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## **LIPPO LIMITED**

**力寶有限公司**

*(Incorporated in Hong Kong with limited liability)*  
**(Stock Code: 226)**

## **HONGKONG CHINESE LIMITED**

**香港華人有限公司\***

*(Incorporated in Bermuda with limited liability)*  
**(Stock Code: 655)**

### **INSIDE INFORMATION**

### **DISCLOSEABLE TRANSACTION**

### **DISPOSAL OF SUBSIDIARY**

This announcement is made by Lippo and HKC pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions (as defined in the Listing Rules).

The respective Boards of Lippo and HKC wish to announce that on 20 July 2018, the Vendor, the Purchaser, HKC and GR entered into the SPA pursuant to which the Vendor has agreed to sell and the Purchaser has agreed to purchase the Sale Shares, for the Consideration of HK\$348,665,101. The Vendor is an indirect wholly-owned subsidiary of HKC which in turn is an approximate 71.57% subsidiary of Lippo. The Disposal is expected to be completed on the Completion Date or such other date as agreed by the parties to the SPA.

As at least one of the applicable Percentage Ratios in respect of the Disposal exceeds 5% but is less than 25%, the Disposal constitutes a discloseable transaction for each of Lippo and HKC under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements as set out in Chapter 14 of the Listing Rules.

**As the Completion of the Disposal is subject to satisfaction and/or (if applicable) waiver of the Conditions Precedent, the Disposal may or may not proceed eventually. Shareholders and potential investors are reminded to exercise caution when dealing in the shares of each of Lippo and HKC.**

## **INTRODUCTION**

This announcement is made by Lippo and HKC pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions (as defined in the Listing Rules).

The respective Boards of Lippo and HKC wish to announce that on 20 July 2018, the Vendor, the Purchaser, HKC and GR entered into the SPA pursuant to which the Vendor has agreed to sell and the Purchaser has agreed to purchase the Sale Shares for the Consideration of HK\$348,665,101.

## **PRINCIPAL TERMS OF THE SPA**

The principal terms of the SPA are as follows:

Date:	20 July 2018
Vendor:	Norfyork International Limited, an indirect wholly-owned subsidiary of HKC
Purchaser:	Empire Glaze Limited, an indirect wholly-owned subsidiary of GR
Vendor's Guarantor:	HKC
Purchaser's Guarantor:	GR
Sale Shares:	23,000,000 ordinary shares in the Company, representing the entire issued share capital thereof.
Consideration:	The cash consideration for the sale of the Sale Shares of HK\$348,665,101, which was determined after arm's length negotiation between the Vendor and the Purchaser on normal commercial terms and by reference to the net asset value of the Target Group.
Payment Terms:	<p>The Consideration shall be payable as follows:</p> <ul style="list-style-type: none"><li>(a) the Security Deposit shall be paid by the Purchaser to the Vendor upon the signing of the SPA; and</li><li>(b) the balance of the Consideration in the sum of HK\$304,665,101 shall be paid by the Purchaser to the Vendor at the Completion in accordance with the terms and conditions of the SPA.</li></ul>

In the event that the Completion cannot take place on or before the Long Stop Date, unless the SPA is terminated in accordance with the terms thereof due to (i) a breach of the Vendor; (ii) the failure to satisfy the Conditions Precedent which cannot be waived for reasons which are not relating to the breach of the Purchaser, or (iii) any other reasons other than a breach by the Purchaser, the Security Deposit paid to the Vendor is non-refundable. Upon the Completion, the Security Deposit will be applied as a partial payment of the Consideration.

Guarantee by HKC:	In consideration of the Purchaser entering into the SPA, HKC guarantees to the Purchaser, among other things, the performance by the Vendor of the Vendor's Obligations and the due payment of any sum by the Vendor to the Purchaser as a result of the Vendor's breach of the Vendor's Obligations under the SPA, provided that the liability of HKC is within the restrictions and limitations set out in the SPA.
Guarantee by GR:	In consideration of the Vendor entering into the SPA, GR guarantees to the Vendor, among other things, the performance by the Purchaser of the Purchaser's Obligations and the due payment of any sum by the Purchaser to the Vendor as a result of the Purchaser's breach of the Purchaser's Obligations under the SPA, provided that the liability of GR is within the restrictions and limitations set out in the SPA.
Conditions Precedent:	<p>The sale and purchase of the Sale Shares are conditional upon the satisfaction and/or (if applicable) waiver of conditions which include:</p> <ul style="list-style-type: none"> <li>(a) the relevant approvals from the Securities and Futures Commission (including but not limited to a change of the substantial shareholder(s) (as defined in Schedule 1 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)) of Lippo Securities Limited, Lippo Futures Limited and Lippo Asset Management (HK) Limited as a result of the proposed transactions contemplated under the SPA) having been obtained in accordance with applicable laws and regulations and satisfaction of any conditions imposed on such approvals (if required);</li> <li>(b) if required, shareholders' approval of each of Lippo and HKC approving the proposed transactions contemplated under the SPA or any other transaction documents having been obtained in accordance with the requirements of the Listing Rules;</li> <li>(c) the Purchaser and/or GR shall purchase directors and senior officers liability insurance for all directors of the Target Group to the satisfaction of the Vendor; and</li> </ul>

- (d) the representations and warranties given respectively by the Vendor and the Purchaser are true and accurate in all material respects upon the satisfaction (and/or waiver, if applicable) of the above conditions and no event which has a material adverse impact on the Target Group has occurred.

## REASONS FOR AND BENEFITS OF THE DISPOSAL AND USE OF PROCEEDS

Given the operating environment of the securities industry in Hong Kong and having considered the terms for the sale and purchase of the Sale Shares, the respective Boards of Lippo and HKC are of the view that the Disposal will be a good opportunity for the HKC Group to realize its investment in the Target Group, and will enable the HKC Group to free up capital for its operations and any potential new investment opportunities that can give a better return so as to enhance the shareholder value. It is intended that the net proceeds from the Disposal will be used for general corporate purposes of the HKC Group.

The respective Boards of Lippo and HKC (including their respective independent non-executive Directors) believe that the terms of the Disposal as a whole are fair and reasonable and in the interests of the shareholders of both Lippo and HKC respectively. Upon the Completion, the Target Group will cease to be subsidiaries of HKC and Lippo.

## INFORMATION ON THE TARGET GROUP

The Company is a company incorporated in Hong Kong and is a wholly-owned subsidiary of the Vendor. The principal business activity of the Company is investment holding and its subsidiaries are principally engaged in securities and commodities brokerage, fund management and money lending.

The audited consolidated loss before taxation and after taxation of the Target Group for the years ended 31 March 2018 and 31 March 2017 based on the relevant audited consolidated financial statements of the Target Group which were prepared in accordance with generally accepted accounting principles in Hong Kong, were as follows:

	For the year ended 31 March 2018		For the year ended 31 March 2017	
	US\$'000	HK\$'000 <i>equivalent</i>	US\$'000	HK\$'000 <i>equivalent</i>
Loss before taxation	1,339	10,444	1,295	10,101
Net loss after taxation	1,339	10,444	1,295	10,101

The audited consolidated net asset value of the Target Group as at 31 March 2018 was approximately US\$26 million (equivalent to approximately HK\$203 million).

It is expected that the HKC Group will record a gain of approximately HK\$147 million which is calculated with reference to the Consideration less the consolidated net asset value of the Company as at 31 March 2018 and taking into account the release of exchange equalisation reserve. The

gain on the Disposal attributable to the Lippo Group is expected to be approximately HK\$105 million, which is calculated based on 71.57% of the HKC Group's expected gain from the Disposal. The actual gain generated from the Disposal to be recorded by the HKC Group and the Lippo Group is subject to audit, and will be calculated based on the consolidated net asset value of the Company as at the Completion Date and selling expenses and other related expenses to be incurred and therefore may vary from the figures provided above.

## **INFORMATION ON LIPPO, HKC AND THE VENDOR**

The principal activity of Lippo is investment holding. Its subsidiaries, associates, joint ventures and joint operation are principally engaged in investment holding, property investment, property development, food businesses, healthcare services, hotel operation, 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 activity of HKC is investment holding. Its subsidiaries, associates and joint ventures are principally engaged in investment holding, property investment, property development, hotel operation, healthcare services, project management, fund management, underwriting, corporate finance, securities broking, securities investment, treasury investment, money lending, banking and other related financial services.

The principal activity of the Vendor is investment holding.

## **INFORMATION ON THE PURCHASER AND GR**

GR is an investment holding company which is listed on the Stock Exchange. Its subsidiaries are principally engaged in principal investment business, money lending business, financial services business and real property business.

The principal activity of the Purchaser is investment holding.

To the best of the knowledge, information and belief of the respective Boards of Lippo and HKC and having made all reasonable enquiries, each of the Purchaser and GR and the ultimate beneficial owner of them is a third party independent of each of Lippo and HKC and their respective connected persons.

## **LISTING RULES IMPLICATIONS**

As at least one of the applicable Percentage Ratios in respect of the Disposal exceeds 5% but is less than 25%, the Disposal constitutes a discloseable transaction for each of Lippo and HKC under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements as set out in Chapter 14 of the Listing Rules.

**As the Completion of the Disposal is subject to satisfaction and/or (if applicable) waiver of the Conditions Precedent, the Disposal may or may not proceed eventually. Shareholders and potential investors are reminded to exercise caution when dealing in the shares of each of Lippo and HKC.**

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms and expressions shall have the following meanings:

<b>"Board"</b>	the board of directors;
<b>"Company"</b>	Lippo Securities Holdings Limited 力寶證券控股有限公司, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Vendor;
<b>"Completion"</b>	completion of the sale and purchase of the Sale Shares pursuant to the terms and conditions in the SPA;
<b>"Completion Date"</b>	the date of Completion;
<b>"Conditions Precedent"</b>	the conditions precedent under the SPA;
<b>"connected person(s)"</b>	has the meaning ascribed to such term under the Listing Rules;
<b>"Consideration"</b>	the aggregate amount of HK\$348,665,101 payable by the Purchaser to the Vendor for the purchase of the Sale Shares ;
<b>"Disposal"</b>	the disposal of the Sale Shares by the Vendor to the Purchaser;
<b>"Hong Kong"</b>	the Hong Kong Special Administrative Region of the People's Republic of China;
<b>"HKC"</b>	Hongkong Chinese Limited (香港華人有限公司), a company incorporated in Bermuda with limited liability whose shares are listed on the Stock Exchange, and an approximate 71.57% subsidiary of Lippo;
<b>"HKC Group"</b>	HKC and its subsidiaries;
<b>"Lippo"</b>	Lippo Limited 力寶有限公司, a company incorporated in Hong Kong with limited liability whose shares are listed on the Stock Exchange;
<b>"Lippo Group"</b>	Lippo and its subsidiaries;
<b>"Listing Rules"</b>	the Rules Governing the Listing of Securities on the Stock Exchange;
<b>"Long Stop Date"</b>	31 December 2018 or such later date as the parties may agree;

<b>"Purchaser"</b>	Empire Glaze Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of GR;
<b>"GR"</b>	G-Resources Group Limited, a company incorporated in Bermuda with limited liability whose shares are listed on the Stock Exchange (Stock Code: 1051);
<b>"Percentage Ratio(s)"</b>	the percentage ratio(s) calculated based on the requirements under Rule 14.07 of the Listing Rules;
<b>"Purchaser's Obligations"</b>	all obligations, commitments, undertakings, warranties, indemnities, covenants and liabilities of or given by the Purchaser to the Vendor under the SPA;
<b>"Sale Shares"</b>	23,000,000 ordinary shares in the Company, representing the entire issued share capital thereof, to be sold to the Purchaser by the Vendor in accordance with the terms and conditions of the SPA;
<b>"Security Deposit"</b>	the security deposit of HK\$44,000,000 to be paid by the Purchaser to the Vendor pursuant to the SPA;
<b>"SPA"</b>	the agreement for the sale and purchase of the Sale Shares dated 20 July 2018 entered into between the Vendor, the Purchaser, HKC and GR;
<b>"Stock Exchange"</b>	The Stock Exchange of Hong Kong Limited;
<b>"Target Group"</b>	the Company and its subsidiaries;
<b>"Vendor"</b>	Norfyork International Limited, a company incorporated in Hong Kong with limited liability and an indirectly wholly-owned subsidiary of HKC;
<b>"Vendor's Obligations"</b>	all obligations, commitments, undertakings, warranties, indemnities, covenants and liabilities of or given by the Vendor to the Purchaser under the SPA;
<b>"HK\$"</b>	Hong Kong dollar, the lawful currency of Hong Kong;
<b>"US\$"</b>	United States dollar, the lawful currency of the United States of America; and
<b>"%"</b>	per cent.

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

By Order of the Board  
**HONGKONG CHINESE LIMITED**  
**John Luen Wai Lee**  
*Chief Executive Officer*

Hong Kong, 20 July 2018

*For the purpose of illustration only and unless otherwise stated, conversion of US\$ into HK\$ in this announcement is based on the exchange rate of US\$1.00 to HK\$7.8. 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 Boards of Lippo and HKC are 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 King Fai Tsui  
Mr Victor Ha Kuk Yung

**HKC**

*Executive Directors:*

Dr Stephen Riady (*Chairman*)  
Mr John Luen Wai Lee  
(*Chief Executive Officer*)

*Non-executive Director:*

Mr Leon Nim Leung Chan

*Independent Non-executive Directors:*

Mr Edwin Neo  
Mr King Fai Tsui  
Mr Victor Ha Kuk Yung

*\* For identification purpose only*