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## **LIU CHONG HING INVESTMENT LIMITED**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 194)**

### **CONNECTED TRANSACTION SERVICE AGREEMENT**

The Board announces that the Company has on 10 March 2011 entered into the Service Agreement with K.A. Kho & Associates for its ongoing architectural and other consultancy services in relation to the Project.

Mr. Kho, an independent non-executive Director, is the sole director and the sole shareholder of K.A. Kho & Associates, and therefore K.A. Kho & Associates is an Associate of Mr. Kho and a Connected Person of the Company.

The entering into of the Service Agreement constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. Since the applicable percentage ratios as defined in the Listing Rules in respect of the Service Agreement are more than 0.1% but less than 5%, the entering into of the Service Agreement is therefore subject to reporting and announcement requirements under the Listing Rules but exempt from independent Shareholders' approval.

#### **THE SERVICE AGREEMENT**

The Board announces that the Company has on 10 March 2011 entered into the Service Agreement with K.A. Kho & Associates for its ongoing architectural and other consultancy services in relation to the Project. The principal terms and provisions of the Service Agreement are summarised as follows:

- Date:** 10 March 2011
- Parties:** (a) the Company; and  
(b) K.A. Kho & Associates
- Scope of services:** K.A. Kho & Associates shall provide professional services to the Company in relation to the Project, including but not limited to the following:
- (a) providing professional services of Authorized Person and Registered Architect;

- (b) preparing sketch and detailed design;
- (c) preparing feasibility studies;
- (d) preparing layout plans and building plans;
- (e) obtaining necessary permits and consents to commence work at site;
- (f) preparing tender documents and nominated sub-contracts;
- (g) carrying out project administration;
- (h) making periodic valuations of work done and certifying monthly payments and final accounts; and
- (i) issuing certificates and executing other administrative duties under the building contracts.

**Contract Sum:** 4.2% of the total construction cost of the Project.

**Payment schedule:** the Contract Sum shall be payable to K.A. Kho & Associates in stages in accordance with the terms of the Service Agreement and based on the progress of the Project.

Commencement of the construction work of the Project is subject to obtaining all the necessary approvals and consents from the relevant authorities. It is currently estimated that the total construction cost of the Project will be approximately HK\$140 million. The Contract Sum is currently estimated to be approximately HK\$5.9 million, and will be funded by internal resources of the Group. The Company will make further announcement(s) in the event that there should be material changes to the estimated Contract Sum as mentioned above and will continue to comply with all relevant requirements under Chapter 14A of the Listing Rules.

## **REASONS FOR AND BENEFITS OF THE TRANSACTION**

The Directors considers that, given the expertise and experience of K.A. Kho & Associates in similar projects, the engagement of K.A. Kho & Associates to render architectural and other relevant consultancy services for the Project is appropriate.

The Contract Sum was arrived at after arm's length negotiation between the parties having regard to the market rates for similar architectural services. The Directors (including the independent non-executive Directors) consider that the entering into of the Service Agreement is in the ordinary course of business of the Group, and the terms of the Service Agreement are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

Mr. Kho has abstained from voting on the Board resolution approving the Service Agreement, as he has a material interest in the Service Agreement. Save for Mr. Kho, none of the other Directors has any material interest in the Service Agreement.

## **LISTING RULES IMPLICATIONS**

Mr. Kho, an independent non-executive Director, is the sole director and the sole shareholder of K.A. Kho & Associates, and therefore K.A. Kho & Associates is an Associate of Mr. Kho and a Connected Person of the Company.

The entering into of the Service Agreement constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. Since the applicable percentage ratios as defined in the Listing Rules in respect of the Service Agreement are more than 0.1% but less than 5%, the entering into of the Service Agreement is therefore subject to reporting and announcement requirements under the Listing Rules but exempt from independent Shareholders' approval.

## **GENERAL**

The principal activities of the Group include property investment, investment holding, property development, property management and agency, property development consultancy, and hotel operation and management.

K.A. Kho & Associates is an architectural firm and is principally engaged in the provision of development consultancy, architectural, engineering, town planning, project management and interior design services.

## **DEFINITIONS**

In this announcement, unless the context requires otherwise, the following expressions shall have the following meanings when used herein:

“Associate”	shall have the meaning as ascribed to it under the Listing Rules
“Authorized Person”	shall have the meaning as ascribed to it under the Buildings Ordinance
“Board”	the board of directors of the Company
“Company”	Liu Chong Hing Investment Limited, a company incorporated in Hong Kong with limited liability and the shares of which are listed on the Stock Exchange
“Connected Person”	shall have the meaning as ascribed to it under the Listing Rules
“Contract Sum”	the total consideration payable to K.A. Kho & Associates for the services rendered by it under the Service Agreement, which shall be 4.2% of the total construction cost of the Project

“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“K.A. Kho & Associates”	K.A. Kho & Associates Architects & Consultants Limited, a company incorporated in Hong Kong with limited liability
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Kho”	Mr. Kho Eng Tjoan, Christopher, an independent non-executive Director
“Project”	the proposed redevelopment of the Property
“Property”	the property located at Nos. 181–183 Connaught Road West, Hong Kong
“Registered Architect”	shall have the meaning as ascribed to it under the Architects Registration Ordinance
“Service Agreement”	the service agreement entered into between the Company and K.A. Kho & Associates on 10 March 2011 in relation to the Project
“Shareholders”	shareholders of the Company
“Stock Exchange”	the Stock Exchange of Hong Kong Limited

By Order of the Board  
**Dr. Liu Lit Mo**  
*Chairman and Managing Director*

Hong Kong, 10 March 2011

*As at the date of this announcement, the Board comprises the following executive Directors: Dr. Liu Lit Mo (Chairman and Managing Director), Mr. Liu Lit Chi, Mr. Liu Kam Fai, Winston (Deputy Managing Director), Mr. Liu Kwun Shing, Christopher (also alternate director to Dr. Liu Lit Chung) and Mr. Lee Wai Hung; the following non-executive Directors: Dr. Liu Lit Chung, Mr. Andrew Liu and Mr. Liu Chun Ning, Wilfred; and the following independent non-executive Directors: Mr. Ng Ping Kin, Peter, Dr. Cheng Mo Chi, Moses, Mr. Tong Tsin Ka and Mr. Kho Eng Tjoan, Christopher.*