction contemplated under the Tenancy Agreement and has, therefore, abstained from voting on the board resolutions in respect of the Tenancy Agreement.

4. Reasons for entering into the transaction

As an incentive to retain quality staff and in line with its remuneration policies, the Bank may provide unfurnished accommodation to certain members of its senior management. The Rent is determined after arm's length negotiations with reference to prevailing market rent as recommended by Vigers Appraisal and Consulting Limited, a professional property valuer and an Independent Third Party. Given that the Rent is lower than the prevailing market rent for the Property, the Board (including its independent non-executive Directors) considers that the Lease and the terms of the Tenancy Agreement (including the annual caps) are on normal commercial terms which are fair and reasonable and in the interests of the Group and the Bank's shareholders as a whole.

B. GENERAL

The Group is principally engaged in the provision of banking and related financial services. The Landlord is principally engaged in property investment.

C. DEFINITIONS

“Bank”	Chong Hing Bank Limited, a company incorporated in Hong Kong, the shares of which are listed on the Stock Exchange
“Board”	the Board of Directors
“Connected Person”	shall have the meaning as ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Bank
“Group”	the Bank and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Third Party”	a third party which, together with its beneficial owner(s) (if any) and to the best of the Board's knowledge, information and belief after having made all reasonable enquiries, is independent of the Bank and its Connected Persons
“Landlord”	Alba Securities & Investment Company Limited
“Lease”	the lease of the Property pursuant to the Tenancy Agreement
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Percentage Ratios”	shall have the meaning as ascribed to it under Chapter 14 of the Listing Rules
“Property”	the premises situated at Block 3, 43 Island Road, Deep Water Bay, Hong Kong
“Rent”	the rent payable under the Lease
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenancy Agreement”	the tenancy agreement entered into between the Bank and the Landlord on 28 November 2012

By Order of the Board
Michael K W Yeung
Company Secretary

28 November 2012

As of the date of this announcement:

- the seven executive Directors are Dr Liu Lit Mo (Chairman), Mr Liu Lit Chi (Managing Director & Chief Executive Officer), Mr Don Tit Shing Liu (Deputy Chief Executive Officer), Mr Lau Wai Man (Deputy Chief Executive Officer), Mr Wilfred Chun Ning Liu, Mr Tsang Chiu Wing and Mr Wong Har Kar;
- the six non-executive Directors are Mr He Jiale, Mr Andrew Liu, Mr Hidekazu Horikoshi, Mr Christopher Kwun Shing Liu, Mr Alfred Cheuk Yu Chow and Mr Meng Qinghui; and
- the five independent non-executive Directors are Dr Robin Yau Hing Chan, Mr Timothy George Freshwater, Mr Wanchai Chiranakhorn, Mr Cheng Yuk Wo and Mr Andrew Chiu Cheung Ma.