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LIPPO LIMITED

力寶有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 226)

LIPPO CHINA RESOURCES LIMITED

力寶華潤有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 156)

JOINT ANNOUNCEMENT

(1) DISCLOSEABLE TRANSACTION

DISPOSAL OF THE ENTIRE INTEREST IN A WHOLLY OWNED SUBSIDIARY BY LIPPO CHINA RESOURCES LIMITED

(2) INSIDE INFORMATION

PROFIT WARNING

The respective Boards of Lippo and LCR wish to inform their shareholders that on 13 November 2015, the Vendor (an indirect wholly-owned subsidiary of LCR which in turn is an approximate 71.24% indirect subsidiary of Lippo) entered into the Sale and Purchase Agreement with the Purchasers pursuant to which the Vendor has agreed to sell, and the Purchasers have agreed to purchase, the Sale Shares, representing the entire issued share capital of the Target Company, at a consideration of HK\$277,937,722, which will be satisfied by the allotment and issue of the Consideration Shares by Gemdale.

Since one or more of the applicable percentage ratios in respect of the Disposal exceeds 5% but is less than 25%, the Disposal constitutes a discloseable transaction for each of Lippo and LCR under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements as set out in Chapter 14 of the Listing Rules.

This announcement is also made by each of Lippo and LCR pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

INTRODUCTION

The respective Boards of Lippo and LCR wish to inform their shareholders that on 13 November 2015, the Vendor (an indirect wholly-owned subsidiary of LCR which in turn is an approximate 71.24% indirect subsidiary of Lippo) entered into the Sale and Purchase Agreement with the Purchasers pursuant to which the Vendor has agreed to sell, and the Purchasers have agreed to purchase, the Sale Shares, representing the entire issued share capital of the Target Company, at a consideration of HK\$277,937,722, which will be satisfied by the allotment and issue of the Consideration Shares by Gemdale.

The Target Company is an indirect wholly-owned subsidiary of LCR prior to Completion which in turn is an approximate 71.24% indirect subsidiary of Lippo. The Target Company indirectly holds the entire equity interest in Lippo Realty which has been granted land use rights of the Land.

PRINCIPAL TERMS OF THE SALE AND PURCHASE AGREEMENT

A summary of the salient terms of the Sale and Purchase Agreement is as follows:

Date:	13 November 2015
Parties:	1. Reiley Inc., an indirect wholly-owned subsidiary of LCR; 2. Gemdale; and 3. Constant Gain Developments Limited, an indirect wholly-owned subsidiary of Gemdale.
Target Company:	Bestbeat Limited.
Sale Shares:	Two shares of US\$1.00 each in the Target Company, representing the entire issued share capital of the Target Company as at Completion.
Transaction:	The Vendor agreed to sell and the Purchasers agreed to purchase the Sale Shares at the Consideration. The Target Company indirectly holds the entire interest in Lippo Realty which has been granted land use rights of the Land. The Land is located in Huai'an, Jiangsu Province with a site area of approximately 41,000 square metres and is currently planned to be developed into a residential, office and retail complex with a total gross floor area of approximately 250,000 square metres.
Consideration and payment terms:	HK\$277,937,722, which will be settled by the allotment and issue of the Consideration Shares to the Vendor or its nominee by Gemdale at Completion. The Consideration Shares will be issued at HK\$0.43 per share which represents a discount of approximately 1.15% over the closing price of HK\$0.435 per share in Gemdale as quoted on the Stock Exchange on the date immediately preceding the date of this announcement.

Assuming there is no change to the current capital structure of Gemdale, the Consideration Shares shall represent 4.09% interest in Gemdale based on the current number of issued shares of Gemdale as enlarged by the Consideration Shares.

The Consideration was determined after arm's length negotiation between the Vendor and the Purchasers on normal commercial terms with reference to the unaudited consolidated net asset value of the Target Company, the development potential of the Land and the recent market value of the relevant properties in the vicinity.

Conditions Precedent: Completion of the Disposal is subject to the satisfaction (if required) of the following conditions:

- (1) the passing of resolutions at the extraordinary general meeting(s) by the shareholders (or independent shareholders, if required) of the Purchasers and/or the Vendor (or their respective listed holding companies) approving the Sale and Purchase Agreement and the transactions contemplated thereunder including in the case of the Purchasers, the allotment and issue of the Consideration Shares in accordance with the requirements of the Listing Rules and applicable laws;
- (2) the obtaining of all necessary consents, permits and approvals (if required) by the Purchasers and the Vendor (or their respective holding companies);
- (3) the Purchasers having obtained the approval of the listing committee of the Stock Exchange for the listing of and dealing in the Consideration Shares; and
- (4) Gemdale's status as a listed company not having been withdrawn and its shares continuing to be traded on the Stock Exchange.

Completion: Completion of the Disposal will take place on the 5th business day (or other date as agreed by the parties) following the date on which the parties have received respective written notices stating the applicable conditions precedent have been satisfied or not required from the other parties (each a "**Notice**").

Long Stop Date: If any of the conditions precedent has not been satisfied or that any party has failed to give the Notice within 3 months from the date of signing of the Sale and Purchase Agreement (or such other date as may be agreed by the parties in writing), the Sale and Purchase Agreement will lapse.

Other: At or before Completion, the Purchasers will procure their PRC affiliate to repay on behalf of Lippo Realty the amount due from Lippo Realty to the Vendor Affiliate outstanding immediately before Completion. As of the date of the Sale and Purchase Agreement, the

amount due from Lippo Realty to the Vendor Affiliate was approximately RMB9.06 million (equivalent to approximately HK\$11.03 million).

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Board of each of Lippo and LCR considers that the Disposal is beneficial to the LCR Group as this will provide a good chance for the Vendor to realise its direct investment in the property development projects in Huai'an city of the PRC in return of more liquid Consideration Shares. The investment in Consideration Shares will enable the LCR Group to invest in a more diversified portfolio of property related investments through the Gemdale Group, which includes property development projects and property leasing business in various cities of the PRC. The Board of each of Lippo and LCR believes that the terms of the Disposal as a whole are fair and reasonable and in the interest of the shareholders of each of Lippo and LCR as a whole. Upon completion of the Disposal, the Target Group will cease to be subsidiaries of each of Lippo and LCR.

INFORMATION ON THE TARGET GROUP

The Target Company is a company incorporated in the British Virgin Islands and its principal business activity is investment holding. Its sole investment is its indirect equity holding in Lippo Realty. The principal business activities of Lippo Realty are property investment and development. Lippo Realty holds the land use rights of the Land.

Set out below is the unaudited consolidated net losses (both before and after taxation and extraordinary items) of the Target Company for each of the financial years ended 31 March 2014 and 31 March 2015 respectively, prepared in accordance with generally accepted accounting principles in Hong Kong:

	For the year ended 31 March 2014 <i>HK\$'000</i>	For the year ended 31 March 2015 <i>HK\$'000</i>
Net loss before taxation and extraordinary items	4,217	61,758
Net loss after taxation and extraordinary items	4,217	61,758

The unaudited consolidated net asset value of the Target Company as at 31 March 2015 amounted to approximately HK\$354.9 million.

PROFIT WARNING

The Boards of Lippo and LCR wish to draw the attention of their respective shareholders and potential investors that further to the announcement of each of Lippo and LCR both dated 19 October 2015 and the joint announcement of Lippo and LCR dated 11 November 2015, it is currently estimated that the LCR Group is likely to record an impairment loss of approximately HK\$60 million on its properties under development for the six months ended 30 September 2015 (the “**Period**”) by reference to the value of the Consideration Shares. Accordingly, the amount of such impairment loss attributable to the Lippo Group (which is calculated based on Lippo’s 71.24% interest in LCR) shall be approximately HK\$43 million for the Period. Based on the information currently available to LCR, the Board of LCR

estimates that the loss to be recorded by the LCR Group for the Period is likely to be increased to not less than HK\$300 million, as compared to a profit of HK\$6 million for the six months ended 30 September 2014. The information contained in this section headed “Profit Warning” is only a preliminary assessment by the respective Boards of Lippo and LCR based on updated information currently available to Lippo and LCR and is not based on any figures or information that has been audited or reviewed by Lippo’s or LCR’s auditors. It is expected that the consolidated interim results of Lippo and LCR for the Period will be released in late November 2015.

It is currently estimated that the LCR Group will record a gain on Disposal of approximately HK\$3 million (subject to adjustment and audit, and before expenses and taxes) for the year ending 31 March 2016, which is calculated by reference to the value of the Consideration Shares to be received by the LCR Group for the Disposal less the aggregate of the unaudited consolidated net asset value of the Target Company as at 31 March 2015 adjusted for the aforesaid impairment loss and after taking into account the release of exchange equalisation reserve but before expenses and taxes to be incurred.

The Disposal is expected to give rise to a gain attributable to the Lippo Group of approximately HK\$2 million (subject to adjustment and audit, and before expenses and taxes), which is calculated based on 71.24% of the LCR Group's expected gain from the Disposal.

The actual gain or loss on the Disposal will be calculated based on the unaudited consolidated net asset value of the Target Company and the value of the Consideration Shares as of the Completion Date and shall be after deduction of related expenses and taxes to be incurred which will be varied from the figure provided herein.

Shareholders of Lippo and LCR and their respective potential investors are advised to exercise caution when dealing in the shares of each of Lippo and LCR.

INFORMATION ON LIPPO, LCR AND THE VENDOR

LCR is an approximate 71.24% indirect subsidiary of Lippo. The principal business activity of LCR is investment holding. The principal activities of the subsidiaries, associates, joint ventures and joint operations of LCR include investment holding, property investment, property development, food business, property management, mineral exploration, extraction and processing, securities investment, treasury investment and money lending.

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

The principal business activity of the Vendor is investment holding.

INFORMATION ON THE PURCHASERS

To the best knowledge of the Boards of Lippo and LCR, (1) Gemdale is a company whose shares are listed on the Main Board of the Stock Exchange and Gemdale Group is principally engaged in property investment, development and management of residential, commercial and business park projects; and (2) Constant Gain is an indirect wholly-owned subsidiary of Gemdale and its principal business is investment holding.

Neither the Purchasers nor their respective holding companies are connected persons of Lippo or LCR under the Listing Rules. A joint venture of OUE Limited is interested in approximately 19.15% of the entire issued share capital of Gemdale. OUE Limited is a company listed in Singapore and a principal subsidiary of a joint venture of Lippo. To the best of the knowledge, information and belief of the respective Boards of Lippo and LCR having made all reasonable enquiries, the Purchasers, Gemdale and its ultimate beneficial owners are otherwise independent of each of Lippo and LCR and their respective connected persons.

LISTING RULES IMPLICATIONS

Since one or more of the applicable percentage ratios in respect of the Disposal exceeds 5% but is less than 25%, the Disposal constitutes a discloseable transaction for each of Lippo and LCR under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements as set out in Chapter 14 of the Listing Rules.

DEFINITIONS

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

"Board"	the board of directors;
"connected person(s)"	has the meaning ascribed to such term under the Listing Rules;
"Completion"	completion of the sale and purchase of the Sale Shares;
"Consideration"	HK\$277,937,722, to be satisfied by the allotment and issue of the Consideration Shares;
"Consideration Shares"	646,366,795 ordinary new shares to be allotted and issued by Gemdale at an issue price of HK\$0.43 per share;
"Constant Gain"	Constant Gain Developments Limited 至利發展有限公司, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of Gemdale;
"Disposal"	the disposal of the Sale Shares pursuant to the Sale and Purchase Agreement;
"Gemdale"	Gemdale Properties and Investment Corporation Limited (金地商置集團有限公司*) (Stock Code: 535), a company incorporated in Bermuda with limited liability, whose shares are listed on the Main Board of the Stock Exchange;

"Gemdale Group"	Gemdale and its subsidiaries;
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC;
"Land"	the piece of land situated at south of Heping Road and west of Xiangyu Avenue, Qinghe District, Huai'an, Jiangsu Province, PRC, the land use rights of which are owned by Lippo Realty;
"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;
"LCR Group"	LCR and its subsidiaries;
"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 Realty"	力寶置業(江蘇)有限公司 (Lippo Realty (Jiangsu) Limited), a company incorporated in the PRC and an indirect wholly-owned subsidiary of the Target Company;
"Listing Rules" or "Rule"	the Rules Governing the Listing of Securities on the Stock Exchange;
"PRC"	the People's Republic of China;
"Purchasers"	Constant Gain and Gemdale;
"Sale and Purchase Agreement"	the agreement dated 13 November 2015 entered into between the Vendor and the Purchasers in respect of the sale and purchase of the Sale Shares;
"Sale Shares"	two shares of US\$1.00 each in the Target Company, representing its entire issued share capital as at Completion;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"Target Company"	Bestbeat Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Vendor before Completion;
"Target Group"	the Target Company and its subsidiaries;
"Vendor"	Reiley Inc., a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of LCR;

"Vendor Affiliate"	北京力寶商業顧問有限公司 (Beijing Lippo Commercial Consultants Limited), an indirect wholly-owned subsidiary of LCR;
"RMB"	Renminbi, the lawful currency of the PRC;
"HK\$"	Hong Kong dollar, the lawful currency of Hong Kong;
"US\$"	United States dollar, the lawful currency of the United States; and
"%"	per cent.

** for identification purpose only*

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

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

Hong Kong, 13 November 2015

Note: For use in this announcement and for illustration purposes only, conversion of RMB into HK\$ is based on an approximate exchange rate of RMB0.82134 to HK\$1.00. No representation is made that any amount in RMB or HK\$ could be converted at such rate or any other rates.

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

Lippo

Executive Directors:

Dr. Stephen Riady (*Chairman*)
Mr. John Luen Wai Lee
(*Managing Director and
Chief Executive Officer*)

Non-executive Directors:

Mr. Jark Pui Lee
Mr. Leon Nim Leung Chan

Independent Non-executive Directors:

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

LCR

Executive Directors:

Dr. Stephen Riady (*Chairman*)
Mr. John Luen Wai Lee
(*Chief Executive Officer*)
Mr James Siu Lung Lee

Non-executive Director:

Mr. Leon Nim Leung Chan

Independent Non-executive Directors:

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