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## **HONGKONG CHINESE LIMITED**

香港華人有限公司\*

*(Incorporated in Bermuda with limited liability)*

(Stock code: 655)

**RIGHTS ISSUE OF 471,390,178 RIGHTS SHARES AT HK\$1.00 EACH  
IN THE PROPORTION OF  
SEVEN RIGHTS SHARES FOR EVERY TWENTY SHARES HELD  
WITH BONUS WARRANTS ON THE BASIS OF  
THREE WARRANTS FOR EVERY SEVEN RIGHTS SHARES  
TO THE QUALIFYING SHAREHOLDERS ONLY  
AND  
INCREASE IN AUTHORISED SHARE CAPITAL**

**Financial adviser to Hongkong Chinese Limited  
and**

**lead manager to the Rights Issue**



**SOMERLEY LIMITED**

**Underwriters to the Rights Issue**



**SOMERLEY LIMITED**



**taifook**

TAIFOOK SECURITIES CO. LTD.



**American International Assurance  
Company (Bermuda) Limited**



**Lippo Securities Limited**

The Directors announce that the Company intends to raise approximately HK\$471 million, before expenses, by way of a rights issue of 471,390,178 Rights Shares at the Subscription Price of HK\$1.00 per Rights Share on the basis of seven Rights

Shares for every twenty existing Shares held on the Record Date. Successful applicants of the Rights Shares will receive three Bonus Warrants for every seven Rights Shares taken up. The Bonus Warrants will entitle the holders to subscribe for new Shares at an initial subscription price of HK\$1.25 per Share (subject to adjustment) upon exercise of the Bonus Warrant.

The expected net proceeds from the Rights Issue, after deduction of expenses, of approximately HK\$463 million are intended to be applied as to (i) approximately HK\$350 million for the BDA Project; (ii) approximately HK\$100 million for property development projects in Singapore; and (iii) the remaining balance as additional capital for different future potential property development projects and for working capital.

Pursuant to the Rights Issue, the Qualifying Shareholders will be provisionally allotted seven Rights Shares in nil-paid form for every twenty existing Shares held on the Record Date.

The Underwritten Rights Shares will be fully underwritten by the Underwriters on the terms and subject to the conditions as set out in the Underwriting Agreement. Hennessy and Lippo have entered into the Deed of Undertaking in favour of the Company, pursuant to which, (i) Hennessy has undertaken to the Company that it will subscribe and procure the subscription of approximately 242,292,022 Rights Shares (with entitlement to Bonus Warrants) that will be provisionally allotted to it under the Rights Issue and that it will apply under Hennessy's Excess Application; and (ii) Lippo has guaranteed the due and punctual performance of Hennessy under the Deed of Undertaking, or failing which, to subscribe and procure the subscription of such Rights Shares that will be provisionally allotted to Hennessy under the Rights Issue and Hennessy's Excess Application.

The Rights Issue and the issue of Bonus Warrants are subject to the approval of the Shareholders at the SGM of the Capital Increase and the creation and issue of the Bonus Warrants and the issue and allotment of the Warrant Exercise Shares. To facilitate the implementation of the proposed Rights Issue and to enhance flexibility of the Company for future equity financing activities, an ordinary resolution will be proposed at the SGM which, if passed, will increase the authorised share capital of the Company from HK\$2,000,000,000 to HK\$4,000,000,000 by the creation of 2,000,000,000 new shares of HK\$1.00 each in the Company. A circular containing, inter alia, further details of the Rights Issue, issue of Bonus Warrants, the Capital Increase, and notice of the SGM is expected to be despatched to the Shareholders on 20<sup>th</sup> May, 2008.

The register of members of the Company will be closed from 2<sup>nd</sup> June, 2008 to 5<sup>th</sup> June, 2008 (both dates inclusive), during which period no transfer of Shares will be registered, for the purpose of determining the eligibility of voting at the SGM and the entitlement to the Rights Issue. In order to be entitled to vote at the SGM or to qualify for the Rights Issue, all transfer of Shares accompanied by the relevant share certificates and transfer forms must be lodged for registration with the Company's Branch Share Registrars in Hong Kong, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 30<sup>th</sup> May, 2008.

**Shareholders should note that the Shares are expected to be dealt in on an ex-rights basis from 29<sup>th</sup> May, 2008. The Rights Shares in their nil-paid form are expected to be dealt in from 11<sup>th</sup> June, 2008 to 18<sup>th</sup> June, 2008 (both dates inclusive).**

**The Rights Issue is subject to the satisfaction of the conditions as described under the paragraph headed “Rights Issue - Conditions precedent to the Rights Issue”. In particular, the Underwriting Agreement contains provisions allowing the Underwriters to terminate the Underwriting Agreement on the occurrence of force majeure events (as described in the paragraph headed “Underwriting Agreement - Termination of the Underwriting Agreement”) by giving written notice to the Company at any time prior to 4:00 p.m. on the second business day following the Final Acceptance Date, i.e. 25<sup>th</sup> June, 2008. Accordingly, any dealing in the Shares before the Underwriting Agreement becomes unconditional and in the Rights Shares in their nil-paid form from 11<sup>th</sup> June, 2008 to 18<sup>th</sup> June, 2008 (both dates inclusive) will bear the risk that the Rights Issue may not become unconditional or may not proceed. Any Shareholder or other person contemplating selling or acquiring Shares and/or Right Shares in their nil-paid form from the date of this announcement up to 27<sup>th</sup> June, 2008 will bear the risk that the Rights Issue may not become unconditional or may not proceed. Any Shareholder or other person contemplating any dealings in the Shares or Rights Shares in their nil-paid form are recommended to consult their own professional advisers.**

## **RIGHTS ISSUE**

The Rights Issue statistics (prepared on the basis of the Company’s existing 1,346,829,094 Shares in issue, without taking into account any Shares which may be issued between the date of this announcement and the Record Date) are as follows:

Number of Shares in issue as at the date of this announcement	: 1,346,829,094 Shares
Basis of Rights Issue	: Seven Rights Shares for every twenty Shares held on the Record Date. Successful applicants of the Rights Shares will receive three Bonus Warrants for every seven Rights Shares taken up.
Number of Rights Shares	: 471,390,178 Rights Shares
Number of Bonus Warrants	: Up to 202,024,362 Bonus Warrants which upon full exercise will result in the issue of up to 202,024,362 Warrant Exercise Shares at an initial subscription price of HK\$1.25 per Share (subject to adjustment in accordance with the terms of the Bonus Warrants)

As at the date of this announcement, the Company has in issue share options entitling

holders to subscribe for 13,468,000 Shares from 17<sup>th</sup> June, 2008 to 16<sup>th</sup> December, 2012. Apart from this, as at the date of this announcement, the Company has no other share options or convertible securities outstanding entitling any person to subscribe for Shares prior to the Record Date.

The Underwritten Rights Shares will be fully underwritten by the Underwriters on the terms and subject to the conditions as set out in the Underwriting Agreement, details of which are described in the section headed “Underwriting Agreement” below.

### **Reasons for the Rights Issue and use of proceeds**

The Company and its subsidiaries are principally engaged in investment holding, property investment and development, project management and financial services.

The Company’s mission is to maintain and expand its role as a leading property investor and developer in Asia, targeting the key markets of the PRC, Singapore and Hong Kong. The timing of the Company’s entry into Singapore in 2004 has proved opportune, with substantial gains reflected in the 2007 results. Going forward, the Board will dedicate more resources to the PRC where it currently sees opportunities for a well-capitalised group in view of the current restraints on funding. In particular, the Board plans to push forward its development project (“BDA Project”) in 北京經濟技術開發區 (Beijing Economic-Technological Development Area) (“BDA”). The BDA Project is located in the BDA, the state-level economic-technological development area in Beijing and approximately 10 miles southeast of Beijing City Centre. With a total site area of approximately 51,200 s.q.m., the BDA Project is currently planned to comprise office buildings, apartments, hotels and shopping malls with a total gross floor area of not less than 170,000 s.q.m.. A number of Fortune 500 companies and multinational companies have presence in the neighbourhood. As announced on 28<sup>th</sup> April, 2008, the Group has just increased its interest from 68.6% to 85.7% in the BDA Project, increasing its commitment to approximately HK\$280 million in total. As announced before, the Group intends to acquire the remaining interest of the BDA Project (currently 14.3% of the BDA Project) from its joint venture partner. Completion of the BDA Project is expected to be in 2011.

The Group and its associates and jointly controlled entities will also continue its luxury residential development projects in Singapore such as:

<b><u>Project</u></b>	<b><u>Expected sellable floor area</u></b>	<b><u>Expected completion</u></b>
Sentosa Marina Collection	30,000 s.q.m.	late 2011
Kim Seng Plaza	16,000 s.q.m.	early 2012
Aura Park	5,000 s.q.m.	mid 2012

The expected net proceeds from the Rights Issue, after deduction of expenses, of approximately HK\$463 million are intended to be applied as to (i) approximately HK\$350 million for the BDA Project; (ii) approximately HK\$100 million for property development projects in Singapore; and (iii) the remaining balance as additional capital for different future potential property development projects and for working capital.

## **Qualifying Shareholders**

The Company will provisionally allot the Rights Shares and send a Prospectus containing details of the Rights Issue to the Qualifying Shareholders and, for information only, to the Excluded Shareholders. PALs and EAFs will be sent to the Qualifying Shareholders only.

To qualify for the Rights Issue, Shareholders must be registered as a member of the Company on the Record Date. Shareholders having an address in Hong Kong on the register of members of the Company on the Record Date are qualified for the Rights Issue. Shareholders having addresses outside Hong Kong on the register of members of the Company on the Record Date are qualified for the Rights Issue only if the Board, after taking appropriate legal advice in the relevant jurisdictions, considers that the offer to these Shareholders would not be impractical or unlawful on account of any legal restriction under the laws of the relevant jurisdictions or any requirement of the relevant regulatory body or stock exchange in that jurisdiction and/or any relevant registration or filing requirements.

Any Qualifying Shareholder holding less than 20 Shares on the Record Date will not be entitled to subscribe for any Rights Share (with entitlement to Bonus Warrants).

## **Excluded Shareholders**

The Board will make enquiries pursuant to Rule 13.36(2)(a) of the Listing Rules as to the applicable securities legislation of the relevant overseas jurisdictions or the requirements of any relevant regulatory body or stock exchange for the issue of the Rights Shares (with entitlement to Bonus Warrants) to the Overseas Shareholders and the results of the enquiries will be included in the Prospectus. If, after making such enquiries, the Board is of the opinion that it would be necessary or expedient, on account either of the legal restrictions under the laws of the relevant jurisdiction or any requirement of the relevant regulatory body or stock exchange in that jurisdiction, not to offer Rights Shares (with entitlement to Bonus Warrants) to any of the Excluded Shareholders, the Rights Issue will not be extended to the Excluded Shareholders and no provisional allotment of nil-paid Rights Shares or allotment of fully-paid Rights Shares will be made to such Overseas Shareholders. The Company will send the Prospectus to the Excluded Shareholders for their information only but will not send PALs or EAFs to them. The basis of exclusion of the Excluded Shareholders, if any, from the Rights Issue will be disclosed in the Prospectus.

Arrangements will be made for the Rights Shares which would otherwise have been provisionally allotted to the Excluded Shareholders to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence on the Stock Exchange and in any event before the last date for dealings in nil-paid Rights Shares, if a premium (net of expenses) can be obtained. Proceeds of each sale, less expenses and stamp duty, of HK\$100 or more will be paid to the relevant Excluded Shareholder in Hong Kong dollars. The Company will retain individual amounts of less than HK\$100 for the benefit of the Company.

## **Closure of register of members**

The register of members of the Company will be closed from 2<sup>nd</sup> June, 2008 to 5<sup>th</sup> June, 2008 (both dates inclusive), during which period no transfer of Shares will be registered, for the purpose of determining the eligibility of voting at the SGM and the entitlement to the Rights Issue. In order to be entitled to vote at the SGM or to qualify for the Rights Issue, a Shareholder must be registered as a member of the Company on the Record Date. Accordingly, to qualify for the Rights Issue, all transfer of Shares accompanied by the relevant share certificates and transfer forms must be lodged for registration with the Company's Branch Share Registrars in Hong Kong, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 30<sup>th</sup> May, 2008.

## **Terms of the Rights Issue (including Bonus Warrants)**

The Rights Issue will be on the basis of seven Rights Shares for every twenty Shares held on the Record Date and successful applicants of the Rights Shares will receive three Bonus Warrants for every seven Rights Shares taken up.

### *Subscription Price for Rights Shares*

The Rights Issue is on the basis of the Subscription Price of HK\$1.00 per Rights Share, which is payable in full when a Qualifying Shareholder accepts the provisional allotment of Rights Shares or applies for excess Rights Shares or when a transferee of nil-paid Rights Shares subscribed for the relevant Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 32% to the closing price of HK\$1.48 per Share as quoted on the Stock Exchange on 16<sup>th</sup> May, 2008, being the last trading day before the date of this announcement and the date of the Underwriting Agreement;
- (ii) a discount of approximately 22% to the theoretical ex-rights price of HK\$1.29 per Share, which is calculated based on the closing price of HK\$1.48 per Share on 16<sup>th</sup> May, 2008; and
- (iii) a discount of approximately 71% to the audited consolidated net assets value (attributable to the Shareholders after final dividend) per Share as at 31<sup>st</sup> December, 2007 of approximately HK\$3.43.

### *Bonus Warrants and Bonus Warrants Subscription Price*

On the basis that 471,390,178 Rights Shares to be issued and that the Bonus Warrants will be issued in the proportion of three Bonus Warrants for every seven Rights Shares, up to 202,024,362 Bonus Warrants will be issued, entitling the holders thereof to subscribe for up to 202,024,362 Shares, at an initial Bonus Warrants Subscription Price of HK\$1.25 (subject to adjustment) per Warrant Exercise Share. The subscription period is approximately three years from the date when dealings in the Bonus Warrants commence on the Stock Exchange (which is expected to be from 4<sup>th</sup> July, 2008) to 4<sup>th</sup> July, 2011 (both dates

inclusive). The Bonus Warrants Subscription Price of HK\$1.25 represents:

- (i) a discount of approximately 16% to the closing price of HK\$1.48 per Share as quoted on the Stock Exchange on 16<sup>th</sup> May, 2008, being the last trading day before the date of this announcement and the date of the Underwriting Agreement;
- (ii) a discount of approximately 3% to the theoretical ex-rights price of HK\$1.29 per Share, which is calculated based on the closing price of HK\$1.48 per Share on 16<sup>th</sup> May, 2008; and
- (iii) a discount of approximately 64% to the audited consolidated net assets value (attributable to the Shareholders after final dividend) per share as at 31<sup>st</sup> December, 2007 of approximately HK\$3.43.

Based on 202,024,362 Bonus Warrants to be issued, the total cash proceeds upon full exercise of the Bonus Warrants are expected to be approximately HK\$253 million.

#### *Fractions of the Rights Shares and the Bonus Warrants*

The Company will not (i) provisionally allot fractions of Rights Shares in nil-paid form; or (ii) allot fractions of Bonus Warrants. All fractions of Rights Shares and Bonus Warrants will be aggregated and sold in the market for the Company's own benefit. Any unsold fractions of the Rights Shares may be made available for excess application.

The Subscription Price and the Bonus Warrants Subscription Price have been determined based on arm's length negotiations among the Company and the Underwriters. The Directors consider the terms of the Rights Issue (including the terms of the Bonus Warrants) to be fair and reasonable and in the interest of the Company and the Shareholders as a whole.

#### **Rights Shares and Warrant Exercise Shares**

The Rights Shares, when issued, will represent:

- (i) approximately 35% of the existing total issued share capital of the Company;
- (ii) approximately 26% of the total issued share capital of the Company as enlarged by the Rights Shares; and
- (iii) approximately 23% of the total issued share capital of the Company as enlarged by the Rights Shares and the Warrant Exercise Shares.

When fully paid, the Rights Shares will rank *pari passu* in all respects with the then existing Shares.

The Warrant Exercise Shares, when issued, will represent:

- (i) approximately 11% of the total issued share capital of the Company as enlarged by the Rights Shares; and
- (ii) approximately 10% of the total issued share capital of the Company as enlarged by the Rights Shares and the Warrant Exercise Shares.

When issued, the Warrant Exercise Shares will rank *pari passu* in all respects with the then existing Shares.

### **Application for excess Rights Shares**

Qualifying Shareholders may apply for any unsold entitlements of the Excluded Shareholders and any Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders or otherwise subscribed for by transferees of nil-paid Rights Shares. Application can be made by completing the EAF and lodging the same with remittance for the excess Rights Shares. The Directors will allocate the excess Rights Shares at their discretion and on a fair and equitable basis and will give preference to topping up odd lots to whole board lots. Any further remaining excess Rights Shares (if any) will be allocated to all applicants based on a sliding scale with reference to the excess Rights Shares applied by them (i.e. Qualifying Shareholders belonging to pre-determined categories consisting of applications for smaller number of Rights Shares are allocated with a higher percentage of successful application but will receive less number of Rights Shares; whereas Qualifying Shareholders belonging to pre-determined categories consisting of applications for larger number of Rights Shares are allocated with a smaller percentage of successful application but will receive higher number of Rights Shares), subject always to the rights of the Directors to reject any applications with an intention to abuse the general mechanism of the excess application for the excess Rights Shares.

Shareholders with the Shares held by a nominee company should note that the Board will regard the nominee company as a single Shareholder according to the register of members of the Company. Accordingly, the Shareholders should note that the aforesaid arrangement in relation to the allocation of the excess Rights Shares will not be extended to beneficial owners individually. Shareholders with their Shares held by a nominee company are advised to consider whether they would like to arrange registration of the relevant Shares in the name of the beneficial owner(s) prior to the close of the register of members mentioned above.

### **Application for listing**

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms, the Bonus Warrants and the Warrant Exercise Shares. The nil-paid Rights Shares shall have the same board lot size as the Shares, i.e. 2,000 shares per board lot. The Bonus Warrants shall have a board lot size of 8,000 warrants per board lot.

### **Stamp duty and any other applicable fees and charges**

Dealings in the Rights Shares in their nil-paid and fully-paid forms, the Bonus Warrants and the Warrant Exercise Shares will be subject to the payment of stamp duty, Stock Exchange trading fee, Securities and Futures Commission transaction levy and any other application fees and charges in Hong Kong.

## **Deed of Undertaking**

Hennessy and Lippo have entered into the Deed of Undertaking in favour of the Company, pursuant to which, (i) Hennessy has undertaken to the Company that it will subscribe and procure the subscription of 242,292,022 Rights Shares (with entitlement to Bonus Warrants) that will be provisionally allotted to it under the Rights Issue and that it will apply under Hennessy's Excess Application; and (ii) Lippo has guaranteed the due performance of Hennessy under the Deed of Undertaking, or failing which, Lippo undertakes to subscribe and procure the subscription of such Rights Shares that will be provisionally allotted to Hennessy under the Rights Issue and Hennessy's Excess Application.

No preferential treatment will be given to Hennessy in the allocation of the excess Rights Shares, if any.

## **Conditions precedent to the Rights Issue**

The Rights Issue is conditional upon the following:

- (i) the delivery by or on behalf of the Company on or before the Posting Date of (a) one copy of each of the duly signed Prospectus Documents together with any requisite accompanying documents, to the Stock Exchange and the Registrar of Companies in Hong Kong for filing and registration in accordance with the provisions of the Hong Kong Companies Ordinance; and (b) one copy of the duly certified Prospectus Documents together with any requisite accompanying documents, to the Registrar of Companies in Bermuda for filing in accordance with the Companies Act 1981 of Bermuda (as amended);
- (ii) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) listing of and permission to deal in (a) all the Rights Shares (in their nil-paid and fully-paid forms) before 9:00 a.m. on the date of commencement of dealing in the nil-paid Rights Shares on the Stock Exchange and not having withdrawn or revoked such listings and permission and (b) the Bonus Warrants and the Warrant Exercise Shares before 9:00 a.m. on the date of commencement of dealing in the Bonus Warrants and the Warrant Exercise Shares on the Stock Exchange and not having withdrawn or revoked such listings and permission;
- (iii) the Bermuda Monetary Authority granting consent (if required) to the issue of the Rights Shares by no later than the Posting Date;
- (iv) the passing of resolution(s) by the Shareholders at the SGM to approve (a) the creation and issue of the Bonus Warrants and the issue and allotment of the Warrant Exercise Shares (upon exercise of the subscription rights attaching to the Bonus Warrants) and (b) the Capital Increase;
- (v) the posting of the Prospectus Documents to the Qualifying Shareholders and of the Prospectus, for information purposes only, to the Excluded Shareholders on the Posting Date;

- (vi) compliance with and performance of all the undertakings and obligations of the Company under the terms of the Underwriting Agreement;
- (vii) compliance with and performance by Hennessy and Lippo under the Deed of Undertaking;
- (viii) the passing of a resolution by the shareholders of Lippo at an extraordinary general meeting to approve the Lippo Rights Issue to the qualifying shareholders of Lippo only and the creation and issue of bonus warrants and the issue and allotment of the warrant exercise shares (upon exercise of the subscription rights attaching to the Lippo bonus warrants) under the Lippo Rights Issue;
- (ix) the Lippo Rights Issue being unconditional in all respects (save in respect of any matter or condition relating to the Rights Issue); and
- (x) the obligations of the Underwriters not being terminated by the Lead Manager (on behalf of the Underwriters) in accordance with the terms as set out in the Underwriting Agreement.

If the conditions precedent are not satisfied and/or waived by 27<sup>th</sup> June, 2008 (unless otherwise stated as above) or such later date or dates as the Lead Manager (on behalf of the Underwriters) may agree with the Company in writing, the Underwriting Agreement shall terminate (save in respect of any reasonable legal fees and other reasonable out-of-pocket expenses, if any, of the Underwriters, or any rights or obligations which may accrue under the Underwriting Agreement and/or the Deed of Undertaking prior to such termination) and no party will have any claim against the other party for costs, damages, compensation or otherwise.

## **UNDERWRITING AGREEMENT**

Key terms and details of the Underwriting Agreement are as set out below:

Date	:	17 <sup>th</sup> May, 2008
Underwriters	:	Somerley; Taifook Securities; AIAB and, for and on behalf of its client, Lippo Securities
Number of Underwritten Rights Shares (on the basis of the Shares in issue as at the date of this announcement)	:	194,098,156 Rights Shares
Commission	:	2.5% of the aggregate Subscription Price of all the Underwritten Rights Shares

The obligations of the Underwriters under the Underwriting Agreement are several but not joint and several.

To the best of the Directors' knowledge and information and after making reasonable enquiries, each of the Underwriters and their respective ultimate beneficial owners are not connected persons (as defined in the Listing Rules) of the Company.

## **Underwriting**

Subject to the fulfillment of the conditions contained in the Underwriting Agreement, the Underwriters have agreed to underwrite 194,098,156 Rights Shares and will receive underwriting commission of 2.5% on the aggregate Subscription Price of the Underwritten Rights Shares. Based on the number of Shares outstanding and the number of Shares held by Hennessy as at the date of this announcement, such underwriting commission amounts to approximately HK\$5 million. The Underwriters will also be entitled to receive three Bonus Warrants for every seven Rights Shares to be subscribed (if any) in accordance with the terms of the Rights Issue and pursuant to the Underwriting Agreement.

## **Conditions to the Underwriting Agreement**

The Underwriting Agreement is conditional, among other things, on the following conditions being fulfilled:

- (i) the Lippo Rights Issue becoming unconditional in all respects (save in respect of any matter or condition relating to the Rights Issue), not being terminated in accordance with its terms and any underwriting agreement entered or to be entered into by Lippo with any underwriter(s) in connection with the Lippo Rights Issue becoming unconditional (save in respect of any matter or condition relating to the Rights Issue) and not being terminated in accordance with its terms;
- (ii) the passing of the ordinary resolutions by Shareholders at the SGM (or any adjournment(s) thereof), to approve (a) the Capital Increase, (b) the creation and issue of the Bonus Warrants and (c) to authorise the Directors to issue and allot the Warrant Exercise Shares;
- (iii) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment), and not having revoked, the listing of, and permission to deal in, (a) the Rights Shares in their nil-paid form and fully-paid form by not later than 9:00 a.m. on 11<sup>th</sup> June, 2008 and (b) the Bonus Warrants and the Warrant Exercise Shares not later than 9:00 a.m. on 4<sup>th</sup> July, 2008;
- (iv) the delivery to the Stock Exchange and registration by the Registrar of Companies in Hong Kong not later than the Posting Date of one copy of each of the Prospectus Documents each duly certified by two of the Directors or by their agents authorised in writing as having been approved by resolution by the Board (and all documents required to be attached thereto, if any) in compliance with the Listing Rules and the Companies Ordinance (Cap. 32 of the Laws of Hong Kong);
- (v) the obtaining of all requisite consents and approvals from the relevant regulatory authorities in connection with the Rights Issue and the issue of Bonus Warrants (if any) in Hong Kong or elsewhere;

- (vi) the posting of the Prospectus Documents to the Qualifying Shareholders;
- (vii) the delivery to the Underwriters of those documents listed in the Underwriting Agreement, when specified therein;
- (viii) the filing of one duly certified (by or on behalf of each Director) copy of the Prospectus Documents with the Registrar of Companies in Bermuda;
- (ix) the representations and warranties mentioned in the Underwriting Agreement remaining true and accurate in all material aspects at all times on or before 4:00 p.m. on the second business day following the Final Acceptance Date; and
- (x) fulfilment of the obligations of Hennessy and of Lippo under the Deed of Undertaking.

The Underwriters may grant extension for the fulfillment or waive any of the conditions mentioned above (save and except that conditions (ii), (iii), (iv), (v), (vi) and (vii) cannot be waived). In the event of the conditions precedent mentioned above not being fulfilled or waived on or before the respective times and/or dates aforesaid (or such later date or dates as may be agreed between the Company and the Lead Manager (on behalf of the Underwriters)) or if the Underwriting Agreement shall be rescinded, all obligations and liabilities of the parties thereunder will forthwith cease and determine.

#### **Termination of the Underwriting Agreement**

**The Underwriting Agreement may be terminated by notice in writing given by the Lead Manager (on behalf of the Underwriters) to the Company at any time prior to 4:00 p.m. on the second business day following the Final Acceptance Date, i.e. 25<sup>th</sup> June, 2008 on the occurrence of the following force majeure events:**

- (i) the success of the Rights Issue or the taking up of the Rights Shares may be adversely and materially affected by:**
  - (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may materially adversely affect the business or the financial or trading position of the Group as a whole; or**
  - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date of the Underwriting Agreement) of a political, military, financial, economic, currency or other nature (whether or not unique with any of the foregoing), or any local, national or international outbreak or escalation of hostilities or armed conflict, or any event or change affecting local securities market or the occurrence of any**

combination of circumstances which is reasonably likely to materially adversely affects the business or the financial or trading position of the Group as a whole or is reasonably likely to materially adversely prejudices the success of the Rights Issue or the taking up of the Rights Shares (with entitlement to Bonus Warrants) by the Shareholders or investors in general; or

(c) there is any material adverse change in the business or in the financial or trading position of the Group as a whole; or

(d) any breach of the warranties of the Company set out in the Underwriting Agreement; or

(ii) any material change in market conditions or combination of market conditions and other circumstances in Hong Kong or elsewhere (including without limitation suspension or material restriction on trading in securities in general or the Company in particular) occurs which may adversely and materially affect the success of the Rights Issue or the taking up of the Rights Shares (with entitlement to Bonus Warrants) by the Shareholders or investors in general.

## SHAREHOLDING STRUCTURE

Set out below is the shareholding structure of the Company:

	As at the date of this announcement		Immediately upon Completion assuming all Qualifying Shareholders take up their respective entitlements under the Rights Issue but before the exercise of the Bonus Warrants		Immediately upon Completion assuming all Qualifying Shareholders take up their respective entitlements under the Rights Issue and after the exercise of the Bonus Warrants		Immediately upon Completion assuming only Hennessy takes up its entitlement under the Rights Issue and the Hennessy's Excess Application but before the exercise of the Bonus Warrants		Immediately upon Completion assuming only Hennessy takes up its entitlement under the Rights Issue and the Hennessy's Excess Application and after the exercise of the Bonus Warrants	
	Shares	%	Shares	%	Shares	%	Shares	%	Shares	%
Hennessy	692,262,956	51.4	934,554,978	51.4	1,038,394,416	51.4	969,554,978	53.3	1,088,394,416	53.9
Directors	50,400	0.0	68,040	0.0	75,600	0.0	50,400	0.0	50,400	0.0
Underwriters <sup>(Note)</sup>	-	0.0	-	0.0	-	0.0	194,098,156	10.7	277,283,080	13.7
<b>Sub-total</b>	<b>692,313,356</b>	<b>51.4</b>	<b>934,623,018</b>	<b>51.4</b>	<b>1,038,470,016</b>	<b>51.4</b>	<b>1,163,703,534</b>	<b>64.0</b>	<b>1,365,727,896</b>	<b>67.6</b>
Public Shareholders	654,515,738	48.6	883,596,254	48.6	981,773,618	48.6	654,515,738	36.0	654,515,738	32.4
<b>Total number of issued Shares</b>	<b>1,346,829,094</b>	<b>100.0</b>	<b>1,818,219,272</b>	<b>100.0</b>	<b>2,020,243,634</b>	<b>100.0</b>	<b>1,818,219,272</b>	<b>100.0</b>	<b>2,020,243,634</b>	<b>100.0</b>

*Note:* As there are more than one Underwriters and each of the Underwriters will underwrite, on a several basis, not more than 50% of the Underwritten Rights Shares, no single Underwriter will take up more than 10% of the then issued share capital of the Company in any event.

## SGM AND CAPITAL INCREASE

To facilitate the implementation of the proposed Rights Issue and to enhance flexibility of the Company for future equity financing activities, the Directors propose that a resolution to be passed at the SGM, among other things, to increase the authorised share capital of the Company from HK\$2,000,000,000 to HK\$4,000,000,000 by the creation of 2,000,000,000 new Shares of HK\$1.00 each.

The Capital Increase and the creation and issue of the Bonus Warrants and the issue and allotment of the Warrant Exercise Shares are subject to Shareholders' approval at the SGM. A circular in relation to, among others, the Capital Increase and the creation and issue of the Bonus Warrants and the issue and allotment of the Warrant Exercise Shares and notice of the SGM is expected to be despatched to the Shareholders on 20<sup>th</sup> May, 2008.

On the basis that there is no Shareholder having an interest in the Capital Increase and the creation and issue of the Bonus Warrants and the issue and allotment of the Warrant Exercise Shares which is different from other Shareholders, no Shareholders are required to abstain from voting in the SGM.

## EXPECTED TIMETABLE

Set out below is an indicative timetable for the Rights Issue. **The timetable is subject to the results of the SGM and any other changes in accordance with the Underwriting Agreement. The Company will notify the Shareholders of any changes to the expected timetable as and when appropriate.**

2008

Despatch of circular and notice of the SGM to the Shareholders.....	Tuesday, 20 <sup>th</sup> May
Last day of dealings in the Shares on a cum-rights basis.....	Wednesday, 28 <sup>th</sup> May
First day of dealings in the Shares on an ex-rights basis.....	Thursday, 29 <sup>th</sup> May
Latest time for lodging transfer of the Shares for entitlement to the Rights Issue.....	4:30 p.m. on Friday, 30 <sup>th</sup> May
Register of members of the Company closes.....	Monday, 2 <sup>nd</sup> June to Thursday, 5 <sup>th</sup> June (both dates inclusive)
SGM.....	10:30 a.m. <i>(Note 3)</i> on Thursday, 5 <sup>th</sup> June
Record Date.....	Thursday, 5 <sup>th</sup> June

Despatch of the Prospectus Documents to the Qualifying Shareholders and, for information only, Prospectus to the Excluded Shareholders.....	Friday, 6 <sup>th</sup> June
Register of members of the Company re-opens.....	Friday, 6 <sup>th</sup> June
First day of dealings in nil-paid Rights Shares.....	Wednesday, 11 <sup>th</sup> June
Latest time for splitting nil-paid Rights Shares.....	4:30 p.m. on Friday, 13 <sup>th</sup> June
Last day of dealings in nil-paid Rights Shares.....	Wednesday, 18 <sup>th</sup> June
Latest time for acceptance of and payment for the Rights Shares and for application and payment for the excess Rights Shares.....	4:00 p.m. on Monday, 23 <sup>rd</sup> June
Underwriting Agreement becomes unconditional.....	4:00 p.m. on Friday, 27 <sup>th</sup> June
Announcement of results of the Rights Issue expected to be made on the website of the Stock Exchange and the Company on or about.....	Wednesday, 2 <sup>nd</sup> July
Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares expected to be posted on or about.....	Wednesday, 2 <sup>nd</sup> July
Share certificates for the Rights Shares and warrant certificates for the Bonus Warrants to be despatched on or about.....	Wednesday, 2 <sup>nd</sup> July
Dealings in fully-paid Rights Shares and the Bonus Warrants commence on.....	Friday, 4 <sup>th</sup> July

Notes:

1. All times in this announcement refer to Hong Kong times.
2. Effect of bad weather on the latest time for acceptance of and payment for the Rights Shares and for application and payment for the excess Rights Shares:

The latest time for acceptance of and payment for the Rights Shares will not take effect if there is a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning. If such circumstance is:

- (a) in force in Hong Kong at any local time before 12:00 noon but no longer in force after 12:00 noon on 23<sup>rd</sup> June, 2008, the latest time for acceptance of and payment for the Rights Shares and for application and payment for the

excess Rights Share will be extended to 5:00 p.m. on the same business day;  
or

- (b) in force in Hong Kong at any local time before 12:00 noon and 4:00 p.m. on 23<sup>rd</sup> June, 2008, the latest time for acceptance of and payment for the Rights Shares and for application and payment for the excess Rights Share will be rescheduled to 4:00 p.m. on the following business day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m..

If the latest time for acceptance of and payment for the Rights Shares and for application and payment for the excess Rights Share does not take effect on 23<sup>rd</sup> June, 2008, the dates mentioned above may be affected. An announcement will be made by the Company in such event.

3. Shareholders should note that the SGM will be held at 10:30 a.m. on 5<sup>th</sup> June, 2008 (or so soon thereafter as the annual general meeting of the Company convened for 10:00 a.m. on the same date shall have been concluded or adjourned).

#### **WARNING OF THE RISKS OF DEALING IN SHARES AND NIL-PAID RIGHTS SHARES**

Shareholders should note that the Shares are expected to be dealt in on an ex-rights basis from 29<sup>th</sup> May, 2008. The Rights Shares in their nil-paid form are expected to be dealt in from 11<sup>th</sup> June, 2008 to 18<sup>th</sup> June, 2008 (both dates inclusive).

The Rights Issue is subject to the satisfaction of the conditions as described under the paragraph headed “Rights Issue - Conditions precedent to the Rights Issue” above. In particular, the Underwriting Agreement contains provisions allowing the Underwriters to terminate the Underwriting Agreement on the occurrence of force majeure events (as described above) by giving written notice to the Company at any time prior to 4:00 p.m. on the second business day following the Final Acceptance Date, i.e. 25<sup>th</sup> June, 2008. Accordingly, any dealings in the Shares before the Underwriting Agreement becomes unconditional and in the Rights Shares in their nil-paid form from 11<sup>th</sup> June, 2008 to 18<sup>th</sup> June, 2008 (both dates inclusive) will bear the risk that the Rights Issue may not become unconditional or may not proceed. Any Shareholder or other person contemplating selling or acquiring Shares and/or Right Shares in their nil-paid form from the date of this announcement up to 27<sup>th</sup> June, 2008 will bear the risk that the Rights Issue may not become unconditional or may not proceed. Any Shareholder or other person contemplating any dealings in the Shares or Rights Shares in their nil-paid form are recommended to consult their own professional advisers.

## DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

“AIAB”	American International Assurance Company (Bermuda) Limited, a company incorporated in Bermuda with limited liability;
“Board”	board of Directors;
“Bonus Warrant(s)”	bonus warrant(s) to be issued to successful applicants of the Rights Shares in the manner as set out in the paragraph headed “Rights Issue - Terms of the Rights Issue (including Bonus Warrants)”;
“Bonus Warrants Subscription Price”	the initial subscription price of HK\$1.25 (subject to adjustment) per Warrant Exercise Share;
“Capital Increase”	the proposed increase in the authorised share capital of the Company from HK\$2,000,000,000 to HK\$4,000,000,000 by the creation of 2,000,000,000 new Shares of HK\$1.00 each;
“Company”	Hongkong Chinese Limited (香港華人有限公司*), a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange;
“Completion”	completion of the Rights Issue;
“Deed of Undertaking”	a deed of undertaking dated 17 <sup>th</sup> May, 2008 signed by Hennessy and Lippo in favour of the Company in relation to, among other things, the undertaking of Hennessy to subscribe for and to procure the subscription of Rights Shares to be provisionally allotted to it and/or its nominees and to apply under the EAF for at least 35,000,000 excess Rights Shares;
“Directors”	directors of the Company;
“EAF(s)”	the excess application form(s) to be issued to the Qualifying Shareholders in respect of applications for excess Rights Shares (with entitlement to Bonus Warrant(s)) pursuant to the Rights Issue;
“Excluded Shareholders”	Overseas Shareholders to whom the Directors, having made enquiries regarding the legal restrictions under the laws of relevant jurisdiction or the requirements of the relevant regulatory body or stock exchange in that jurisdiction, consider

it necessary or expedient not to offer the Rights Shares (with entitlement to Bonus Warrant(s)) on account either of legal restrictions under the laws of the relevant jurisdiction or the requirements of the relevant regulatory body or stock exchange in that jurisdiction;

“Final Acceptance Date”	the latest time for acceptance of the Rights Shares anticipated as at the date hereof to be 4:00 p.m. on 23 <sup>rd</sup> June, 2008, subject to postponement in such circumstances and in such manner as may be provided in the Prospectus (if at all), or such other time and date as may be agreed between the Company and the Underwriters;
“Group”	the Company and its subsidiaries;
“Hennessy”	Hennessy Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of Lippo and was interested in 692,262,956 Shares, representing approximately 51.4% of the issued share capital of the Company as at the date of this announcement;
“Hennessy’s Excess Application”	the application by Hennessy under the EAF for at least 35,000,000 excess Rights Shares;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Lead Manager”	Somerley;
“Lippo”	Lippo Limited 力寶有限公司, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange;
“Lippo Rights Issue”	the rights issue of Lippo, details of which are set out in an announcement of Lippo dated 17 <sup>th</sup> May, 2008;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Lippo Securities”	Lippo Securities Limited, a licensed corporation to carry on Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong);
“Overseas Shareholders”	Shareholders whose names appear on the register of members of the Company on the Record Date and whose addresses as shown on such register are outside Hong Kong;

“PAL(s)”	the provisional allotment letter(s) to be issued to the Qualifying Shareholders in respect of their assured entitlements under the Rights Issue;
“Posting Date”	the date on which the Prospectus Documents are sent to Qualifying Shareholders and, for information only, the Prospectus to the Excluded Shareholders, which is expected to be on 6 <sup>th</sup> June, 2008, or such other date as may be agreed between the Company and the Underwriters;
“PRC”	the People’s Republic of China and for the purpose of this announcement only, excludes Hong Kong, the Macao Special Administrative Region and Taiwan;
“Prospectus”	a prospectus document relating to the Rights Issue prepared in accordance with the requirements of the Listing Rules;
“Prospectus Documents”	the Prospectus, the PAL and the EAF to be issued by the Company to the Qualifying Shareholders in relation to the Rights Issue;
“Qualifying Shareholders”	the Shareholders whose names appear on the register of members of the Company on the Record Date, other than the Excluded Shareholders;
“Record Date”	5 <sup>th</sup> June, 2008, the record date for determining entitlements of the Shareholders to participate in the Rights Issue;
“Rights Issue”	the issue by way of rights of 471,390,178 Rights Shares at the Subscription Price on the basis of seven Rights Shares for every twenty existing Shares held on the Record Date including the issue of the Bonus Warrants to successful applicants of the Right Shares, in each case on the terms and subject to conditions to be set out in the Prospectus Documents;
“Rights Share(s)”	new Share(s) to be allotted and issued pursuant to the Rights Issue;
“SGM”	the special general meeting of the Company to be held on 5 <sup>th</sup> June, 2008 at 10:30 a.m. (or so soon thereafter as the annual general meeting of the Company convened for 10:00 a.m. on the same date shall have been concluded or adjourned) (including any adjournment(s) thereof) to consider and, if thought fit, approve, inter alia, the resolutions in relation to the Capital Increase and the creation and issue of the Bonus Warrants and the issue and allotment of the Warrant Exercise Shares;

“Share(s)”	ordinary share(s) of HK\$1.00 each in the share capital of the Company;
“Shareholders”	holders of the Share(s);
“Somerley”	Somerley Limited, a licensed corporation to carry on Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscription Price”	the subscription price of HK\$1.00 per Rights Share;
“Taifook Securities”	Taifook Securities Company Limited, a licensed corporation to carry on Type 1 (dealing in securities), Type 3 (leveraged foreign exchange trading) and Type 4 (advising on securities) regulated activities under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong);
“Underwriters”	Somerley; Taifook Securities; AIAB and, for and on behalf of its client, Lippo Securities;
“Underwritten Rights Shares”	Rights Shares (in the nil-paid form) other than those undertaken to be subscribed and applied by Hennessy (or failing which, by Lippo) pursuant to the Deed of Undertaking;
“Underwriting Agreement”	the underwriting agreement dated 17 <sup>th</sup> May, 2008 entered into between the Company and the Underwriters in relation to the Rights Issue;
“Warrant Exercise Shares”	new Shares to be allotted and issued pursuant to the exercise of the Bonus Warrants;
“s.q.m.”	square metre(s);
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong; and
“%”	per cent.

By Order of the Board  
**HONGKONG CHINESE LIMITED**  
**Andrew Hau**  
*Secretary*

Hong Kong, 17<sup>th</sup> May, 2008

*As at the date of this announcement, Dr. Mochtar Riady (Chairman) and Mr. Leon Chan Nim Leung are the Non-executive Directors of the Company, Messrs. Stephen Riady (Chief Executive Officer), John Lee Luen Wai and Kor Kee Yee are the Executive Directors of the Company and Messrs. Albert Saychuan Cheok, Victor Yung Ha Kuk and Tsui King Fai are the Independent Non-executive Directors of the Company.*

*\* For identification purpose only*