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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

INSIDE INFORMATION

MAJOR TRANSACTION DISPOSAL OF SUBSIDIARIES

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

THE DISPOSAL

The respective Boards of Lippo and LCR wish to announce that on 30 August 2019, the Seller and APG, both of which are indirect non-wholly owned subsidiaries of LCR which in turn is an indirect non-wholly owned subsidiary of Lippo, the Purchaser and BreadTalk entered into the Disposal Agreement, pursuant to which the Seller conditionally agreed to sell, and the Purchaser conditionally agreed to purchase, the Sale Shares, representing the entire issued shares of FJM for the Initial Consideration of S\$80,000,000 (equivalent to approximately HK\$452,000,000), subject to adjustments as stated below. The FJM Group is engaged in the operation of food courts and retail sale of food and beverage in the food courts managed by it in Singapore and Malaysia.

LISTING RULES IMPLICATIONS

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

Pursuant to rule 14.44 of the Listing Rules, in lieu of a resolution to be passed at a general meeting of each of Lippo and LCR, written approval of the Disposal has been obtained from each of Lippo Capital (being a substantial shareholder of Lippo) and Skyscraper (being a substantial shareholder of LCR) respectively. Since none of the Lippo Shareholders and the LCR Shareholders are required to abstain from voting under the Listing Rules if Lippo and LCR (as the case may be) were to convene general meetings for obtaining their respective shareholders' approval for the Disposal, and each of Lippo Capital and Skyscraper have given a written approval to Lippo and LCR respectively for the Disposal, no general meeting of Lippo or LCR will therefore need to be convened to approve the Disposal, as permitted under rule 14.44 of the Listing Rules.

Lippo and LCR will despatch a circular containing further details of the Disposal to the Lippo Shareholders and the LCR Shareholders respectively. In order to allow for sufficient time to prepare the information to be included in the circulars, Lippo and LCR will respectively apply to the Stock Exchange for a waiver from strict compliance of rule 14.41(a) of the Listing Rules, which requires the circular to be despatched within 15 business days after the publication of this announcement. Subject to the aforesaid waiver being granted, the Lippo Circular and the LCR Circular are expected to be despatched to the Lippo Shareholders and LCR Shareholders respectively on or before 8 October 2019.

As Completion is subject to the fulfilment of certain Conditions Precedent and may or may not proceed, the LCR Shareholders, the Lippo Shareholders and potential investors should exercise caution when dealing in the shares of LCR and/or Lippo.

INTRODUCTION

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

The respective Boards of Lippo and LCR wish to announce that on 30 August 2019, the Seller and APG, both of which are indirect non-wholly owned subsidiaries of LCR which in turn is an indirect non-wholly owned subsidiary of Lippo, the Purchaser and BreadTalk, as the guarantor, entered into the Disposal Agreement, pursuant to which, the Seller conditionally agreed to sell, and the Purchaser conditionally agreed to purchase, the Sale Shares, representing the entire issued shares of FJM for the Initial Consideration of S\$80,000,000 (equivalent to approximately HK\$452,000,000), subject to adjustments as stated below.

Summarised below are the principal terms of the Disposal Agreement:

THE DISPOSAL AGREEMENT

Date: 30 August 2019

Parties: (1) APG;
(2) the Seller;
(3) the Purchaser; and
(4) BreadTalk

Assets to be disposed

Subject to the terms and conditions of the Disposal Agreement, the Seller has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, the Sale Shares, representing the entire issued shares of FJM, free from all encumbrances and together with all rights attaching thereto as at the Completion Date.

Consideration

The Initial Consideration is S\$80,000,000 (equivalent to approximately HK\$452,000,000) which shall be payable by the Purchaser to the Seller, in cash, in the following manner:

- (a) a sum of S\$800,000 (equivalent to approximately HK\$4,520,000), as the deposit, being 1% of the Initial Consideration, which shall be payable by the Purchaser to the Seller within 5 Business Days of the date of the Disposal Agreement; and
- (b) the balance of the Initial Consideration of S\$79,200,000 (equivalent to approximately HK\$447,480,000) payable on the Completion Date, which shall be subject to customary adjustments for the estimated net cash of the FJM Group as at Completion and the difference between the estimated NWC of the FJM Group as at Completion and the agreed reference NWC of the FJM Group, as well as certain other agreed adjustments.

Following Completion, the Initial Consideration is subject to further customary adjustments for the difference between such estimated net cash and NWC and the actual net cash and NWC of the FJM Group as at Completion.

The respective Boards of Lippo and LCR do not expect all these adjustments to the Consideration will be so significant as to result in a change in the classification of the Disposal under Chapter 14 of the Listing Rules.

The Consideration was agreed after arm's length negotiations between APG and BreadTalk with reference to the earnings before interest, taxes, depreciation and amortization of the FJM Group, and was made on a cash-free, debt-free basis and based on a normalised NWC of the FJM Group; as well as taking into account factors such as, the quality of the assets and earnings of the FJM Group, the value of the FJM Group's existing network of food courts and food and beverage stalls in its food courts, and the future potential of the FJM Group.

Conditions Precedent of the Disposal Agreement

Completion of the Disposal Agreement shall be conditional upon, among others:

- (i) the approvals of the LCR Shareholders, the Lippo Shareholders and the BreadTalk Shareholders (if required) for the Disposal having been obtained and remaining in full force and effect as at Completion;
- (ii) the FJM Group having received the consent, waiver, ruling or decision from certain parties and regulatory bodies in respect of the sale of the FJM Group to the Purchaser; and

- (iii) there having been no decree, determination, injunction, judgment or other order issued by any court or governmental authority of competent jurisdiction which has the effect of restraining or otherwise prohibiting consummation of the transactions contemplated in the Disposal Agreement and which remains in force and effect as at the Completion Date.

If on or prior to the Long Stop Date, any of the above Conditions Precedent are not satisfied or are incapable of satisfaction and such condition(s) has or have not been waived in accordance with the Disposal Agreement, the Disposal Agreement shall terminate.

Guarantee

APG has provided an unconditional and irrevocable guarantee in relation to the Seller's payment obligations under the Disposal Agreement in respect of any claim for breach of the Seller's warranties or indemnities pursuant to the Disposal Agreement.

BreadTalk has provided an unconditional and irrevocable guarantee in relation to the Purchaser's payment obligations under the Disposal Agreement in respect of any claim for breach of the Purchaser's warranties, undertakings, agreements or obligations under or pursuant to the Disposal Agreement.

OTHER TERMS OF THE DISPOSAL AGREEMENT

Voting undertakings

As part of the terms for entering into the Disposal Agreement, each of Lippo Capital (being a substantial shareholder of Lippo) and Skyscraper (being a substantial shareholder of LCR) have undertaken to approve the Disposal Agreement and the transactions contemplated therein by way of a written shareholders' approval pursuant to the Listing Rules, and they have each given written approval to Lippo and LCR respectively.

Certain BreadTalk Shareholders, who hold more than 50% of all the outstanding shares in BreadTalk, have also undertaken to approve the Disposal Agreement and the transactions contemplated therein at the general meeting of shareholders of BreadTalk.

Completion of the Disposal Agreement

Completion shall take place after satisfaction or waiver of the Conditions Precedents and other terms and conditions of the Disposal Agreement. In the case that the Conditions Precedents are satisfied or waived on such date falling no later than the fifth last Business Day of a calendar month, Completion shall take place on the last Business Day of that calendar month. In the case that the Conditions Precedents are satisfied or waived on such date falling later than the fifth last Business Day of a calendar month, Completion shall take place on the last Business Day of the immediately following calendar month.

Indemnities

Under the Disposal Agreement and subject to the applicable limitation of liabilities, the Seller has given certain customary indemnities relating to, among others, the tax liabilities of the FJM Group prior to Completion.

Assignment of trademarks

As part of the transactions contemplated under the Disposal Agreement, on 30 August 2019, APG and BTG Vault have entered into the intellectual property rights assignment agreement, pursuant to which APG agrees to sell and assign to, and BTG Vault agrees to purchase, the IP Rights and certain domain names owned by APG.

Non-competition and non-solicitation

For a period of 24 months from the Completion Date, the Seller shall not, and shall cause its affiliates (which include the Lippo Group and the LCR Group), whether alone or together with other persons, without prior written consent of the Purchaser, not to:

- (a) start, carry on, consult for, be engaged, concerned, interested in, or other engage in the business of operating and managing foods courts in certain Asian countries; and
- (b) endeavour to entice certain suppliers of the FJM Group away from, or cause such suppliers to cease supply to any FJM Group Company.

For a period of 24 months from the Completion Date and subject to permitted exceptions set out in the Disposal Agreement, the Seller shall not, and shall cause its affiliates (which include the Lippo Group and the LCR Group), whether alone or together with other persons, without prior written consent of the Purchaser, not to, solicit certain employees or ex-employees of the FJM Group.

INFORMATION ON THE FJM GROUP

FJM is a company incorporated in Singapore with limited liability and is wholly-owned by the Seller which in turn is an indirect non-wholly owned subsidiary of Lippo and LCR. The FJM Group is engaged in the operation of food courts and retail sale of food and beverage in the food courts managed by it in Singapore and Malaysia.

The LCR Group, through wholly-owned subsidiaries and non-wholly owned subsidiaries, is interested in approximately 50.3% of the issued shares in APG which in turn is holding approximately a 98.1% interest in the Seller. The remaining interest in the issued shares of APG are held by Dr. Stephen Riady, the chairman and executive director of Lippo and LCR, and his son-in-law, Dr. Andy Adhiwana through companies owned by each of them respectively.

Set out below is the unaudited consolidated net profit/(loss) of the FJM Group, prepared in accordance with generally accepted accounting principles in Singapore for the years ended 31 December 2017 and 31 December 2018 respectively:

	For the years ended 31 December 2017		For the years ended 31 December 2018	
	S\$'000	HK\$'000	S\$'000	HK\$'000
Net profit before taxation	4,145	23,419	35	198
Net profit/(loss) after taxation	3,081	17,408	(219)	(1,237)

As at 30 June 2019, the unaudited net asset value of the FJM Group was approximately S\$8,708,000 (equivalent to approximately HK\$49,200,000).

INFORMATION ON LIPPO AND LCR

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

The principal business activity of LCR is investment holding. The principal activities of the subsidiaries, associates, joint ventures and joint operation of LCR include investment holding, property investment, property development, healthcare services, food businesses, property management, mineral exploration and extraction, securities investment, treasury investment and money lending.

INFORMATION ON THE PURCHASER AND BREADTALK

The Purchaser is a company incorporated in Singapore whose principal business activity is that of investment holding and is a wholly-owned subsidiary of BreadTalk.

BreadTalk is a company incorporated in Singapore whose shares are listed on the SGX-ST and whose principal business activity is that of investment holding and provision of management services. As part of its food and beverage operations, BreadTalk and its subsidiaries operate food courts under the Food Republic and Food Opera brands in Singapore, Malaysia, Mainland China, Hong Kong, Taiwan, Cambodia and Thailand.

The respective Boards of Lippo and LCR respectively confirm that, to the best of their knowledge, information and belief, having made all reasonable enquiries, the Purchaser, BreadTalk and their ultimate beneficial owners are third parties independent of Lippo and LCR and Connected Persons of each of Lippo and LCR respectively.

REASON FOR AND BENEFIT OF THE DISPOSAL

The respective Boards of Lippo and LCR undertake strategic reviews of their respective assets from time to time with a view to maximizing returns to their respective shareholders.

The FJM Group is engaged in the operation of food courts and retail sale of food and beverage in the food courts managed by it in Singapore and Malaysia. In the past few years, the FJM Group has experienced keen competition, rising costs and disruptions from e-commerce, in-line with the general food and beverage retail industry in Singapore and Malaysia. In particular, such shifting trends in the retail industry due to e-commerce have also increased food and beverage presence in retail malls, where the FJM Group principally operates in.

In view of the increasingly competitive food and beverage retail industry, which is likely to lead to consolidation to take advantage of economies of scale, the respective Boards of Lippo and LCR considered the options in respect of the FJM Group's business and were of the view that the acquisition of similar businesses would require committing significant further resources into the FJM Group and bearing the risk of operating in an increasing competitive

market which would affect profits and returns whereas any mergers with other businesses may have the risk of the LCR Group losing control over the business of the FJM Group. The respective Boards of Lippo and LCR consider that these options would not be in line with the Lippo Group and LCR Group's respective business plans and strategies.

In response to an approach from an intermediary to discuss a possible transaction involving the food court business of both APG and BreadTalk, APG commenced exploratory discussions with BreadTalk which culminated in the Disposal Agreement. The offer received from BreadTalk is attractive and reflects a premium that BreadTalk is willing to give to acquire the FJM Group's business under its own single platform which will provide further synergy and allows APG to unlock and realise its investment at an opportune time.

In view of the above and the basis of determination of the Consideration (including the expected gain from the Disposal as stated below), the respective Boards of Lippo and LCR consider that the terms of the Disposal Agreement (including the Consideration) are fair and reasonable and the Disposal is in the interests of Lippo and LCR and the Lippo Shareholders and LCR Shareholders as a whole.

Upon Completion, the FJM Group will cease to be subsidiaries of each of LCR and Lippo and the results, assets and liabilities of the FJM Group will cease to be consolidated into the accounts of each of LCR and Lippo.

FINANCIAL EFFECT OF THE DISPOSAL

The Disposal is expected to give rise to a non-recurring gain attributable to the LCR Group of approximately HK\$95 million (subject to adjustments and audit, and before expenses and taxes), which is calculated based on the effective share of the APG Group's expected non-recurring gain from the disposal of subsidiaries, being the difference between the Initial Consideration and the unaudited net asset value of FJM Group as at 30 June 2019, adjusted for intangible assets attributable to the FJM Group and after taking into account the release of exchange equalisation reserve.

The Disposal is expected to give rise to a non-recurring gain attributable to the Lippo Group of approximately HK\$71 million (subject to adjustments and audit, and before expenses and taxes), which is calculated based on 74.99% of the LCR Group's expected non-recurring gain from the Disposal.

The exact amount of the gain on the Disposal to be recorded in the consolidated statement of profit or loss of the LCR Group and the Lippo Group upon Completion is subject to adjustments as stated above and audit, and will be calculated based on the carrying value of the FJM Group as at the Completion Date and the adjusted Consideration net of any incidental expenses and taxes and therefore may be varied from the figures provided above.

USE OF PROCEEDS

It is currently intended that the net proceeds from the Disposal will be applied for investment and capital expenditure and as general working capital of the LCR Group (including APG Group) including repayment of the LCR Group's (including APG Group) borrowings and/or be distributed as dividends to APG's shareholders of which the LCR Group will be entitled to approximately 50.3% based on its shareholding interest in APG.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios under rule 14.07 of the Listing Rules in respect of the Disposal exceed 25% but all are less than 75% for each of Lippo and LCR, the Disposal constitutes a major transaction for each of Lippo and LCR under Chapter 14 of the Listing Rules which is subject to the notification, publication and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Pursuant to rule 14.44 of the Listing Rules, in lieu of a resolution to be passed at a general meeting of each of Lippo and LCR, written approval of the Disposal has been obtained from each of Lippo Capital and Skyscraper respectively. Lippo Capital (together with its wholly-owned subsidiary, J & S Company Limited) holds 369,800,219 Lippo Shares, representing approximately 74.98% of the Lippo Shares in issue as at the date of this announcement having the right to attend and vote at general meetings of Lippo. Skyscraper holds 6,890,184,389 LCR Shares, representing approximately 74.99% of the LCR Shares in issue as at the date of this announcement having the right to attend and vote at general meetings of LCR. Since none of the Lippo Shareholders and the LCR Shareholders are required to abstain from voting under the Listing Rules if Lippo and LCR (as the case may be) were to convene general meetings for obtaining their respective shareholders' approval for the Disposal, and each of Lippo Capital and Skyscraper have given a written approval to Lippo and LCR respectively to approve the Disposal, no general meeting of Lippo or LCR will therefore need to be convened to approve the Disposal, as permitted under rule 14.44 of the Listing Rules.

Lippo and LCR will despatch a circular containing further details of the Disposal to the Lippo Shareholders and the LCR Shareholders respectively. In order to allow for sufficient time to prepare the information to be included in the circulars, Lippo and LCR will respectively apply to the Stock Exchange for a waiver from strict compliance of rule 14.41(a) of the Listing Rules, which requires the circular to be despatched within 15 business days after the publication of this Announcement. Subject to the aforesaid waiver being granted, the Lippo Circular and the LCR Circular are expected to be despatched to the Lippo Shareholders and LCR Shareholders respectively on or before 8 October 2019.

As Completion is subject to the fulfilment of certain Conditions Precedent and may or may not proceed, the LCR Shareholders, the Lippo Shareholders and potential investors should exercise caution when dealing in the shares of LCR and/or Lippo.

DEFINITIONS

Unless the context otherwise require, the following expressions have the following meanings in this announcement:

"APG"	Auric Pacific Group Limited, a company incorporated in Singapore and an approximately 50.3% indirect subsidiary of LCR;
"APG Group"	APG and its subsidiaries;
"Board"	board of directors;
"BreadTalk"	BreadTalk Group Limited, a company incorporated in Singapore and listed on the SGX-ST;

"BreadTalk Shareholder(s)"	holder(s) of share(s) in BreadTalk;
"BTG Vault"	BTG Vault Pte. Ltd., a company incorporated in Singapore and a wholly-owned subsidiary of the BreadTalk;
"Business Day"	a day on which banks are open for business in Singapore excluding Saturdays, Sundays and public holidays in Singapore;
"Completion"	completion of the Disposal Agreement subject to and pursuant to the terms and conditions as stipulated therein;
"Completion Date"	the date, being a Business Day, on which Completion actually takes place;
"Conditions Precedent"	the conditions precedent to the completion of the Disposal Agreement as set out in the paragraph headed "Conditions Precedent of the Disposal Agreement" in this announcement;
"Connected Person(s)"	has the meaning ascribed to such term under the Listing Rules;
"Consideration"	the consideration payable by the Purchaser to the Seller for the sale and purchase of the Sale Shares;
"Controlling Shareholder"	has the meaning ascribed to such term under the Listing Rules;
"Disposal"	the disposal of the Sale Shares, representing the entire issued shares of FJM, pursuant to the Disposal Agreement;
"Disposal Agreement"	the agreement dated 30 August 2019 entered into by APG, the Seller, the Purchaser and BreadTalk in respect of the sale and purchase of the Sale Shares;
"FJM"	Food Junction Management Pte Ltd, a company incorporated in Singapore and a direct wholly-owned subsidiary of the Seller;
"FJM Group"	FJM and its subsidiaries and each a "FJM Group Company" ;
"Hong Kong"	Hong Kong Special Administrative Region of the People's Republic of China;

"Initial Consideration"	the initial consideration in the amount of S\$80,000,000 (equivalent to approximately HK\$452,000,000) payable by the Purchaser to the Seller which shall be subject to adjustments;
"IP Rights"	certain trademarks which have been registered (either pending or fully registered) by APG, which are being used in the business of the FJM Group or are related to the business of the FJM Group;
"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 Stock Exchange and an approximately 74.99% indirect subsidiary of Lippo;
"LCR Circular"	the circular containing further details of the Disposal to be dispatched by LCR to the LCR Shareholders;
"LCR Group"	LCR and its subsidiaries;
"LCR Share(s)"	issued share(s) in LCR;
"LCR Shareholder(s)"	holder(s) of LCR Shares;
"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;
"Lippo Capital"	Lippo Capital Limited, a company incorporated in Cayman Islands with limited liability and a Controlling Shareholder holding more than 50% of the voting rights of Lippo;
"Lippo Circular"	the circular containing further details of the Disposal to be dispatched by Lippo to the Lippo Shareholders;
"Lippo Group"	Lippo and its subsidiaries, which includes the LCR Group;
"Lippo Share(s)"	issued share(s) in Lippo;
"Lippo Shareholder(s)"	holder(s) of Lippo Share(s);
"Listing Rules" or "rule"	Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time;

"Long Stop Date"	5:00 p.m. on the date falling three months after the date of the Disposal Agreement which, under certain circumstances, may be extended to four months after the date of the Disposal Agreement (or such other time and date as may be agreed in writing);
"NWC"	net working capital;
"Purchaser"	Topwin Investment Holding Pte Ltd, a company incorporated in Singapore and a wholly-owned subsidiary of BreadTalk;
"Sale Shares"	1,489,000 ordinary shares in, representing the entire issued shares of, FJM;
"Seller"	Food Junction Holdings Limited, a company incorporated in Singapore and an indirect non-wholly owned subsidiary of APG;
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
"SGX-ST"	Singapore Exchange Securities Trading Limited;
"Singapore"	the Republic of Singapore;
"Skyscraper"	Skyscraper Realty Limited, a company incorporated in the British Virgin Islands with limited liability and a Controlling Shareholder holding more than 50% of the voting rights of LCR;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"HK\$"	Hong Kong dollar(s), the lawful currency of Hong Kong;
"S\$"	Singapore dollar(s), the lawful currency of Singapore; and
"%"	per cent.

For the purpose of illustration only and unless otherwise stated, conversion of S\$ into HK\$ in this announcement is based on the exchange rate of S\$1 to HK\$5.65. Such conversion should not be construed as a representation that any amount has been, could have been, or may be, exchanged at this rate or any other rate.

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, 30 August 2019

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