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LIPPO LIMITED
力寶有限公司
(Incorporated in Hong Kong
with limited liability)
(Stock Code: 226)

LIPPO CHINA RESOURCES LIMITED
力寶華潤有限公司
(Incorporated in Hong Kong
with limited liability)
(Stock Code: 156)

JOINT ANNOUNCEMENT

DISCLOSEABLE TRANSACTION

ACQUISITION OF INVESTMENT

The respective Boards of Lippo and LCR wish to inform their shareholders that on 21 June 2018, CEI (a wholly-owned subsidiary of LCR which in turn is an approximate 74.99% indirect subsidiary of Lippo) has subscribed for the ELNs which are linked to the Tencent Shares at the total consideration of HK\$155,116,000.

As at least one of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Acquisition (both on a standalone basis and when aggregated with the Previous Acquisitions) exceeds 5% but all are less than 25%, the Acquisition constitutes a discloseable transaction for each of Lippo and LCR under Chapter 14 of the Listing Rules and are subject to the reporting and announcement requirements but are exempted from shareholders' approval requirement under the Listing Rules.

THE ACQUISITION

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Summary of principal terms of the ELNs

A summary of the principal terms and conditions of the ELNs is set out below:

- | | | |
|----|---|--|
| 1. | Issuer: | UBS AG, acting through its London Branch |
| 2. | Aggregate consideration for the subscription of the ELNs: | HK\$155,116,000, representing 98.80% of the aggregate nominal amount of the ELNs |
| 3. | Aggregate nominal amount of the ELNs: | HK\$157,000,000 |

- | | | |
|-----|--------------------------------|---|
| 4. | Trade date of the ELNs: | 21 June 2018 |
| 5. | Issue date of the ELNs: | 5 July 2018 |
| 6. | Underlying shares of the ELNs: | Tencent Shares |
| 7. | Conversion price: | HK\$384.8366 per Tencent Share |
| 8. | Closing share price: | the closing price of the Tencent Shares on the fixing date |
| 9. | Fixing date: | 25 July 2018 |
| 10. | Redemption settlement date: | the second business day after the fixing date, which is expected to be 27 July 2018 |
| 11. | Redemption proceeds: | <p>Depending on the closing share price on the fixing date, each ELN with denomination of HK\$500,000 shall be redeemed as follows:</p> <p>(a) if the closing share price of Tencent Shares on the fixing date is below the conversion price, each ELN will be converted into 1,299 Tencent Shares plus a residual Hong Kong dollar amount equivalent to the product of 0.2527 and the closing share price on the fixing date; and</p> <p>(b) if the closing share price of Tencent Shares is at or above the conversion price, each ELN will return HK\$500,000.</p> |

To the best of the knowledge, information and belief of the directors of Lippo and LCR and having made all reasonable enquiries, UBS AG, and its ultimate beneficial owners are independent of and not connected with each of Lippo and LCR and their respective connected persons.

The aggregate consideration for the ELNs of HK\$155,116,000 shall be paid in cash on 5 July 2018 and will be financed by bank borrowings of the LCR Group. The consideration and the terms and conditions of the ELNs were negotiated between the issuer of the ELNs and CEI on an arm's length basis with reference to the recent closing prices of the Tencent Shares.

REASONS FOR AND BENEFITS OF THE ACQUISITION

Tencent is one of the market leaders in the information technology industry. The Boards of Lippo and LCR hold positive views towards the prospects of Tencent and are of the view that the Acquisition may provide the LCR Group with a good investment opportunity to expand its investment portfolio in the information technology industry or provide an attractive investment return.

The consideration to be paid by LCR Group for the Acquisition represents a 1.2% discount to the aggregate nominal value of the ELNs. As such, if the share price of Tencent closes at or above the conversion price on the fixing date, the ELNs will generate a return of approximately 1.21% for the tenor of the ELNs (equivalent to approximately 20.15% on an annualized basis), which will provide an attractive investment return to the LCR Group.

If the share price of Tencent closes below the conversion price on the fixing date, the LCR Group will take delivery of the underlying Tencent Shares calculated on the basis of 1,299 Tencent Shares per ELN, plus a residual Hong Kong dollar amount equivalent to the product of 0.2527 and the closing share price on the fixing date per ELN. The conversion price of the ELNs, being HK\$384.8366 per Tencent Share represents a discount of approximately 3.01% to the closing share price of HK\$396.800 per Tencent Share on 21 June 2018, being the subscription date of the ELNs. Having considered the market conditions of the stock market as at the date of this announcement and the track record of Tencent Share, the Boards of Lippo and LCR are of the view that the conversion price is fair and reasonable.

In consideration of the above factors and the terms of the ELNs, the present market conditions of the stock market and the track record of Tencent Share, the Boards of Lippo and LCR are of the view that the terms of Acquisition are fair and reasonable, and in the interests of the Lippo Group and the LCR Group and their respective shareholders as a whole.

INFORMATION ON TENCENT

Tencent is a company incorporated in the Cayman Islands with limited liability and its shares are listed on the Main Board of the Stock Exchange. Tencent and its subsidiaries are principally engaged in the provision of value-added services and online advertising services to users mainly in the PRC.

Set out below is the audited consolidated financial information of Tencent for each of the years ended 31 December 2017 and 2016, which has been extracted from the published documents of Tencent:

	For the year ended 31 December 2017		For the year ended 31 December 2016	
	<i>RMB million</i>	<i>HK\$ million</i>	<i>RMB million</i>	<i>HK\$ million</i>
Profit before taxation	88,215	106,467	51,640	62,324
Profit after taxation	72,471	87,465	41,447	50,022

The unaudited consolidated net asset value of Tencent attributable to its shareholders as at 31 March 2018 amounted to approximately RMB277,543 million (equivalent to approximately HK\$334,967 million) as extracted from the announcement of the results for the three months ended 31 March 2018 published by Tencent.

INFORMATION ON LIPPO AND LCR

The principal business activity of Lippo is investment holding. The principal business activities of the subsidiaries, associates, joint ventures and joint operation of Lippo are investment holding, property investment, property development, healthcare services, hotel operation, food businesses, property management, project management, mineral exploration, extraction and processing, fund management, underwriting, corporate finance, securities broking, securities investment, treasury investment, money lending, banking and other related financial services.

The principal business activity of LCR is investment holding. The principal business activities of the subsidiaries, associates, joint ventures and joint operation of LCR include investment holding, property investment, property development, healthcare services, food businesses, property management, mineral exploration, extraction and processing, securities investment, treasury investment and money lending.

LISTING RULES IMPLICATIONS

As at least one of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Acquisition (both on a standalone basis and when aggregated with the Previous Acquisitions) exceeds 5% but all are less than 25%, the Acquisition constitutes a discloseable transaction for each of Lippo and LCR under Chapter 14 of the Listing Rules and are subject to the reporting and announcement requirements but are exempted from shareholders' approval requirement under the Listing Rules.

DEFINITIONS

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

“Acquisition”	the subscription of the ELNs which are linked to Tencent Shares with the aggregate nominal value of HK\$157,000,000 by CEI at the consideration of HK\$155,116,000 on 21 June 2018;
“connected person(s)”	has the meaning ascribed to such term under the Listing Rules;
“Board”	the board of directors;
“CEI”	Continental Equity Inc., a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of LCR;
“ELNs”	the equity linked notes to be issued by UBS AG, acting through its London Branch, on 5 July 2018;
“Further Acquisitions”	(a) the subscription of the reverse convertible notes issued by HSBC Bank plc which are linked to Tencent Shares with the aggregate principal amount of HK\$78,000,000 by CEI at the consideration of HK\$77,220,000 on 24 May 2018; and (b) the acquisition of a total of 50,300 Tencent Shares on open market by CEI for an aggregate consideration of approximately HK\$20,011,000;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;

“LCR”	Lippo China Resources Limited 力寶華潤有限公司, a company incorporated in Hong Kong with limited liability whose shares are listed on the Main Board of the Stock Exchange and an approximate 74.99% indirect subsidiary of Lippo;
“LCR Group”	LCR and its subsidiaries;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Lippo”	Lippo Limited 力寶有限公司, a company incorporated in Hong Kong with limited liability whose shares are listed on the Main Board of the Stock Exchange;
“Lippo Group”	Lippo and its subsidiaries;
“percentage ratio(s)”	the percentage ratio(s) calculated based on the requirements under Rule 14.07 of the Listing Rules;
“PRC”	the People’s Republic of China;
“RMB”	Renminbi, the lawful currency of the PRC;
“Previous Acquisitions”	the acquisition on open market of an aggregate of 402,150 Tencent Shares by CEI, details of which were disclosed in the joint announcements of Lippo and LCR dated 28 March 2018 and 4 April 2018 respectively; and the Further Acquisitions;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Tencent”	Tencent Holdings Limited (stock code: 700), a company incorporated in the Cayman Islands with limited liability whose shares are listed on the Main Board of the Stock Exchange;
“Tencent Share”	ordinary shares of HK\$0.00002 each in the share capital of Tencent; and
“%”	per cent.

By Order of the Board
LIPPO LIMITED
John Luen Wai Lee
*Managing Director and
Chief Executive Officer*

By Order of the Board
LIPPO CHINA RESOURCES LIMITED
John Luen Wai Lee
Chief Executive Officer

Hong Kong, 21 June 2018

For the purpose of illustration only and unless otherwise stated, conversion of RMB into HK\$ in this announcement is based on the exchange rate of RMB1.00 to HK\$1.2069. Such conversion should not be construed as a representation that any amount has been, could have been, or may be, exchanged at this or any other rate.

As at the date of this announcement, the board composition of each of Lippo and LCR is as follows:

Lippo

Executive Directors:

Dr. Stephen Riady (*Chairman*)

Mr. John Luen Wai Lee

(*Managing Director and
Chief Executive Officer*)

Non-executive Directors:

Mr. Jark Pui Lee

Mr. Leon Nim Leung Chan

Independent Non-executive Directors:

Mr. Edwin Neo

Mr. Victor Ha Kuk Yung

Mr. King Fai Tsui

LCR

Executive Directors:

Dr. Stephen Riady (*Chairman*)

Mr. John Luen Wai Lee

(*Chief Executive Officer*)

Mr. James Siu Lung Lee

Non-executive Director:

Mr. Leon Nim Leung Chan

Independent Non-executive Directors:

Mr. Edwin Neo

Mr. King Fai Tsui

Mr. Victor Ha Kuk Yung