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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)

MAJOR TRANSACTION

MAJOR TRANSACTION

JOINT ANNOUNCEMENT

INSIDE INFORMATION

**DISPOSAL OF 20% INTEREST IN
THE MACAU CHINESE BANK LIMITED**

RESUMPTION OF TRADING

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

The Disposal

The respective Boards of Lippo and HKC are pleased to announce that on 30 September 2020, the Vendor, being a wholly-owned subsidiary of HKC (which in turn is a 73.95% subsidiary of Lippo), and the Purchasers entered into the Contracts pursuant to which the Vendor sold, and the Purchasers purchased, the Sale Shares (representing an aggregate of 20% of the issued shares in MCB and the HKC Group's entire equity interest in MCB) for the Consideration of an aggregate amount of MOP322,222,222.20 (approximately HK\$312,555,000).

Listing Rules Implications

As one or more of the applicable percentage ratios as calculated under rule 14.07 of the Listing Rules regarding the Disposal exceed 25% but are less than 75%, the Disposal constitutes a major transaction for each of Lippo and HKC, and the Disposal is accordingly subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Since none of the Lippo Shareholders and the HKC Shareholders are required to abstain from voting if Lippo and HKC (as the case may be) were to convene general meetings for approving the Disposal, and Lippo Capital (being a controlling shareholder of Lippo) and Hennessy (being a controlling shareholder of HKC) have given written approval of the Disposal in lieu of holding general meetings respectively pursuant to rule 14.44 of the Listing Rules, no general meetings of Lippo and HKC will be convened to approve the Disposal.

Lippo and HKC will despatch the Circulars containing details of the Disposal to the Lippo Shareholders and the HKC Shareholders respectively on or before 23 October 2020.

Resumption of trading

At the request of Lippo and HKC, trading in the Lippo Shares and the HKC Shares respectively on the Stock Exchange was halted with effect from 9:00 a.m. on 30 September 2020 pending the release of this announcement.

Applications have been made by Lippo and HKC for resumption of trading in the Lippo Shares and the HKC Shares respectively on the Stock Exchange with effect from 1:00 p.m. on 30 September 2020.

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 under the Listing Rules).

The respective Boards of Lippo and HKC are pleased to announce that on 30 September 2020, the Vendor and the Purchasers entered into the Contracts regarding the Disposal of the Sale Shares for the Consideration of an aggregate amount of MOP322,222,222.20 (approximately HK\$312,555,000).

THE CONTRACTS

Summarised below are the principal terms of the Contracts:

	Purchaser A Contract	Purchaser B Contract	Purchaser C Contract
Date:	30 September 2020	30 September 2020	30 September 2020
Parties:	(1) The Vendor (2) Purchaser A	(1) The Vendor (2) Purchaser B	(1) The Vendor (2) Purchaser C
No. of Sale Shares:	117,000 MCB Shares (representing 3% of the issued shares in MCB)	351,000 MCB Shares (representing 9% of the issued shares in MCB)	312,000 MCB Shares (representing 8% of the issued shares in MCB)
Consideration:	MOP48,333,333.33 (approximately HK\$46,883,000)	MOP144,999,999.99 (approximately HK\$140,650,000)	MOP128,888,888.88 (approximately HK\$125,022,000)
Completion:	The Completion took place simultaneously upon the signing of the Contracts on 30 September 2020 and the Purchasers fully paid the Consideration by way of cashier orders.		

Upon the Completion, the Vendor entered into the Termination Deed.

ASSETS DISPOSED OF

The Sale Shares represent an aggregate of 20% of the issued shares in MCB and the HKC Group's entire equity interest in MCB.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Disposal, which has been approved by AMCM, is in line with the HKC Group's strategy of rationalisation of non-core assets. It provides a good opportunity for the HKC Group to realise and unlock the value of its remaining minority interest in MCB as well as to strengthen the HKC Group's financial resources for working capital and pursuing other better investment opportunities.

The Consideration was determined after arm's length negotiations between the Vendor and the Purchasers by reference to the net book value of MCB, the market conditions and the expected yields from the investment.

In view of the above, the Boards of Lippo and HKC believe that the terms of the Disposal are fair and reasonable and in the interests of the Lippo Shareholders and the HKC Shareholders as a whole respectively.

ESTIMATED GAIN FROM THE DISPOSAL

It is estimated that the HKC Group would record a non-recurring gain arising from the Disposal of approximately HK\$135,682,000 (subject to audit and before expenses and taxes) for the nine months ending 31 December 2020, being a gain on disposal of a joint venture calculated by reference to the difference between the Consideration and the carrying value of MCB in the books of HKC Group as at 31 March 2020, after taking into account the release of share of the fair value reserve of financial assets at fair value through other comprehensive income of MCB, offset by a loss on derecognition of the Put Option. The Put Option ceased to have effect upon the Completion.

It is estimated that the Lippo Group would record a non-recurring gain arising from the Disposal of approximately HK\$100,337,000 (subject to audit and before expenses and taxes), which is calculated based on 73.95% of the aforesaid HKC Group's gain.

Lippo Shareholders and HKC Shareholders should note that the exact amounts of the gain arising from the Disposal to be recorded in the consolidated statements of profit or loss of the Lippo Group and the HKC Group respectively is subject to final audit, and will be calculated based on the net asset value of MCB as at the Completion and net of any incidental expenses and taxes, and therefore the audited gain figures may be different from the above estimated figures.

USE OF PROCEEDS

It is intended that the net proceeds from the Disposal will be used by the HKC Group for investment and working capital purposes.

INFORMATION ON MCB

MCB is a licensed credit institution in Macau whose principal business is the provision of banking, financial and other related services in Macau.

Set out below is the audited financial information of MCB for the financial years ended 31 December 2018 and 2019, prepared in accordance with generally accepted accounting principles in Macau:

	For the year ended 31 December 2019	For the year ended 31 December 2018
Net Profit before taxation	MOP60,502,000 (approximately HK\$58,687,000)	MOP70,182,000 (approximately HK\$68,077,000)
Net Profit after taxation	MOP65,603,000 (approximately HK\$63,635,000)	MOP62,403,000 (approximately HK\$60,530,000)

The audited net asset value of MCB as at 31 December 2019 amounted to approximately MOP728,159,000 (approximately HK\$706,314,000).

INFORMATION ON THE PURCHASERS

To the best of the knowledge, information and belief of the Lippo Directors and HKC Directors, having made all reasonable enquiries, the Purchasers are third parties independent of Lippo and HKC and their respective connected persons (as defined in the Listing Rules). The Purchasers are businessmen in Macau and Purchaser A is an existing shareholder of MCB.

INFORMATION ON LIPPO, HKC AND THE VENDOR

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, food businesses, healthcare services, hotel operation, property management, project management, mineral exploration and extraction, fund management, securities investment, treasury investment, money lending and other financial services.

HKC is an approximate 73.95% indirect subsidiary of Lippo. The principal business activity of HKC is investment holding. The principal business activities of the subsidiaries, associates and joint ventures of HKC are investment holding, property investment, property development, hotel operation, healthcare services, project management, securities investment, treasury investment and money lending.

The principal business activity of the Vendor is investment holding.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios as calculated under rule 14.07 of the Listing Rules regarding the Disposal exceed 25% but are less than 75%, the Disposal constitutes a major transaction for each of Lippo and HKC, and the Disposal is accordingly subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Lippo Capital (together with its wholly-owned subsidiary, J & S Company Limited) holds 369,800,219 Lippo Shares, representing approximately 74.98% of the Lippo Shares as at the date of this announcement, having the right to attend and vote at general meetings of Lippo. Hennessy holds 1,477,715,492 HKC Shares, representing approximately 73.95% of the HKC Shares as at the date of this announcement, having the right to attend and vote at general meetings of HKC.

Since none of the Lippo Shareholders and the HKC Shareholders are required to abstain from voting under the Listing Rules if Lippo and HKC (as the case may be) were to convene general meetings to approve the Disposal, and Lippo Capital and Hennessy have given written approval of the Disposal in lieu of resolutions to be passed at general meetings of Lippo and HKC respectively, no general meetings of Lippo and HKC will therefore need to be convened to approve the Disposal, as permitted under rule 14.44 of the Listing Rules.

Lippo and HKC will despatch the Circulars containing details of the Disposal to the Lippo Shareholders and the HKC Shareholders respectively on or before 23 October 2020.

RESUMPTION OF TRADING

At the request of Lippo and HKC, trading in the Lippo Shares and the HKC Shares respectively on the Stock Exchange was halted with effect from 9:00 a.m. on 30 September 2020 pending the release of this announcement.

Applications have been made by Lippo and HKC for resumption of trading in the Lippo Shares and the HKC Shares respectively on the Stock Exchange with effect from 1:00 p.m. on 30 September 2020.

DEFINITIONS

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

“AMCM”	Autoridade Monetaria de Macau (the Monetary Authority of Macao);
“Board”	the Board of Directors;
“Circulars”	the circulars of Lippo and HKC to the Lippo Shareholders and the HKC Shareholders regarding the Disposal respectively;
“Completion”	completion of the Disposal pursuant to the terms and conditions of the Contracts;
“Consideration”	the aggregate consideration of MOP322,222,222.20 (approximately HK\$312,555,000) payable by the Purchasers to the Vendor and/or the party designated by the Vendor for the Sale Shares pursuant to the Contracts;
“Contracts”	the Purchaser A Contract, the Purchaser B Contract and the Purchaser C Contract;
“Disposal”	the disposal of an aggregate of 780,000 MCB Shares (representing an aggregate of 20% of the issued shares in MCB) to the Purchasers for the Consideration pursuant to the Contracts;

“Hennessy”	Hennessy Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of Lippo;
“HKC”	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 Main Board of the Stock Exchange and an approximate 73.95% indirect subsidiary of Lippo;
“HKC Directors”	the directors of HKC;
“HKC Group”	HKC and its subsidiaries;
“HKC Shares”	issued shares in HKC;
“HKC Shareholders”	the holders of HKC Shares;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“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 Capital”	Lippo Capital Limited, a company incorporated in Cayman Islands with limited liability and a controlling shareholder of Lippo;
“Lippo Directors”	the directors of Lippo;
“Lippo Group”	Lippo and its subsidiaries;
“Lippo Shares”	issued shares in Lippo;
“Lippo Shareholders”	the holders of Lippo Shares;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Macau”	the Macao Special Administrative Region of the PRC;
“MCB”	The Macau Chinese Bank Limited (澳門華人銀行股份有限公司), a company incorporated in Macau with limited liability;
“MCB Shares”	the issued shares in MCB;
“PRC”	the People’s Republic of China;
“Purchaser A”	Mr 黃嘉豪 (Wong, Garrick Jorge Kar Ho);

“Purchaser A Contract”	the shares transfer contract dated 30 September 2020 entered into between the Vendor and Purchaser A regarding the sale by the Vendor of 117,000 MCB Shares to Purchaser A;
“Purchaser B”	Mr 何漢剛 (Ho Hon Kong);
“Purchaser B Contract”	the shares transfer contract dated 30 September 2020 entered into between the Vendor and Purchaser B regarding the sale by the Vendor of 351,000 MCB Shares to Purchaser B;
“Purchaser C”	Mr 林家偉 (Lam Ka Vai Carlos);
“Purchaser C Contract”	the shares transfer contract dated 30 September 2020 entered into between the Vendor and Purchaser C regarding the sale by the Vendor of 312,000 MCB Shares to Purchaser C;
“Purchasers”	Purchaser A, Purchaser B and Purchaser C;
“Put Option”	the put option under the Shareholders’ Agreement exercisable by the Vendor to require Shareholder A to purchase all the MCB Shares held by the Vendor pursuant to the terms of the Shareholders’ Agreement;
“Sale Shares”	an aggregate of 780,000 MCB Shares;
“Shareholder A”	南粵（集團）有限公司 (Nam Yue (Group) Co. Ltd. or Agencia Comercial e Industrial Nam Yue, Limitada), a company incorporated in Macau;
“Shareholders’ Agreement”	the amended and restated shareholders’ agreement dated 6 June 2018 entered into between Shareholder A, the Vendor, Mr 楊俊 (Yang Jun), Purchaser A and MCB;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Termination Deed”	a deed of termination dated 30 September 2020 between the parties to the Shareholders’ Agreement to terminate the Shareholders’ Agreement;
“Vendor”	Winwise Holdings Limited (榮惠集團有限公司), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of HKC;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“MOP”	Macau Pataca, the lawful currency of Macau; and
“%”	per cent.

For use in this announcement and for illustration purposes only, conversion of HK\$ into MOP is based on the approximate exchange rate of HK\$0.97 to MOP1. No representation is made that any amount in HK\$ or MOP could be converted at such rate or any other rates.

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

30 September 2020

As at the date of this announcement, the Boards' composition of Lippo and HKC 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 Victor Ha Kuk Yung
Mr King Fai Tsui
Mr Edwin Neo

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 Victor Ha Kuk Yung
Mr King Fai Tsui
Mr Edwin Neo

**For identification purpose only*