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HONGKONG CHINESE LIMITED

香港華人有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 655)

MAJOR TRANSACTION

**DISPOSAL OF ADDITIONAL 31 PER CENT. INTERESTS
IN THE MACAU CHINESE BANK LIMITED**

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DEFINITIONS

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

“AMCM”	Autoridade Monetaria e Cambial de Macau, the Monetary Authority of Macau;
“Announcement”	the joint announcement of Lippo and the Company dated 28th October, 2015 in relation to the Second Disposal;
“Board”	the board of Directors;
“Business Days”	a day (other than Saturday, Sunday or any day during which typhoon no. 8 signal (or above) or black rainstorm warning is hoisted and not lowered by 12:00 noon on that day) on which commercial banks in Hong Kong and Macau are open for the transaction of general banking business by members of the public;
“close associates”	has the meaning ascribed to such term under the Listing Rules;
“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 Main Board of the Stock Exchange and an approximate 65.84% indirect subsidiary of Lippo;
“Completion”	completion of the Second Disposal of the Sale Shares pursuant to the terms and conditions of the Sale and Purchase Agreements;
“Completion Date”	the date of Completion;
“connected person(s)”	has the meaning ascribed to such term under the Listing Rules;
“Consideration”	the aggregate consideration payable by the Purchasers to the Vendor for the Sale Shares pursuant to the terms and conditions of the Sale and Purchase Agreements;
“Directors”	directors of the Company;

* For identification purpose only

DEFINITIONS

“First Disposal”	the disposal of an aggregate of 1,274,000 MCB Shares, representing 49% of the issued share capital of MCB (details of which are set out in the joint announcements of Lippo and the Company dated 26th June, 2015 and 27th July, 2015) as follows: (i) the disposal of 1,040,000 MCB Shares, representing 40% of the issued share capital of MCB by the Vendor, Winpec Holdings Limited and Discovery Planet Limited to Purchaser A at the consideration of MOP360 million (equivalent to approximately HK\$349 million); and (ii) the disposal of 234,000 MCB Shares, representing 9% of the issued share capital of MCB by the Vendor to Shareholder B at the consideration of MOP81 million (equivalent to approximately HK\$79 million);
“Group”	the Company and its subsidiaries;
“Hennessy”	Hennessy Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of Lippo;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Third Party(ies)”	person(s), or in the case of companies, their ultimate beneficial owner(s), who are independent of and not connected with the Company and its respective subsidiaries and connected persons or in the case of a corporation (the ultimate beneficial owner) and their respective associates;
“Lanios”	Lanios Limited, a company incorporated in Hong Kong with limited liability;
“Latest Practicable Date”	13th November, 2015, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular;
“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 71.24% indirect subsidiary of Lippo;

DEFINITIONS

“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 Group”	Lippo and its subsidiaries;
“Listing Rules” or “Rule”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Loan Agreement”	the loan agreement dated 27th July, 2015 entered into between the Vendor, Purchaser A and Purchaser C pursuant to which a sum of MOP144 million (equivalent to approximately HK\$140 million) and a sum of MOP135 million (equivalent to approximately HK\$131 million) were lent to the Vendor by Purchaser A and Purchaser C respectively, details of which are set out in the joint announcement of Lippo and the Company dated 27th July, 2015;
“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”	shares in MCB;
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers, as set out in Appendix 10 to the Listing Rules;
“PRC”	the People’s Republic of China;
“Purchaser A” or “Nam Yue”	南粵(集團)有限公司 (Nam Yue (Group) Company Limited or Grupo de Gestão Participações Nam Yue, Limitada), a company incorporated in Macau;
“Purchaser A Sale and Purchase Agreement”	the sale and purchase agreement dated 28th October, 2015 entered into between the Vendor and Purchaser A in respect of the sale of 416,000 MCB Shares from the Vendor to Purchaser A;

DEFINITIONS

“Purchaser C”	黃嘉豪先生 (Mr. Wong Garrick Jorge Kar Ho);
“Purchaser C Sale and Purchase Agreement”	the sale and purchase agreement dated 28th October, 2015 entered into between the Vendor and Purchaser C in respect of the sale of 390,000 MCB Shares from the Vendor to Purchaser C;
“Purchasers”	Purchaser A and Purchaser C;
“Put Option”	the put option granted under the Shareholders’ Agreement exercisable by the Vendor at its sole discretion to require Purchaser A to purchase all the remaining MCB Shares held by the Vendor in accordance with the terms of the Shareholders’ Agreement;
“Sale and Purchase Agreements”	the Purchaser A Sale and Purchase Agreement and the Purchaser C Sale and Purchase Agreement;
“Sale Shares”	an aggregate of 806,000 MCB Shares, representing 31% of the issued share capital of MCB;
“Second Disposal”	the disposal of the Sale Shares pursuant to the Sale and Purchase Agreements;
“SFO”	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong;
“Share Settlement”	set off of the loan amount under the Loan Agreement by way of the Vendor transferring 416,000 MCB Shares to Purchaser A and 390,000 MCB Shares to Purchaser C;
“Shareholders”	holders of the Shares;
“Shareholder B”	楊俊先生 (Mr. Yang Jun);
“Shareholders’ Agreement”	the shareholders’ agreement dated 27th July, 2015 entered into between the Vendor, Purchaser A, Shareholder B and MCB to, among other things, regulate the relationships between shareholders of MCB;
“Shares”	ordinary shares of HK\$1.00 each in the issued share capital of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

DEFINITIONS

“Supplemental Shareholders’ Agreement”	the supplemental agreement to the Shareholders’ Agreement to be entered into between the Vendor, the Purchasers, Shareholder B and MCB upon Completion to, among other things, regulate the relationships between shareholders of MCB;
“Vendor” or “Winwise”	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 the Company;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“MOP”	Macau Pataca, the lawful currency of Macau;
“S\$”	Singapore dollar, the lawful currency of the Republic of Singapore;
“US\$”	United States dollar, the lawful currency of the United States of America; and
“%”	per cent.

Notes:

- (1) For use in this circular 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.
- (2) Certain English translations of Chinese names or words used in this circular are included for information purpose only and should not be relied upon as the official translation of such Chinese names or words.



HONGKONG CHINESE LIMITED

香港華人有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 655)

Executive Directors:

Dr. Stephen Riady (*Chairman*)

Mr. John Lee Luen Wai, BBS, JP (*Chief Executive Officer*)

Mr. Kor Kee Yee

Registered Office:

Clarendon House

Church Street

Hamilton HM 11

Bermuda

Non-executive Director:

Mr. Leon Chan Nim Leung

Principal Place of Business:

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Tower One

Lippo Centre

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Hong Kong

Independent Non-executive Directors:

Mr. Albert Saychuan Cheok

Mr. Victor Yung Ha Kuk

Mr. Tsui King Fai

18th November, 2015

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION

**DISPOSAL OF ADDITIONAL 31 PER CENT. INTERESTS
IN THE MACAU CHINESE BANK LIMITED**

INTRODUCTION

Reference is made to the Announcement relating to the Second Disposal. On 28th October, 2015, the Company announced that the Vendor, being a wholly-owned subsidiary of the Company (which in turn is an indirect subsidiary of Lippo) and the Purchasers entered into the Sale and Purchase Agreements in relation to the Second Disposal, pursuant to which, the Vendor has agreed to sell, and the respective Purchasers have agreed to purchase, the Sale Shares, representing an aggregate of 31% of the issued share capital of MCB, at an aggregate consideration of MOP279 million (equivalent to approximately HK\$271 million). Upon signing of the Sale and Purchase Agreements, the Purchasers have fully paid the aggregate consideration of MOP279 million (equivalent to approximately HK\$271 million) as non-refundable deposit by the set-off of the outstanding loan amount under the Loan Agreement by effecting the Share Settlement at Completion. Upon signing of the Sale and Purchase Agreements and set-off of the non-refundable deposit, the Loan Agreement has been terminated in accordance with its terms.

* For identification purpose only

LETTER FROM THE BOARD

Upon Completion, the Vendor, being a wholly-owned subsidiary of the Company, will own 20% of the issued share capital of MCB and the Put Option will become exercisable at any time during the period of 5 years from the Completion Date. Upon Completion, the issued share capital of MCB will be held as to 20% by the Vendor, 56% by Purchaser A, 9% by Shareholder B and 15% by Purchaser C, and MCB will cease to be a subsidiary of each of Lippo and the Company under the Listing Rules. On Completion, the Vendor will enter into the Supplemental Shareholders' Agreement with the Purchasers, Shareholder B and MCB to, among other things, regulate the relationships between the shareholders of MCB.

Purchaser A holds 1,040,000 MCB Shares, representing 40% of the issued share capital of MCB, and thus, is a substantial shareholder of MCB and a connected person of each of Lippo and the Company at the subsidiary level under Rule 14A.07(1) of the Listing Rules. Accordingly, the disposal of 416,000 MCB Shares by the Vendor to Purchaser A constitutes a connected transaction for each of the Company and Lippo under the Listing Rules.

The Board has approved the disposal of 416,000 MCB Shares by the Vendor to Purchaser A and the transactions contemplated under the Purchaser A Sale and Purchase Agreement. In addition, the Directors (including the independent non-executive Directors) have confirmed that the terms of the Purchaser A Sale and Purchase Agreement are fair and reasonable, on normal commercial terms and in the interests of the Company and Shareholders as a whole. Pursuant to Rule 14A.101 of the Listing Rules, the disposal of 416,000 MCB Shares under the Purchaser A Sale and Purchase Agreement is therefore subject to the reporting and announcement requirements but exempt from the circular, independent financial advice and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the Sale and Purchase Agreements for the Second Disposal which are inter-conditional were entered into within 12 months after the signing of the sale and purchase agreements for the First Disposal, the First Disposal and the Second Disposal will be aggregated pursuant to Rule 14.22 of the Listing Rules. As one or more of the applicable percentage ratios as calculated under Rule 14.07 of the Listing Rules in relation to the Second Disposal (when aggregated with the First Disposal) exceed 25% but are less than 75%, the Second Disposal (when aggregated with the First Disposal) constitutes a major transaction for the Company, and the Second Disposal is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules. For details of the First Disposal, please refer to the joint announcements of Lippo and the Company dated 26th June, 2015 and 27th July, 2015.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholders have any material interest in the Second Disposal and no Shareholders are required to abstain from voting if the Company was to convene a general meeting to approve the Second Disposal and the transactions contemplated under the Sale and Purchase Agreements.

Pursuant to Rule 14.44 of the Listing Rules, in lieu of a resolution to be passed at a general meeting of the Company, on 28th October, 2015, the Company had obtained a written approval from Hennessy (being a controlling shareholder of the Company) for the Second Disposal. As at the date of the Announcement, Hennessy, an indirect wholly-owned subsidiary of Lippo, held 1,315,707,842 Shares, representing approximately 65.84% of the Shares in issue giving the right to attend and vote at general meetings of the Company. No general meeting of the Company will therefore be convened to approve the Second Disposal and the transactions contemplated under the Sale and Purchase Agreements.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with further details of the Sale and Purchase Agreements and the Second Disposal in accordance with the Listing Rules.

THE SALE AND PURCHASE AGREEMENTS

	Purchaser A Sale and Purchase Agreement	Purchaser C Sale and Purchase Agreement
Date	28th October, 2015	28th October, 2015
Parties	(1) Vendor: The Vendor (2) Purchaser: Purchaser A	(1) Vendor: The Vendor (2) Purchaser: Purchaser C
To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries: (i) Purchaser A holds 1,040,000 MCB Shares, representing 40% of the issued share capital of MCB, and is a substantial shareholder of MCB. Accordingly, Purchaser A and its ultimate beneficial owner(s) are connected persons of the Company at subsidiary level under the Listing Rules; and (ii) Purchaser C is an Independent Third Party. Each of Purchaser A and Purchaser C has on 27th July, 2015 provided a loan of MOP144 million (equivalent to approximately HK\$140 million) and MOP135 million (equivalent to approximately HK\$131 million) to the Vendor respectively pursuant to the Loan Agreement.		
Number of Sale Shares (% of issued share capital of MCB)	416,000 MCB Shares (16%)	390,000 MCB Shares (15%)
Consideration	MOP144 million (equivalent to approximately HK\$140 million)	MOP135 million (equivalent to approximately HK\$131 million)

Similar to the First Disposal, the Consideration was determined after arm's length negotiations between the Vendor and the Purchasers on normal commercial terms by reference to the net book value of MCB as at 31st December, 2014.

The Vendor and the Purchaser also considered the limited banking licenses available in Macau and the growth potential of MCB when determining the Consideration.

LETTER FROM THE BOARD

Terms of Payment

Upon signing of the Sale and Purchase Agreements, the Purchasers have fully paid the aggregate consideration of MOP279 million (equivalent to approximately HK\$271 million) as non-refundable deposit by the set-off of the outstanding loan amount under the Loan Agreement by effecting the Share Settlement at Completion. Upon signing of the Sale and Purchase Agreements and set-off of the non-refundable deposit, the Loan Agreement has been terminated in accordance with its terms.

Pursuant to the Share Settlement, the Vendor will transfer (i) 416,000 MCB Shares to Purchaser A; and (ii) 390,000 MCB Shares to Purchaser C.

Assets to be disposed of

The Sale Shares represent an aggregate of 31% of the issued share capital of MCB.

MCB is a licensed credit institution in Macau which carries on banking activities in Macau and its issued share capital is currently held as to 51% by the Vendor. The Vendor is a wholly-owned subsidiary of the Company which in turn is a 65.84% subsidiary of Lippo. The remaining issued share capital of MCB is currently held as to 40% by Purchaser A and 9% by Shareholder B.

Conditions precedent

Completion of the Second Disposal is conditional upon, among others, the obtaining of the approval of AMCM on or before 31st December, 2016 as well as, if so required, the obtaining of the shareholders' approvals of Lippo and the Company respectively, being holding companies of the Vendor in accordance with the applicable requirements under the Listing Rules. Both the Sale and Purchase Agreements, being inter-conditional, shall be completed simultaneously.

If such conditions precedent are fulfilled but the Purchasers do not proceed with the purchase of the Sale Shares in accordance with the terms of the Sale and Purchase Agreements, the Vendor shall be unconditionally entitled to forfeit the non-refundable deposit paid, being the aggregate sum of MOP279 million (equivalent to approximately HK\$271 million).

Completion

Subject to obtaining the approval of AMCM and given that each of Hennessy (being a controlling shareholder of the Company) and Lippo Capital has given their written approval for entering into the Second Disposal, Completion of each of the Sale and Purchase Agreements shall take place simultaneously on a date falling within 3 Business Days after the Vendor giving written notices to the Purchasers of the satisfaction of all the conditions precedent. The Vendor is not obliged to complete the sale of the Sale Shares unless both the Sale and Purchase Agreements are completed simultaneously.

LETTER FROM THE BOARD

Upon Completion, the Vendor, being a wholly-owned subsidiary of the Company, will own 20% of the issued share capital of MCB. Upon Completion, the issued share capital of MCB will be held as to 20% by the Vendor, 56% by Purchaser A, 9% by Shareholder B and 15% by Purchaser C, and MCB will cease to be a subsidiary of each of Lippo and the Company under the Listing Rules. On Completion, the Vendor will enter into the Supplemental Shareholders' Agreement with the Purchasers, Shareholder B and MCB to, among other things, regulate the relationships between the shareholders of MCB.

THE PUT OPTION

As disclosed in the joint announcement of Lippo and the Company dated 26th June, 2015, as provided in the Shareholders' Agreement, in the event of the Vendor holding 20% or less of the issued share capital of MCB, the Vendor will be entitled to a Put Option to require Purchaser A to purchase all the remaining MCB Shares held by the Vendor (including all MCB Shares held by the Vendor as at the date of the Shareholders' Agreement and any MCB Shares subsequently subscribed by the Vendor after the date of the Shareholders' Agreement). The Put Option is exercisable at any time during the period of 5 years from the date when the Vendor's shareholding interest in MCB becomes 20% or less at the following exercise price:

- (a) at a price of MOP346.15 (equivalent to approximately HK\$335.77) per MCB Share;
or
- (b) at a price determined based on a 2.53 times of the net asset value of the MCB Shares based on the last monthly management accounts of MCB immediately prior to the exercise of the Put Option,

whichever is higher.

The right to exercise the Put Option survives any termination or expiry of the Shareholders' Agreement.

Given that the Vendor will hold 20% of the issued share capital of MCB upon Completion, the Put Option will become exercisable at any time during the period of 5 years from the Completion Date. As at the Latest Practicable Date, the Vendor has no current intention to exercise the Put Option immediately after the Completion Date. Lippo and the Company (where necessary) will comply with the applicable Listing Rules in relation to the exercise of the Put Option at the time when such Put Option is exercised.

INFORMATION ON MCB

MCB is a licensed credit institution in Macau whose principal business is the carrying on of banking activities in Macau.

LETTER FROM THE BOARD

Set out below is the audited financial information of MCB for the financial years ended 31st December, 2013 and 2014, prepared in accordance with generally accepted accounting principles in Macau:

	For the year ended 31st December, 2013	For the year ended 31st December, 2014
Net Profit before taxation	MOP10,377,000 (equivalent to approximately HK\$10,066,000)	MOP48,821,000 (equivalent to approximately HK\$47,356,000)
Net Profit after taxation	MOP9,657,000 (equivalent to approximately HK\$9,367,000)	MOP43,301,000 (equivalent to approximately HK\$42,002,000)

The audited net asset value of MCB as of 31st December, 2014 amounted to approximately MOP399.8 million (equivalent to approximately HK\$388 million). In other words, the Consideration is MOP155.1 million (equivalent to approximately HK\$150 million) in excess of the net book value of the assets of MCB attributable to the Second Disposal.

INFORMATION ON THE PURCHASERS

Purchaser A, incorporated in Macau in 1986, is the “window company” of Guangdong Province of the PRC. It is principally engaged in the businesses of cross-border infrastructure investment, management and development; environmental protection and cooperation between Guangdong, Hong Kong and Macau; human resources services between Guangdong, Hong Kong and Macau and manufacturing and trading of green food product. Besides, Purchaser A is also engaged in the security and property management, tourism and hotel management business in Macau.

Purchaser C is a renowned businessman in Macau. His businesses involve property development, food distribution as well as trade in Africa.

INFORMATION ON THE COMPANY AND THE VENDOR

The Company is an approximate 65.84% indirect subsidiary of Lippo. The principal business activity of the Company is investment holding. The principal activities of the subsidiaries, associates and joint ventures of the Company include investment holding, property investment, property development, hotel operation, project management, fund management, underwriting, corporate finance, securities broking, securities investment, treasury investment, money lending, banking and other related financial services.

The principal business activity of the Vendor is investment holding.

LETTER FROM THE BOARD

REASONS FOR AND BENEFITS OF THE SECOND DISPOSAL

The Board considers that the Second Disposal, together with the First Disposal, will bring in additional strategic shareholders with strong Macau and Guangdong Provincial connections which will help broaden the business horizon and improve the long term growth potential of MCB, which will be beneficial to the Company and the Shareholders as a whole.

In view of the above, the Board (including the independent non-executive Directors) believes that the terms of the Second Disposal as a whole are fair and reasonable, in the ordinary and usual course of business and on normal commercial terms and in the interests of the Shareholders as a whole.

EXPECTED GAIN FROM THE SECOND DISPOSAL AND POSSIBLE FINANCIAL EFFECTS OF THE SECOND DISPOSAL ON THE GROUP

The Second Disposal is expected to give rise to a non-recurring net profit attributable to the Group of approximately HK\$125 million (subject to audit and before expenses and taxes), which is calculated based on the difference between the Consideration attributable to the Sale Shares and the audited net asset value of MCB as at 31st December, 2014.

In addition, the Second Disposal would have an effect to decrease the consolidated total assets of the Group and the consolidated total liabilities of the Group.

Shareholders should note that the exact amount of the gain on the Second Disposal to be recorded in the consolidated statement of profit or loss of the Group upon Completion is subject to audit, and will be calculated based on net asset value of MCB as at Completion and net of any incidental expenses and therefore may be varied from the figures provided above.

USE OF PROCEEDS

It is intended that the net proceeds from the Second Disposal will be applied for full and final settlement of the outstanding loan under the Loan Agreement.

LISTING RULES IMPLICATIONS

Purchaser A holds 1,040,000 MCB Shares, representing 40% of the issued share capital of MCB, and thus, is a substantial shareholder of MCB and a connected person of the Company at the subsidiary level under Rule 14A.07(1) of the Listing Rules. Accordingly, the disposal of 416,000 MCB Shares by the Vendor to Purchaser A under the Purchaser A Sale and Purchase Agreement constitutes a connected transaction for the Company under the Listing Rules.

The Board has approved the disposal of 416,000 MCB Shares by the Vendor to Purchaser A and the transactions contemplated under the Purchaser A Sale and Purchase Agreement. In addition, the Directors (including the independent non-executive Directors) have confirmed that the terms of the Purchaser A Sale and Purchase Agreement are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole. Pursuant to Rule 14A.101 of the Listing Rules, the disposal of 416,000 MCB Shares under the Purchaser A Sale and Purchase Agreement is therefore subject to the reporting and announcement requirements

LETTER FROM THE BOARD

but exempt from the circular, independent financial advice and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the Sale and Purchase Agreements for the Second Disposal which are inter-conditional were entered into within 12 months after the signing of the sale and purchase agreements for the First Disposal, the First Disposal and the Second Disposal will be aggregated pursuant to Rule 14.22 of the Listing Rules. As one or more of the applicable percentage ratios as calculated under Rule 14.07 of the Listing Rules in relation to the Second Disposal (when aggregated with the First Disposal) exceed 25% but are less than 75%, the Second Disposal (when aggregated with the First Disposal) constitutes a major transaction for the Company, and the Second Disposal is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

None of the Directors has a material interest in the Sale and Purchase Agreements, the Second Disposal and the transaction contemplated therein. Accordingly, no Directors is required to abstain from voting on the relevant Board resolutions of the Company in respect of the approval of the Sale and Purchase Agreements and the transaction contemplated thereunder.

Given that none of the Shareholders has a material interest in the Second Disposal and the transactions contemplated under the Sale and Purchase Agreements, no Shareholders would be required to abstain from voting if a general meeting of the Company were to be convened to approve the Second Disposal and the transactions contemplated under the Sale and Purchase Agreements. Pursuant to Rule 14.44 of the Listing Rules, on 28th October, 2015, the Company had obtained, in lieu of a resolution to be passed at a general meeting of the Company, a written approval from Hennessy (being a controlling shareholder of the Company) for the Second Disposal. As at the date of the Announcement, Hennessy, an indirect wholly-owned subsidiary of Lippo, held 1,315,707,842 Shares, representing approximately 65.84% of the Shares in issue giving the right to attend and vote at general meetings of the Company. No general meeting of the Company will therefore be convened to approve the Second Disposal and the transactions contemplated under the Sale and Purchase Agreements.

RECOMMENDATION

The Board considers that the terms of the Second Disposal as a whole are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
By Order of the Board
HONGKONG CHINESE LIMITED
John Lee Luen Wai
Chief Executive Officer

1. FINANCIAL INFORMATION OF THE GROUP

Details of the published financial information of the Group for each of the three financial period/years ended 31st March, 2013, 31st March, 2014 and 31st March, 2015 are disclosed in the annual reports of the Company for the financial period/years ended 31st March, 2013, 31st March, 2014 and 31st March, 2015 respectively. Details of these financial statements have been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.hkchinese.com.hk).

2. INDEBTEDNESS STATEMENT**Borrowings**

As at 31st October, 2015, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had no outstanding indebtedness.

Apart from intra-group liabilities, the Group did not, as at 31st October, 2015, have any outstanding debt securities, whether issued and outstanding, authorised or otherwise created but unissued, term loans, whether guaranteed, unguaranteed, secured (whether the security is provided by the issuer or by third parties) or unsecured, other borrowings or indebtedness in the nature of borrowing including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits or hire purchase commitments, whether guaranteed, unguaranteed, secured or unsecured borrowings or debt, mortgages, charges, guarantees or other material contingent liabilities.

The Directors confirm that, save as disclosed above, there are no material changes in the indebtedness and contingent liabilities of the Group since 31st October, 2015.

3. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the internal resources available to the Group and the presently available banking facilities, and in the absence of unforeseeable circumstances, the Group will have sufficient working capital for its present requirement for at least the next twelve months from the date of this circular.

4. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

Financial market volatility around the world has dramatically increased. The instability in the global stock markets has adversely affected the economic conditions. The global economic performance for the second half of the year is weaker than expected in the first half of 2015. There are considerable downside risks in the external economic environment. The economic growth of the PRC continued to slow down, with a GDP growth rate of 6.9% in the third quarter of 2015, the slowest since the global financial crisis. The slowdown in the economy of the PRC has added concerns about the global economic outlook. Low commodity prices, the appreciation of the US\$ and the expected normalization of US interest rates have added pressures on the currencies of the emerging countries and assets markets. The Group is seeking to streamline and strengthen its

existing business to meet the challenges ahead. The Group will continue to cautiously manage its investment portfolio in view of the market conditions and its business needs with a view to maximizing returns to the Shareholders. Amid the volatile market conditions, the Group adopts a cautious and prudent approach in conducting its corporate finance and securities broking business. Management will continue to assess new investment opportunities to capture growth opportunities and enhance shareholders' value.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, the interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange, were as follows:

Directors' and chief executive's interests and short positions in shares and underlying shares of the Company and associated corporations

Name of Director	Personal interests (held as beneficial owner)	Family interests (interest of spouse)	Other interests	Total interests	Approximate percentage of total interests in the issued shares
Number of Shares					
Stephen Riady	–	–	1,315,707,842	1,315,707,842	65.84
			<i>Note(i)</i>		
John Lee Luen Wai	2,000,270	270	–	2,000,540	0.10
Tsui King Fai	600,000	75,000	–	675,000	0.03
Kor Kee Yee	606,000	–	–	606,000	0.03

Number of ordinary shares in Lippo

Stephen Riady	–	–	331,903,219	331,903,219	67.30
			<i>Notes (i) and (ii)</i>		
John Lee Luen Wai	1,031,250	–	–	1,031,250	0.21

Number of ordinary shares in LCR

Stephen Riady	–	–	6,544,696,389	6,544,696,389	71.24
			<i>Notes (i), (ii) and (iii)</i>		

Note:

- (i) As at Latest Practicable Date, Lippo Capital, an associated corporation (within the meaning of Part XV of the SFO) of the Company, was indirectly interested in 1,315,707,842 Shares in, representing approximately 65.84% of the issued shares of, the Company. Lanius, an associated corporation (within the meaning of Part XV of the SFO) of the Company, is the holder of 705,690,001 ordinary shares of HK\$1.00 each in, representing the entire issued shares of, Lippo Capital. Lanius is the trustee of a discretionary trust which was founded by Dr. Mochtar Riady, who does not have any interest in the issued shares of Lanius. The beneficiaries of the trust included, inter alia, Dr. Stephen Riady and other members of the family. Dr. Stephen Riady was taken to be interested in Lippo Capital under the provisions of the SFO.
- (ii) As at the Latest Practicable Date, Lippo Capital, and through its wholly-owned subsidiary, J & S Company Limited, was directly and indirectly interested in an aggregate of 331,903,219 ordinary shares in, representing approximately 67.30% of the issued shares of, Lippo.
- (iii) As at the Latest Practicable Date, Lippo was indirectly interested in 6,544,696,389 ordinary shares in, representing approximately 71.24% of the issued shares of, LCR.

As at the Latest Practicable Date, Dr. Stephen Riady, as a beneficiary of the aforesaid discretionary trust, through his interest in Lippo Capital as mentioned in Note (i) above, was also taken to be interested in the issued shares of the following associated corporations (within the meaning of Part XV) of the SFO) of the Company:

Name of associated corporation	Class of shares	Number of shares interested	Approximate percentage of interest in the issued shares
Abital Trading Pte. Limited	Ordinary shares	2	100
Auric Pacific Group Limited	Ordinary shares	61,927,335	49.28
Blue Regent Limited	Ordinary shares	100	100
Boudry Limited	Ordinary shares	10	100
	Non-voting deferred shares	1,000	100
Brimming Fortune Limited	Ordinary shares	1	100
Broadwell Overseas Holdings Limited	Ordinary shares	1	100
First Tower Corporation	Ordinary shares	1	100
Gemdale Properties and Investment Corporation Limited	Ordinary shares	3,546,366,795	23.41
Grand Peak Investment Limited	Ordinary shares	2	100
Great Honor Investments Limited	Ordinary shares	1	100
Greenorth Holdings Limited	Ordinary shares	1	100
Hennessy	Ordinary shares	1	100
HKCL Investments Limited	Ordinary shares	1	100
Honix Holdings Limited	Ordinary shares	1	100
International Realty (Singapore) Pte. Limited	Ordinary shares	2	100
J & S Company Limited	Ordinary shares	1	100

Name of associated corporation	Class of shares	Number of shares interested	Approximate percentage of interest in the issued shares
Lippo Assets (International) Limited	Ordinary shares	1	100
	Non-voting deferred shares	15,999,999	100
Lippo Finance Limited	Ordinary shares	6,176,470	82.35
Lippo Investments Limited	Ordinary shares	2	100
Lippo Realty Limited	Ordinary shares	2	100
Multi-World Builders & Development Corporation	Ordinary shares	4,080	51
Prime Success Limited	Ordinary shares	1	100
Skyscraper Realty Limited	Ordinary shares	10	100
The HCB General Investment (Singapore) Pte Ltd.	Ordinary shares	100,000	100
Valencia Development Limited	Ordinary shares	800,000	100
	Non-voting deferred shares	200,000	100
Winroot Holdings Limited	Ordinary shares	1	100

As at the Latest Practicable Date, Dr. Stephen Riady, as beneficial owner and through his nominee, was interested in 5 ordinary shares in, representing approximately 16.67% of, the issued shares of, Lanius which is the holder of the entire issued shares of Lippo Capital. Lanius is the trustee of a discretionary trust which was founded by Dr. Mochtar Riady (father of Dr. Stephen Riady), who does not have any interest in the issued shares of Lanius. The beneficiaries of the trust included, inter alia, Dr. Stephen Riady and other members of the family.

As at the Latest Practicable Date, Mr. Kor Kee Yee, as beneficial owner, was interested in 2,444,000 ordinary shares in, representing approximately 9.29% of, the issued shares of TechnoSolve Limited, an associated corporation (within the meaning of Part XV of the SFO) of the Company.

As at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests in the underlying shares in respect of physically settled, cash settled or other equity derivatives of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

All the interests stated above represent long positions. Save as disclosed herein, as at the Latest Practicable Date, to the knowledge of the Company:

- (1) none of the Directors and chief executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the

SFO) (a) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which the Directors and the chief executive of the Company were taken or deemed to have under such provisions of the SFO); or (b) which were required to be entered in the register kept by the Company under Section 352 of the SFO; or (c) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code; and

- (2) none of the Directors and chief executive of the Company nor their spouses or minor children (natural or adopted) were granted or had exercised any rights to subscribe for any equity or debt securities of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

Dr. Stephen Riady is also a director of each of Lanius, Lippo Capital and Lippo. Mr. John Lee Luen Wai is also a director of each of Lippo, Prime Success Limited and Hennessy. Messrs. Leon Chan Nim Leung, Victor Yung Ha Kuk and Tsui King Fai are also directors of Lippo. Save as disclosed herein, as at the Latest Practicable Date, none of the Directors was a director or employee of a company which had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

So far as is known to the Directors or chief executive of the Company, as at the Latest Practicable Date, the persons (other than the Directors or chief executive of the Company) who had interests or short positions in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO or who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group were as follows:

(a) The Company

Name	Number of Shares	Approximate percentage
Hennessy	1,315,707,842	65.84
Prime Success Limited (“Prime Success”)	1,315,707,842	65.84
Lippo	1,315,707,842	65.84
Lippo Capital	1,315,707,842	65.84
Lanius	1,315,707,842	65.84
Dr. Mochtar Riady	1,315,707,842	65.84
Madam Lidya Suryawaty	1,315,707,842	65.84

Note (a):

1. Hennessy, the immediate holding company of the Company, as beneficial owner, directly held 1,315,707,842 Shares in, representing approximately 65.84% of the issued shares of, the Company.
2. Hennessy is wholly owned by Prime Success which in turn is wholly owned by Lippo.
3. Lippo Capital, the holding company of Lippo, together with its wholly-owned subsidiary, J & S Company Limited, owns ordinary shares representing approximately 67.30% of the issued shares of Lippo.
4. Lanius is the holder of the entire issued shares of Lippo Capital and is the trustee of a discretionary trust which was founded by Dr. Mochtar Riady, who does not have any interest in the issued shares of Lanius. Dr. Mochtar Riady and his wife Madam Lidya Suryawaty were taken to be interested in Lippo Capital under the provisions of the SFO.
5. Hennessy's interests in the Shares were recorded as the interests of Prime Success, Lippo, Lippo Capital, Lanius, Dr. Mochtar Riady and Madam Lidya Suryawaty. The above 1,315,707,842 Shares related to the same block of Shares that Dr. Stephen Riady was interested, details of which are disclosed in the paragraph headed "Disclosure of Interests – Directors' and chief executive's interests and short positions in shares and underlying shares of the Company and associated corporations" in this appendix. Dr. Mochtar Riady, his wife Madam Lidya Suryawaty and Dr. Stephen Riady were taken to be interested in the Shares under the provisions of the SFO.

(b) TechnoSolve Limited

Name	Number of ordinary shares	Approximate percentage
Golden Stellar Limited ("Golden Stellar")	18,053,500	68.65

Note (b): Golden Stellar is a wholly-owned subsidiary of the Company. See also (a) above in respect of the substantial shareholders of the Company.

(c) Kingtek Limited

Name	Number of ordinary shares of US\$1.00 each	Percentage
Masuda Limited ("Masuda")	60	60
Mezquita Incorporated	40	40

Note (c): Masuda is a wholly-owned subsidiary of the Company. See also (a) above in respect of the substantial shareholders of the Company.

(d) 北京力寶世紀置業有限公司 (Beijing Lippo Century Realty Co., Ltd.)

Name	Amount of paid up registered capital	Approximate percentage of profit sharing
Uchida Limited (“Uchida”)	US\$28,800,000	64
Wealtop Limited (“Wealtop”)	US\$7,200,000	16
北京經濟技術投資開發總公司 (Beijing Economic & Technological Investment Development Corp.)	N/A	20

Note (d): Uchida and Wealtop are both wholly-owned subsidiaries of the Company. See also (a) above in respect of the substantial shareholders of the Company.

(e) MCB

Name	Number of ordinary shares of MOP100 each	Percentage
Winwise	1,326,000	51
Nam Yue	1,040,000	40

Note (e): Winwise is a wholly-owned subsidiary of the Company. See also (a) above in respect of the substantial shareholders of the Company.

All the interests stated above represent long positions. Save as disclosed herein, as at the Latest Practicable Date, none of the substantial shareholders (as defined under the Listing Rules) or other persons (other than the Directors or chief executive of the Company) had any interests or short positions in the Shares and underlying Shares as recorded in the register required to be kept by the Company under Section 336 of the SFO.

Save as disclosed herein, as at the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company, there was no person, other than a Director or chief executive of the Company, who had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered or was proposing to enter into any service contract with the Company or any other member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

5. COMPETING INTERESTS OF DIRECTORS AND CLOSE ASSOCIATES

The Lippo Group (a general reference to the companies in which Dr. Stephen Riady and his family members have a direct or indirect interest) is not a legal entity and does not operate as one. Each of the companies in the Lippo Group operates within its own legal, corporate and financial framework. As at the Latest Practicable Date, the Lippo Group might have had or developed interests in business in Hong Kong and other parts in Asia similar to those of the Group and there was a chance that such businesses might have competed with the businesses of the Group.

Dr. Stephen Riady and Messrs. John Lee Luen Wai, Leon Chan Nim Leung, Victor Yung Ha Kuk and Tsui King Fai are also directors of Lippo, an intermediate holding company of the Company, and LCR, a fellow subsidiary of the Company. Further details of the Directors' interests in Lippo and LCR are disclosed in the paragraph headed "Disclosure of Interests – Directors' and chief executive's interests and short positions in shares and underlying shares of the Company and associated corporations" in this appendix. Subsidiaries of Lippo and LCR are also engaged in property investment and property development.

The Directors are fully aware of, and have been discharging, their fiduciary duty to the Company. The Company and the Directors would comply with the relevant requirements of the Company's Bye-laws and the Listing Rules whenever a Director has any conflict of interest in the transaction(s) with the Company.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and their respective close associates were considered to have interest in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group or have or may have any other conflicts of interest with the Group pursuant to the Listing Rules.

6. DIRECTORS' INTERESTS IN ASSETS/CONTRACTS AND OTHER INTERESTS

None of the Directors was materially interested in any contract or arrangement which was entered into by any member of the Group and subsisting at the Latest Practicable Date which was significant in relation to the business of the Group.

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group or were proposed to be acquired or disposed of by or leased to any member of the Group since 31st March, 2015, being the date to which the latest published audited consolidated financial statements of the Company were made up.

7. LITIGATION

So far as the Directors are aware, no member of the Group was engaged in any litigation or arbitration of material importance and no litigation or arbitration of material importance was pending or threatened against any member of the Group as at the Latest Practicable Date.

8. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the members of the Group within the two years immediately preceding the Latest Practicable Date and which are, or may be, material to the Group:

- (a)
 - (i) a loan agreement dated 29th May, 2015 entered into between Pacific Landmark Holdings Limited (“PLH”) (an indirect wholly-owned subsidiary of the Company) as lender and Fortune Code Limited (a subsidiary of a principal joint venture of the Company) (“LAAPL Subsidiary”) as borrower, for a loan of S\$53,920,839.43; and
 - (ii) an application letter dated 29th May, 2015 made by PLH to Lippo ASM Asia Property Limited (“LAAPL”) (a principal joint venture of the Company) for subscription of additional shares in LAAPL for a consideration of S\$23,426,145;
- (b)
 - (i) a sale and purchase agreement dated 26th June, 2015 entered into between Winwise, Winpec Holdings Limited and Discovery Planet Limited, all being wholly-owned subsidiaries of the Company, as vendors and Nam Yue as purchaser in respect of the sale and purchase of 1,040,000 shares of MOP100 each in, representing 40% of, the issued shares of MCB, a then wholly-owned subsidiary of the Company, for a consideration of MOP360 million (equivalent to approximately HK\$349 million);
 - (ii) a sale and purchase agreement dated 26th June, 2015 entered into between Winwise as vendor and Shareholder B as purchaser in respect of the sale and purchase of 234,000 shares of MOP100 each in, representing 9% of, the issued shares of MCB, for a consideration of MOP81 million (equivalent to approximately HK\$79 million); and
 - (iii) the Shareholders’ Agreement;
- (c) a loan agreement dated 28th August, 2015 entered into between PLH as lender and LAAPL Subsidiary as borrower, for a loan of S\$100,000,000; and
- (d) the Sale and Purchase Agreements.

9. MISCELLANEOUS

- (a) The Secretary of the Company is Mr. Andrew Hau Tat Kwong, a fellow member of each of the Institute of Chartered Secretaries and Administrators and the Hong Kong Institute of Chartered Secretaries.

- (b) The registered office of the Company is situated at Clarendon House, Church Street, Hamilton HM 11, Bermuda and the principal place of business of the Company is situated at 24th Floor, Tower One, Lippo Centre, 89 Queensway, Hong Kong.
- (c) The principal transfer office of the Company is situated at the office of its principal share registrar, Butterfield Fulcrum Group (Bermuda) Limited, at Rosebank Centre, 11 Bermudiana Road, Pembroke HM 08, Bermuda and the Hong Kong branch transfer office of the Company is situated at the office of its Hong Kong branch share registrar, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours on any weekday (Saturday and public holiday excluded) at the principal place of business of the Company which is situated at 24th Floor, Tower One, Lippo Centre, 89 Queensway, Hong Kong for 14 days from the date of this circular:

- (a) the Memorandum of Association and Bye-laws of the Company;
- (b) copies of the material contracts referred to under the paragraph headed "Material contracts" in this appendix;
- (c) the published audited consolidated financial statements of the Company for each of the two financial years ended 31st March, 2015;
- (d) the circular dated 21st September, 2015 and this circular; and
- (e) the Sale and Purchase Agreements.

11. LANGUAGE

In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.