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(Incorporated in Hong Kong with limited liability)
(Stock Code: 01111)

CONNECTED TRANSACTIONS RENEWAL OF TENANCY AGREEMENT AND SITE AGREEMENT

Reference is made to the announcement of the Bank dated 29 March 2018 regarding, among others, the Original Tenancy Agreement entered into by Guangzhou Tianhe Sub-Branch with Guangzhou Jiayao for the lease of the Property and the Original Site Agreement entered into by Guangzhou Branch with Guangzhou Yuyao for the lease of the Site for display of the Bank's logo. Both of the existing agreements will expire on 31 March 2021.

The Board hereby announces that on 26 February 2021, Guangzhou Tianhe Sub-Branch entered into the New Tenancy Agreement with Guangzhou Jiayao for the lease renewal of the Property, and Guangzhou Branch entered into the New Site Agreement with Guangzhou Yuyao for the lease renewal of the Site for display of the Bank's logo. Both of the new agreements will take effect from 1 April 2021 for a term of two years.

As at the date of this announcement, Yue Xiu Enterprises (Holdings) Limited, which indirectly holds approximately 75% of the issued share capital of the Bank, is a controlling shareholder of the Bank. Yue Xiu Enterprises (Holdings) Limited indirectly holds 39.78% of the equity interests of Yuexiu Property, while Guangzhou Jiayao and Guangzhou Yuyao are subsidiaries of Yuexiu Property. Accordingly, under Chapter 14A of the Listing Rules, Guangzhou Jiayao and Guangzhou Yuyao are connected persons of the Bank, and each of the New Tenancy Agreement and the New Site Agreement constitutes connected transaction of the Bank.

Pursuant to HKFRS 16, the rental payment of the Property and the Site under the New Tenancy Agreement and the New Site Agreement are capital in nature and the Property and the Site will be recognised by the Bank as right-of-use assets, in which the value for recognising the Property and the Site as right-of-use assets under the New Tenancy Agreement and the New Site Agreement would be approximately HK\$8,600,000 and HK\$1,800,000, respectively. Therefore, according to the Listing Rules, the entering into of the New Tenancy Agreement and the New Site Agreement will be regarded as acquisition of assets of the Bank and each of the New Tenancy Agreement and the New Site Agreement constitutes connected transaction of the Bank.

Under Rule 14A.81 of the Listing Rules, the transactions contemplated under the New Tenancy Agreement and the New Site Agreement are required to be aggregated for the purpose of determining the applicable connected transaction requirements based on the classification of the transactions. As the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules in respect of the aggregate value of right-of-use assets under the New Tenancy Agreement and the New Site Agreement exceed 0.1% but are below 5%, the New Tenancy Agreement and the New Site Agreement are subject to the reporting and disclosure requirements under Chapter 14A of the Listing Rules, but are exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Reference is made to the announcement of the Bank dated 29 March 2018 regarding, among others, the Original Tenancy Agreement entered into by Guangzhou Tianhe Sub-Branch with Guangzhou

Jiayao for the lease of the Property and the Original Site Agreement entered into by Guangzhou Branch with Guangzhou Yuyao for the lease of the Site for display of the Bank's logo. Both of the original agreements will expire on 31 March 2021.

The Board hereby announces that on 26 February 2021, Guangzhou Tianhe Sub-Branch entered into the New Tenancy Agreement with Guangzhou Jiayao for the lease renewal of the Property, and Guangzhou Branch entered into the New Site Agreement with Guangzhou Yuyao for the lease renewal of the Site for display of the Bank's logo. Both of the new agreements will take effect from 1 April 2021 for a term of two years.

1. NEW TENANCY AGREEMENT

- Date** : 26 February 2021
- Parties** : (1) Guangzhou Jiayao (as the landlord)
(2) Guangzhou Tianhe Sub-Branch (as the tenant)
- Leased Property** : Units 102-01, 201 and 301, Yuexiu Financial Tower, 28 Zhujiang East Road, Tianhe District, Guangzhou, the PRC
- Gross floor area** : Approximately 974.85 square metres
- Use** : As the office of Guangzhou Tianhe Sub-Branch
- Term** : A term of two years, commencing from 1 April 2021 to 31 March 2023
- Rent** : Set out below are the monthly rents (exclusive of utilities, maintenance charges and other charges and outgoings) payable by Guangzhou Tianhe Sub-Branch to Guangzhou Jiayao during the term of the New Tenancy Agreement:

Period	Monthly rent (inclusive of 5% VAT)
1 April 2021 – 30 April 2021	RMB176,571.15 * (equivalent to approximately HK\$212,150)
1 May 2021 – 31 May 2021	RMB176,572.20* (equivalent to approximately HK\$212,151)
1 June 2021 – 31 March 2022	RMB353,143.35 (equivalent to approximately HK\$424,302)
1 April 2022 – 31 May 2022	RMB187,165.65* (equivalent to approximately HK\$224,880)
1 June 2022 – 31 March 2023	RMB374,331.30 (equivalent to approximately HK\$449,759)

* During the two years' lease period, Guangzhou Jiayao grants a rent concession in an aggregate amount of RMB353,143.35 (equivalent

to approximately HK\$424,302) for April and May 2021 and RMB374,331.30 (equivalent to approximately HK\$449,759) for April and May 2022, both inclusive of tax. If the New Tenancy Agreement is terminated before its expiry date for reasons not related to Guangzhou Jiayao, Guangzhou Tianhe Sub-Branch will no longer be entitled to such rent concession and will be required to immediately repay Guangzhou Jiayao the difference between the rents payable during the aforesaid rent concession periods and the actual rents paid.

Save for the rent for the first two months of the lease period, which is required to be paid within 7 days from the date of the New Tenancy Agreement, the rent is payable on a monthly basis and is required to be paid before the fifth day of each month.

Caution money : Caution money in the amount of RMB1,122,993.90 (inclusive of tax) (equivalent to approximately HK\$1,349,277), representing three months' rent (calculated based on the monthly rent for the second year), is required to be paid within 7 days from the date of the New Tenancy Agreement. Such caution money will be refunded to Guangzhou Tianhe Sub-Branch upon the expiry of the New Tenancy Agreement in accordance with the relevant terms contained therein.

2. NEW SITE AGREEMENT

Date : 26 February 2021

Parties : (1) Guangzhou Yuyao (as the lessor)
(2) Guangzhou Branch (as the lessee)

Leased Site : Rooftop, Yuexiu Financial Tower, 28 Zhujiang East Road, Tianhe District, Guangzhou, the PRC

Purpose : For display of the Bank's logo at the rooftop of Yuexiu Financial Tower

Term : A term of two years, commencing from 1 April 2021 to 31 March 2023

Rental fee of the Site : An annual rental fee in relation to the lease of the Site in the amount of RMB800,000 (inclusive of tax) (equivalent to approximately HK\$961,200) is required to be paid by Guangzhou Branch to Guangzhou Yuyao before 5 April 2021 and 5 January 2022 respectively.

Option to renew : If Guangzhou Branch wishes to renew the lease, it shall provide 3 months' written notice in advance to Guangzhou Yuyao, and shall enter into a renewal agreement with Guangzhou Yuyao no less than 1 month before the expiry of the New Site Agreement. If Guangzhou Branch does not exercise its option to renew pursuant to the terms of the New Site Agreement, the New Site Agreement will automatically terminate upon the expiry of the lease.

3. IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, Yue Xiu Enterprises (Holdings) Limited, which indirectly holds approximately 75% of the issued share capital of the Bank, is a controlling shareholder of

the Bank. Yue Xiu Enterprises (Holdings) Limited indirectly holds 39.78% of the equity interests of Yuexiu Property, while Guangzhou Jiayao and Guangzhou Yuyao are subsidiaries of Yuexiu Property. Accordingly, under Chapter 14A of the Listing Rules, Guangzhou Jiayao and Guangzhou Yuyao are connected persons of the Bank, and each of the New Tenancy Agreement and the New Site Agreement constitutes connected transaction of the Bank.

Pursuant to HKFRS 16, the rental payment of the Property and the Site under the New Tenancy Agreement and the New Site Agreement are capital in nature and the Property and the Site will be recognised by the Bank as right-of-use assets, in which the value for recognising the Property and the Site as right-of-use assets under the New Tenancy Agreement and the New Site Agreement would be approximately HK\$8,600,000 and HK\$1,800,000, respectively. Therefore, according to the Listing Rules, the entering into of the New Tenancy Agreement and the New Site Agreement will be regarded as acquisition of assets of the Bank and each of the New Tenancy Agreement and the New Site Agreement constitutes connected transaction of the Bank.

Under Rule 14A.81 of the Listing Rules, the transactions contemplated under the New Tenancy Agreement and the New Site Agreement are required to be aggregated for the purpose of determining the applicable connected transaction requirements based on the classification of the transactions. As the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules in respect of the aggregate value of right-of-use assets under the New Tenancy Agreement and the New Site Agreement exceed 0.1% but are below 5%, the New Tenancy Agreement and the New Site Agreement are subject to the reporting and disclosure requirements under Chapter 14A of the Listing Rules, but are exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

None of the Directors have any material interest in the New Tenancy Agreement and the New Site Agreement. Accordingly, no Director was required to abstain from voting on the relevant Board resolutions of the Bank.

4. REASONS FOR AND BENEFITS OF ENTERING INTO THE TRANSACTIONS

The Property will continue to be the office of Guangzhou Tianhe Sub-Branch. The rents payable under the New Tenancy Agreement and the New Site Agreement have been determined after arm's length negotiations with reference to prevailing market rents and management fees for comparable premises in the area where the Property is situated.

The Directors (including the independent non-executive Directors) consider that the transactions contemplated under each of the New Tenancy Agreement and the New Site Agreement are on normal commercial terms and in the ordinary and usual course of business of Guangzhou Tianhe Sub-Branch and Guangzhou Branch, and the terms of such transactions are fair and reasonable and in the interests of the Bank and its shareholders as a whole.

5. GENERAL

The Group is principally engaged in the provision of banking and related financial services. Guangzhou Jiayao and Guangzhou Yuyao are principally engaged in the leasing and management of properties.

6. DEFINITIONS

In this announcement, unless the context requires otherwise, the following terms and expressions have the respective meanings as set out below:

“Bank”	Chong Hing Bank Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange (Stock Code: 01111)
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“Board”	the board of Directors of the Bank
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Bank
“Group”	the Bank and its subsidiaries
“Guangzhou Branch”	Guangzhou Branch of the Bank
“Guangzhou Jiayao”	Guangzhou Jiayao Real Estate Company Limited* (廣州佳耀置業有限公司), an indirect subsidiary of Yuexiu Property
“Guangzhou Tianhe Sub-Branch”	Guangzhou Tianhe Sub-Branch of the Bank
“Guangzhou Yuyao”	Guangzhou Yuyao Real Estate Company Limited* (廣州譽耀置業有限公司), an indirect subsidiary of Yuexiu Property
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKFRS(s)”	Hong Kong Financial Reporting Standard(s) issued by the Hong Kong Institute of Certified Public Accountants from time to time
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Site Agreement”	the lease agreement entered into between Guangzhou Branch and Guangzhou Yuyao on 26 February 2021 for the lease renewal of the Site
“New Tenancy Agreement”	the tenancy agreement (as supplemented by the supplemental agreement) entered into between Guangzhou Tianhe Sub-Branch and Guangzhou Jiayao on 26 February 2021 for the lease renewal of the Property
“Original Site Agreement”	the lease agreement entered into between Guangzhou Branch and Guangzhou Yuyao on 29 March 2018 for the lease of the Site
“Original Tenancy Agreement”	the tenancy agreement (as supplemented by the supplemental agreement) entered into between Guangzhou Tianhe Sub-Branch and Guangzhou Jiayao on 29 March 2018 for the lease of the Property
“PRC”	the People’s Republic of China
“Property”	Units 102-01, 201 and 301, Yuexiu Financial Tower, 28 Zhujiang East Road, Tianhe District, Guangzhou, the PRC* (中華人民共和國廣州市天河區珠江東路 28 號越秀金融大廈 102 房自編 01 單元、201 房及 301 房)
“RMB”	Renminbi, the lawful currency of the PRC

“Site”	Rooftop, Yuexiu Financial Tower, 28 Zhujiang East Road, Tianhe District, Guangzhou, the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Yuexiu Property”	Yuexiu Property Company Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange (Stock Code: 00123)
“%”	per cent

For illustrative purposes, the exchange rate of RMB1.00 = HK\$1.2015 is adopted in this announcement.

** for identification purposes only*

By order of the Board
Chong Hing Bank Limited
Lai Wing Nga
Company Secretary

Hong Kong, 26 February 2021

As at the date of this announcement, the Board comprises:

- *Executive Directors*
Mr Zong Jianxin (Deputy Chairman and Chief Executive) and Mr Lau Wai Man (Deputy Chief Executive);
- *Non-executive Directors*
Mr Zhang Zhaoxing (Chairman), Mr Li Feng, Mr Chow Cheuk Yu Alfred and Ms Chen Jing; and
- *Independent Non-executive Directors*
Mr Cheng Yuk Wo, Mr Ma Chiu Cheung Andrew, Mr Lee Ka Lun and Mr Yu Lup Fat Joseph.