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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)

DISCLOSEABLE TRANSACTION

MAJOR TRANSACTION

JOINT ANNOUNCEMENT

DISPOSAL OF CERTAIN INTEREST IN THE MACAU CHINESE BANK LIMITED

RESUMPTION OF TRADING OF SHARES OF HONGKONG CHINESE LIMITED

INTRODUCTION

The Board of each of Lippo and HKC wishes to announce that an agreement has been reached for the disposal, by HKC, of the Sale Shares and the Sale Loan, and on 28th September, 2007, a conditional sale and purchase agreement was entered into between (1) HKC and (2) VC, pursuant to which VC agreed to acquire and HKC agreed to sell 60 Shares, representing 60 per cent. of the issued share capital of Winwise and the sale of a loan in the amount of HK\$156,526,930.56, representing 60 per cent. of the outstanding shareholders' loan advanced by HKC, as lender, to Winwise, as borrower, which is outstanding at Completion. The major asset of Winwise is its 100 per cent. interest in MCB, a licensed credit institution in Macau which carries on banking activities in Macau. On Completion, HKC and VC will hold 40 per cent. and 60 per cent. of the issued share capital in Winwise respectively. The consideration will be satisfied by VC partly in cash and partly by way of the allotment and issue of the Consideration Shares.

Lippo is interested in approximately 51.4 per cent. of the issued share capital of HKC. HKC is the holding company of Winwise which currently, directly and indirectly (through DPL), holds the entire issued share capital of MCB. HKC is the beneficial owner of the entire issued share capital of Winwise.

The Disposal, including the Call Option and the Put Option under the Option Deed, constitutes a major transaction for HKC under the Listing Rules as it exceeds 25 per cent. but does not exceed 75 per cent. of one or more of the applicable percentage ratios (as defined in the Listing Rules) of HKC. The Disposal, including the Call Option and the Put Option under the Option Deed, constitutes a discloseable transaction for Lippo under the Listing Rules as it exceeds 5 per cent. but does not exceed 25 per cent. of one or more of the applicable percentage ratios (as defined in the Listing Rules) of Lippo.

No shareholder's interest in the transaction is different from any other shareholders of HKC. Since no shareholder of HKC is required to abstain from voting on the resolution to approve the Disposal, HKC is not required to convene a shareholders' meeting to approve the transaction pursuant to Rule 14.44 of the Listing Rules. Skyscraper Realty Limited (a wholly-owned subsidiary of Lippo), an immediate holding company of HKC, currently holding 692,261,982 ordinary shares of HK\$1.00 each, representing approximately 51.4 per cent. of the issued share capital of HKC, has given its written consent to HKC for the entering into of the Agreement, the Shareholders' Agreement, the Option Deed and the Disposal.

A circular containing further details of the Agreement, the Shareholders' Agreement, the Option Deed and the Disposal will be dispatched to the respective shareholders of each of Lippo and HKC within 21 days after the publication of this announcement.

At the request of HKC, trading in the shares of HKC on the Stock Exchange was suspended with effect from 11:08 a.m. on 28th September, 2007, pending the release of this announcement. An application has been made by HKC to the Stock Exchange for the resumption of trading in the shares of HKC on the Stock Exchange with effect from 9:30 a.m. on 4th October, 2007.

INTRODUCTION

The Board of each of Lippo and HKC wishes to announce that an agreement has been reached for the disposal, by HKC, of the Sale Shares and the Sale Loan, and on 28th September, 2007, a conditional sale and purchase agreement was entered into between (1) HKC and (2) VC, pursuant to which VC agreed to acquire and HKC agreed to sell 60 Shares, representing 60 per cent. of the issued share capital of Winwise and the sale of a loan in the amount of HK\$156,526,930.56, representing 60 per cent. of the outstanding shareholders' loan advanced by HKC, as lender, to Winwise, as borrower, which is outstanding at Completion. The major asset of Winwise is its 100 per cent. interest in MCB, a licensed credit institution in Macau which carries on banking activities in Macau. On Completion, HKC and VC will hold 40 per cent. and 60 per cent. of the issued share capital in Winwise respectively. The consideration will be satisfied by VC partly in cash and partly by way of the allotment and issue of the Consideration Shares.

AGREEMENT

Date: 28th September, 2007

Parties: (1) HKC and (2) VC.

Transaction: HKC has agreed to sell, and VC has agreed to purchase, the Sale Shares and the Sale Loan.

Consideration: The consideration payable by VC shall be HK\$384,000,000 which will be satisfied as to HK\$324,000,000 in cash and HK\$60,000,000 by the allotment and issue of the Consideration Shares. A deposit in the amount of HK\$25,000,000 was paid in cash on the date of the Agreement as a refundable deposit to HKC and as a part payment of the consideration pending Completion, such deposit to be held in escrow until Completion. The balance amount of HK\$359,000,000 will be payable on Completion as follows: (i) an amount of HK\$299,000,000 in cash; and (ii) the balance of HK\$60,000,000 by the allotment and issue of the Consideration Shares.

The consideration was determined after arm's length negotiations between the parties by reference to the net asset value of MCB. The Board of each of Lippo and HKC considers that the Agreement was on normal commercial terms and that the consideration was fair and reasonable so far as the shareholders of each of Lippo and HKC are concerned. Based on the present capital structure of VC, the Consideration Shares will represent approximately 2.6 per cent. of the enlarged issued share capital of VC.

Conditions: Completion of the Agreement is conditional upon satisfaction or waiver of, among others, the following conditions on or before the Long Stop Date:

- (i) VC and Melco or other controller of VC having been approved by AMCM as a qualifying shareholder (as such expression is defined in the Financial System Act) of MCB and of Winwise (being, together with DPL, the sole beneficial shareholders of MCB) under Article 40 of the Financial System Act, insofar as required by Applicable Laws;
- (ii) if required by Applicable Laws, written consent from AMCM to the change of control of MCB and of Winwise (being, together with DPL, the sole beneficial shareholders of MCB) and consequently

any deemed change of control of MCB (if any), as contemplated by the Agreement;

- (iii) shareholders approval of VC and/or Melco (if applicable) approving the entering into by VC of the Agreement, the Shareholders' Agreement, the Option Deed and the Loan Assignment Deed and the transactions contemplated thereunder having been obtained in accordance with the requirements of the Listing Rules and/or the GEM Listing Rules, if so required;
- (iv) shareholders approval of HKC and Lippo approving the entering into by HKC of the Agreement, the Shareholders' Agreement, the Option Deed and the Loan Assignment Deed and the transactions contemplated thereunder having been obtained in accordance with the Listing Rules, if so required;
- (v) all authorisations, consents and approvals of all governmental or regulatory authorities, agencies or bodies which are necessary or required for the purposes of the transactions contemplated by the Agreement, the Shareholders' Agreement and the Option Deed having been obtained and not having been revoked;
- (vi) all representations and warranties contained in the Agreement made by HKC where required to be repeated in accordance with the Agreement at Completion shall be true and accurate in all material respects at the time of Completion, as though then made; and
- (vii) the Stock Exchange having granted the approval for the listing of and permission to deal in the Consideration Shares (either unconditionally or subject only to allotment and issue of the Consideration Shares, despatch of certificates in respect of the Consideration Shares and/or such other condition as may be reasonably acceptable to HKC) on GEM.

If the conditions precedent are not fulfilled by the parties by the Long Stop Date, the Agreement shall be terminated and shall cease to be of effect and none of the parties shall have any rights against any other parties except (where applicable) for liability for any antecedent breach of its obligations under the Agreement. Upon Completion, Winwise, DPL and MCB will cease to be subsidiaries of Lippo and HKC and will become their associates and Lippo and HKC will equity account for their results.

SHAREHOLDERS' AGREEMENT

- Date: Upon Completion.
- Parties (1) HKC, (2) VCFI, (3) VC, (4) Winwise and (5) DPL.
- Business: Winwise was incorporated to act as an investment holding company for the purposes of acquiring and holding shares in DPL and MCB, which includes the provision of funding required to finance the acquisition of shares in DPL and MCB. DPL was incorporated to act as an investment holding company for the purpose of acquiring and holding shares in MCB upon completion of the Discovery Planet Transaction on 21st September, 2007. MCB is a licensed credit institution in Macau which carries on banking activities in Macau.
- Board composition of Winwise, DPL and MCB: The maximum number of directors comprising the board of Winwise, DPL and MCB shall be five. Each shareholder shall be entitled to appoint and at any time remove or substitute one director of Winwise, DPL and MCB for each 20 per cent. of the equity share capital of Winwise held by the relevant shareholder. At the time of the entering into of the Shareholders' Agreement, HKC shall be entitled to appoint two directors and VC shall be entitled to appoint three directors to the Board of each of Winwise, DPL and MCB respectively.
- Voting: For so long as HKC holds not less than 20 per cent. of the issued share capital of Winwise, the shareholders shall take all steps to ensure that, so far as they are legally able, no important shareholder matter is taken by any member of the Winwise Group unless the applicable provisions as set out therein have been complied with.
- Termination: Unless terminated in accordance with the terms of the Shareholders' Agreement, the Shareholders' Agreement shall subsist for as long as there are two shareholders and each of them holds not less than 10 per cent. of the issued share capital of Winwise. A shareholder may give notice in writing to the other shareholder terminating the Shareholders' Agreement at any time after the occurrence of any of the Default Events as set out therein.

OPTION DEED

Date: Upon Completion.

Parties: (1) HKC and (2) VC.

Subject matter of the Option Deed: the Shares held by HKC from time to time and the Shareholders' Loan.

Grant of option: VC irrevocably and unconditionally grants to HKC an option (the "**Put Option**") to require VC to purchase all or any of the Option Shares and the Shareholders' Loan on and in accordance with the terms of the Option Deed.

HKC irrevocably and unconditionally grants to VC an option (the "**Call Option**") to require HKC to sell all of the Option Shares and the Shareholders' Loan on and in accordance with the terms of the Option Deed.

Exercise of Put Option: The Put Option may be exercised:

- (i) on the occurrence of any Default Event, within 30 days after the date of the Termination Notice in respect of all (but not part only) of the Option Shares and the Shareholders' Loan; and
- (ii) in the absence of a Default Event, only during the period commencing from the second anniversary of the date of the Option Deed and ending on the fifth anniversary of the date of the Option Deed. Such exercise of Put Option shall take place in multiples of 10 per cent. of the then issued share capital of Winwise, together with the corresponding proportion of the Shareholders' Loan.

Exercise of Call Option: The Call Option may be exercised on the occurrence of a Default Event. The Call Option shall be exercised within 30 days after the date of the Termination Notice under the Shareholders' Agreement in respect of all (but not part only) of the Option Shares and the Shareholders' Loan.

In the absence of a Default Event, the Call Option shall not be exercised.

Option Consideration: The Option Consideration shall be based on the initial price per Sale Share and the attributable Shareholders' Loan of HK\$6,400,000 per Share plus any attributable post-acquisition profits earned from the month

immediately preceding the date of the Agreement up to and including the month immediately preceding the date of the option notice and any amount (attributable to such number of Option Shares under the option notice) invested by HKC in Winwise or any of its subsidiaries by way of equity or advances by way of loans or otherwise after Completion and shall be satisfied in cash at completion of the Option Deed. For post-acquisition losses, there is no adjustment made to the Option Consideration. For the avoidance of doubt, the aggregate Option Consideration in respect of the Option Shares and the Shareholders' Loan shall in no event be less than HK\$256,000,000. When based on Option Consideration of HK\$256,000,000 and assuming it was exercised on the date of the Agreement, the gain on exercise of the Put Option in full would be approximately HK\$142 million. The Board of each of Lippo and HKC considers that the Option Deed (as part of the Agreement) was on normal commercial terms and that the Option Consideration was fair and reasonable so far as the shareholders of each of Lippo and HKC are concerned. Upon exercise of the Put Option, HKC and Lippo shall ensure they will comply with the requirements of the Listing Rules and make further announcement if required.

The Option Consideration represents the fair value of the Option Shares, which reflects the consideration payable for the Disposal, together with any further amounts advanced by HKC by way of shareholder loan and retained earnings on a dollar for dollar basis. It is the current intention to repay the shareholder loans and pay out retained earnings by way of dividend to the extent possible.

REASON FOR AND BENEFITS OF THE DISPOSAL

The Board of each of Lippo and HKC considers that the entering into of the Agreement will bring in a strategic shareholder to the Winwise Group which will help broaden the business horizon and improve the long term growth potential of MCB, which will be beneficial to Lippo and HKC and the respective shareholders of Lippo and HKC as a whole. The entering into the Option Deed by HKC will provide an exit of HKC's investment in MCB. The gain on the Disposal (when excluding the exercise of the Put Option) is approximately HK\$214 million, subject to fair value adjustment applied to the Consideration Shares on Completion. The proceeds from the Disposal (and, if exercised, arising from the Option Deed), will be put towards other capital and property investment opportunities as well as for general working capital purposes. Currently, no property investment opportunities have been identified by Lippo and HKC.

INFORMATION ON WINWISE, DPL AND MCB

The principal business activity of Winwise and DPL is investment holding. MCB is a licensed credit institution in Macau whose principal business is the carrying on of banking activities in Macau.

INFORMATION ON LIPPO AND HKC

The principal business activity of Lippo is investment holding. The principal activities of the subsidiaries of Lippo include investment holding, property investment and development, retail business, fund management, underwriting, corporate finance, securities broking, securities investment, treasury investment, money lending, banking and other related financial services.

The principal business activity of HKC is investment holding. The principal activities of the subsidiaries of HKC include investment holding, property investment and development, fund management, underwriting, corporate finance, securities broking, securities investment, treasury investment, money lending, banking and other related financial services.

INFORMATION ON VC AND VCFI

VC is a company whose shares are listed on GEM whereas VCFI is a wholly-owned subsidiary of VC. VC and its subsidiaries are engaged in securities, futures and option contracts brokerage mainly on the Stock Exchange and the provision of other related financial services, including margin financing, securities underwriting, placing arrangement, asset management and corporate finance advisory services focusing on the markets in Hong Kong, Macau and the PRC. To the best of the knowledge, information and belief of the directors of Lippo and HKC, and having made all reasonable enquiries, both VC and VCFI and their respective ultimate beneficial owners are third parties independent of and not connected persons of each of Lippo and HKC and their connected persons.

LISTING RULES IMPLICATIONS

Lippo is interested in approximately 51.4 per cent. of the issued share capital of HKC. HKC is the holding company of Winwise which (through itself and DPL) is the beneficial owner of the entire issued share capital of MCB.

The audited net asset value of MCB was MOP213,189,000 (equivalent to approximately HK\$206,793,000) as at 31st December, 2006. The audited net profit before and after tax of MCB for the financial year ended 31st December, 2005 was MOP7,370,000 (equivalent to approximately HK\$7,149,000) and MOP7,030,000 (equivalent to approximately HK\$6,819,000), respectively. The audited net profit before and after tax of MCB for the financial year ended 31st December, 2006 was MOP9,787,000 (equivalent to approximately HK\$9,493,000) and MOP8,664,000 (equivalent to approximately HK\$8,404,000), respectively.

The Disposal, including the Call Option and the Put Option under the Option Deed, constitutes a major transaction for HKC under the Listing Rules as it exceeds 25 per cent. but does not exceed 75 per cent. of one or more of the applicable percentage ratios (as defined in the Listing Rules) of HKC. The Disposal, including the Call Option and the Put Option under the Option Deed, constitutes a discloseable transaction for Lippo under the Listing Rules as it exceeds 5 per cent. but does not exceed 25 per cent. of one or more of the applicable percentage ratios (as defined in the Listing Rules) of Lippo. Lippo and HKC will also take necessary steps to ensure the exercise of the Call Option by VC will not be classified as a major transaction or very substantial disposal (as defined in the Listing Rules) of Lippo or HKC respectively.

No shareholder's interest in the transaction is different from any other shareholders of HKC. Since no shareholder of HKC is required to abstain from voting on the resolution to approve the Disposal, HKC is not required to convene a shareholders' meeting to approve the transaction pursuant to Rule 14.44 of the Listing Rules. Skyscraper Realty Limited (a wholly-owned subsidiary of Lippo), an immediate holding company of HKC, currently holding 692,261,982 ordinary shares of HK\$1.00 each in, representing approximately 51.4 per cent. of, the issued share capital of HKC, has given its written consent to HKC for the entering into of the Agreement, the Shareholders' Agreement, the Option Deed and the Disposal.

A circular containing further details of the Agreement, the Shareholders' Agreement, the Option Deed and the Disposal will be dispatched to the respective shareholders of each of Lippo and HKC within 21 days after the publication of this announcement.

SUSPENSION AND RESUMPTION OF TRADING OF SHARES OF HKC

At the request of HKC, trading in the shares of HKC on the Stock Exchange was suspended with effect from 11:08 a.m. on 28th September, 2007, pending the release of this announcement. An application has been made by HKC to the Stock Exchange for the resumption of trading in the shares of HKC on the Stock Exchange with effect from 9:30 a.m. on 4th October, 2007.

DEFINITIONS

Unless otherwise defined, capitalised terms used herein shall have the following meanings:

"Agreement"	the conditional sale and purchase agreement entered into between (1) HKC and (2) VC, dated 28th September, 2007 relating to the Disposal;
"AMCM"	Autoridade Monetária e Cambial de Macau, the Monetary Authority of Macau;
"Applicable Laws"	any and all laws which have been promulgated and are effective and applicable, including all statutes, codes, ordinances, decrees, rules, regulations, municipal by-laws, judicial judgments, orders, decisions, rulings or awards, binding on, relevant to or affecting the entity referred to in the context in which the word is used and in respect of the Winwise Group Companies, shall include but not limited to, the Macau Commercial Code, the Financial System Act and/or any rules or regulations promulgated by the AMCM from time to time;
"Board"	the board of directors;
"Completion"	completion of the Agreement;
"Consideration Shares"	10,000,000 new ordinary shares of HK\$0.01 each in the capital of VC to be allotted and issued to HKC (or as HKC may direct) at an issue price of HK\$6.00 each, credited as fully paid;
"Default Event"	in respect of the Option Deed, means an event of default as specified in the Shareholders' Agreement in respect of which the beneficiary thereof, has served on the other, as defaulter, a Termination Notice on and in accordance with the Shareholders' Agreement, including, a party ceasing to carry on business, a party being in material breach of its obligations under the Shareholders' Agreement, a party going into voluntary redundancy or entering into a composition with its creditors;
"Discovery Planet Transaction"	the acquisition, by DPL, of the remaining 15 per cent. interest in MCB;
"Disposal"	the disposal of the Sale Shares and the Sale Loan by HKC in accordance with the terms and conditions of the Agreement;
"DPL"	Discovery Planet Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of Winwise;

"GEM"	the Growth Enterprise Market operated by the Stock Exchange;
"GEM Listing Rules"	the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange;
"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 Stock Exchange and an approximate 51.4 per cent. subsidiary of Lippo;
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC;
"HK\$"	Hong Kong dollar, the lawful currency of Hong Kong;
"Lippo"	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;
"Listing Rules" or "Rule"	the Rules Governing the Listing of Securities on the Stock Exchange;
"Loan"	shareholders' loan in the aggregate principal amount of HK\$260,878,217.60 advanced by HKC as lender to Winwise or other Winwise Group Companies as borrower(s) which is outstanding at Completion;
"Loan Assignment Deed"	the deed of assignment to be entered into between (1) HKC, (2) VC and (3) Winwise pursuant to which HKC will assign the Sale Loan to VC;
"Long Stop Date"	90 days from the date of the Agreement or such other date as may be agreed by the parties in writing;
"Macau"	the Macao Special Administrative Region of the PRC;
"MCB"	The Macau Chinese Bank Limited, a company incorporated in Macau, and a wholly-owned subsidiary of Winwise;
"Melco"	Melco International Development Limited, a company incorporated in Hong Kong with limited liability whose shares are listed on the Stock Exchange and is the controlling shareholder of VC, holding approximately 43.57 per cent. of the issued share capital of VC;
"MOP"	Macau Pataca, the lawful currency of Macau;
"Option Consideration"	the consideration to be paid for the Option Shares and the Shareholders' Loan under the Option Deed;

"Option Deed"	the option deed to be entered into by (1) HKC and (2) VC at Completion;
"Option Shares"	the shares in the issued share capital of Winwise held by HKC from time to time;
"PRC"	People's Republic of China;
"Related Company"	in relation to a party, any subsidiary or holding company of that party or any other subsidiary of any such holding company and "Related Companies" shall be construed accordingly;
"Sale Shares"	60 shares of HK\$1.00 each in Winwise;
"Sale Loan"	the amount of HK\$156,526,930.56, representing 60 per cent. of the aggregate amount of the Loan, to be sold by HKC to VC;
"Shares"	ordinary shares of HK\$1.00 each in the share capital of Winwise;
"Shareholders' Agreement"	the shareholders' agreement to be entered into between HKC, VC and Winwise in relation to Winwise and its subsidiaries;
"Shareholders' Loan(s)"	any and all monies advanced by HKC or any of its Related Companies to Winwise, DPL, MCB or any subsidiaries of Winwise by way of loans or credit from time to time and at any time and which as at the date of completion of the Option Deed are outstanding together with accrued interest (if any) and any other monies then due or outstanding to HKC or any of its Related Companies in respect of such outstanding loans;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"Termination Notice"	a notice given in writing by a shareholder of Winwise terminating the Shareholders' Agreement upon occurrence of a Default Event;
"Winwise"	Winwise Holdings Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of HKC;
"VC"	Value Convergence Holdings Limited, a company incorporated in Hong Kong with limited liability whose shares are listed on GEM;
"VCFI"	VC Financial Investment Holdings Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of VC;

"Winwise Group"

Winwise and each of its subsidiaries at the relevant time, including DPL and MCB; and

"Winwise Group Company"

Winwise and each of its subsidiaries at the relevant time and "**Winwise Group Companies**" shall be construed accordingly.

By Order of the Board
LIPPO LIMITED
Davy Lee
Secretary

By Order of the Board
HONGKONG CHINESE LIMITED
Andrew Hau
Secretary

Hong Kong, 3rd October, 2007

The board composition of each of Lippo and HKC as at the date of this announcement is as follows:

LIPPO

Non-executive Director:

Mr. Leon Nim Leung Chan

Executive Directors:

Mr. Stephen Riady (*Chairman*)

Mr. John Luen Wai Lee

(*Managing Director and
Chief Executive Officer*)

Mr. Jark Pui Lee

Independent Non-executive Directors:

Mr. Edwin Neo

Mr. Victor Ha Kuk Yung

Mr. King Fai Tsui

HKC

Non-executive Directors:

Dr. Mochtar Riady (*Chairman*)

Mr. Leon Nim Leung Chan

Executive Directors:

Mr. Stephen Riady (*Chief Executive Officer*)

Mr. John Luen Wai Lee

Mr. Kee Yee Kor

Independent Non-executive Directors:

Mr. Albert Saychuan Cheok

Mr. Victor Ha Kuk Yung

Mr. King Fai Tsui

**For identification purpose only*

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.