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If you have sold or transferred all your shares in Lippo Limited, you should at once hand this circular to the purchaser or the transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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LIPPO LIMITED
力寶有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 226)

MAJOR TRANSACTION

DISPOSAL OF SUBSIDIARIES

A letter from the Board is set out on pages 5 to 14 of this circular.

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DEFINITIONS

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

“Associated Corporation(s)”	has the same meaning ascribed to such term under Part XV of the SFO;
“APG”	Auric Pacific Group Limited, a company incorporated in Singapore with limited liability and an approximately 50.3% indirect subsidiary of LCR;
“APG Group”	APG and its subsidiaries;
“Board”	the board of Directors;
“BreadTalk”	BreadTalk Group Limited, a company incorporated in Singapore with limited liability 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 with limited liability and a wholly-owned subsidiary of BreadTalk;
“Business Day”	a day on which banks are open for business in Singapore excluding Saturdays, Sundays and public holidays in Singapore;
“close associates”	has the same meaning ascribed to such term under the Listing Rules;
“Company”	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;
“Completion”	completion of the Disposal Agreement subject to and pursuant to the terms and conditions of the Disposal Agreement;
“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 circular;
“Connected Person(s)”	has the same meaning ascribed to such term under the Listing Rules;

DEFINITIONS

“Consideration”	the consideration payable by the Purchaser to the Seller for the sale and purchase of the Sale Shares;
“Controlling Shareholder”	has the same meaning ascribed to such term under the Listing Rules;
“Directors”	directors of the Company;
“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 with limited liability and a direct wholly-owned subsidiary of the Seller;
“FJM Group”	FJM and its subsidiaries and each a “FJM Group Company”;
“Group”	the Company and its subsidiaries;
“HKC”	Hongkong Chinese Limited (香港華人有限公司*), a company incorporated in Bermuda with limited liability whose shares are listed on the Stock Exchange and an approximately 73.95% indirect subsidiary of the Company;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“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, including the trademarks of food junction, toast junction and 福將坊 in certain Asian countries and the domain name of foodjunction.com;
“Latest Practicable Date”	8 October 2019, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular;

DEFINITIONS

“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 the Company;
“LCR Group”	LCR and its subsidiaries;
“LCR Shareholder(s)”	holder(s) of issued share(s) in LCR;
“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 the Company;
“Lippo Capital Group”	Lippo Capital Group Limited, a company incorporated in Hong Kong with limited liability;
“Lippo Capital Holdings”	Lippo Capital Holdings Company Limited, a company incorporated in the British Virgin Islands with limited liability;
“Listing Rules” or “rule”	the 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);
“Malaysia”	the Federation of Malaysia;
“Model Code”	the Model Code for Securities Transactions by Directors of the Listed Issuers, as set out in Appendix 10 to the Listing Rules;
“NWC”	net working capital;
“PRC”	the People’s Republic of China;
“Purchaser”	Topwin Investment Holding Pte Ltd, a company incorporated in Singapore with limited liability and a wholly-owned subsidiary of BreadTalk;
“Sale Shares”	1,489,000 ordinary shares in, representing the entire issued shares of, FJM;

DEFINITIONS

“Seller”	Food Junction Holdings Limited, a company incorporated in Singapore with limited liability 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;
“Share(s)”	share(s) in the Company;
“Shareholder(s)”	holder(s) of Shares;
“Singapore”	the Republic of Singapore;
“Skyscraper”	Skyscraper Realty Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“U.S.A.” or United States”	the United States of America;
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong;
“RM”	Malaysian Ringgit(s), the lawful currency of Malaysia;
“S\$”	Singapore dollar(s), the lawful currency of Singapore;
“THB”	Thai Baht(s), the lawful currency of Thailand;
“US\$”	United States dollar(s), the lawful currency of the United States; and
“%”	per cent.

* *For identification purpose only*

Note:

- (1) For the purpose of illustration only and unless otherwise stated, conversion of S\$ into HK\$ in this circular is based on the exchange rate of S\$1.00 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.
- (2) Certain English translation of Chinese names used in this circular are included for information purpose only and should not be relied upon as the official translation of such Chinese names.

LETTER FROM THE BOARD



LIPPO LIMITED
力寶有限公司

(Incorporated in Hong Kong with limited liability)
(Stock Code: 226)

Executive Directors:

Dr. Stephen Riady (*Chairman*)
Mr. John Luen Wai Lee, BBS, JP
(*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

Registered Office:

40th Floor
Tower Two
Lippo Centre
89 Queensway
Hong Kong

14 October 2019

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION
DISPOSAL OF SUBSIDIARIES

INTRODUCTION

Reference was made to the joint announcement dated 30 August 2019 made by the Company and LCR relating to the Disposal.

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 the Company, 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.

The purpose of this circular is to provide you with, among other things, further details of the Disposal and other information required under the Listing Rules.

LETTER FROM THE BOARD

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 consideration for the Sale Shares shall be the Initial Consideration of 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 was paid 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.

The above NWC of the FJM Group is calculated based on the sum of certain current assets including inventories, trade and other receivables less certain current liabilities including trade payables, deferred income and other payables and accruals.

Following Completion, the Initial Consideration shall be further adjusted so that the final Consideration to be paid for the Sale Shares shall be (i) increased, on a dollar for dollar basis, when the actual net cash is more than the estimated net cash; and when the actual NWC is more than the estimated NWC (if it is a positive figure) or when the actual net NWC is less than the estimated NWC (if it is a negative figure); or (ii) reduced, on a dollar to dollar basis, when the actual net cash is less than the estimated net cash; and when the actual net NWC is less than the estimated NWC (if it is a positive figure) or when the actual net NWC is more than the estimated NWC (if it is a negative figure).

LETTER FROM THE BOARD

Based on currently available information and assuming Completion will take place on 31 October 2019, the Company estimates that the total upward adjustments to the Initial Consideration would be close to S\$12,000,000 (equivalent to approximately HK\$67,800,000) based on the net cash and NWC of the FJM Group by reference to the monthly management accounts of the FJM Group as at 30 June 2019 and allowing a buffer for any unexpected movements. Accordingly, the Board does not expect that the adjustments to the Consideration would be so significant as to result in a change in the classification of the Disposal under Chapter 14 of the Listing Rules as it is expected that there will not be any unusual or unforeseen events that will affect the business of the FJM Group prior to Completion and the FJM Group will continue its normal course of business up to Completion. Therefore, it is expected that there will not be any significant difference between the estimated net cash and NWC at Completion and the actual net cash and NWC at Completion.

The Consideration was agreed after arm's length negotiations between APG and BreadTalk with reference to the market price to earnings multiples of comparable companies listed on the SGX-ST, which operate food and beverage business similar to the FJM Group, with the range of approximately 6 times to approximately 7.8 times; and 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, the historical earnings before interest, taxes, depreciation and amortisation of the FJM Group (adjusted to exclude mainly the head office expenses and non-recurring events including losses incurred from the self-run stalls which had been closed) which amounted to approximately S\$9,000,000 (equivalent to approximately HK\$50,850,000) for the financial year ended 31 December 2018 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:

- (a) the approvals of the Shareholders, the LCR Shareholders and the BreadTalk Shareholders (if required) for the Disposal having been obtained and remaining in full force and effect as at Completion;
- (b) 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
- (c) 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.

The Board is not aware of any matters which would restrain or otherwise prohibit the consummation of the transactions contemplated in the Disposal Agreement. Further, BreadTalk has announced on 17 September 2019 that the transactions contemplated under the Disposal Agreement will not be subject to the approval of the BreadTalk Shareholders.

If on or prior to the Long Stop Date, any of the Conditions Precedent in the Disposal Agreement 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.

LETTER FROM THE BOARD

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 the Company) 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 the Company and LCR respectively.

Certain BreadTalk Shareholders, who hold more than 50% of 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 Precedent and other terms and conditions of the Disposal Agreement. In the case that the Conditions Precedent 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 Precedent 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.

LETTER FROM THE BOARD

Assignment of trademarks

As part of the transactions contemplated under the Disposal Agreement, on 30 August 2019, APG and BTG Vault entered into the intellectual property rights assignment agreement, pursuant to which APG agreed to sell and assign to, and BTG Vault agreed to purchase, the IP Rights and certain domain names owned by APG. Pursuant to the terms of the such agreement, with effect from Completion, APG will assign all rights, titles and interests owned by it in the IP Rights including the absolute entitlement to any registrations granted with regards to such IP Rights, all goodwill attaching to them and the right to bring or defend proceedings or actions and obtain relief in respect of any infringement to the IP Rights occurring before, on or after Completion.

The consideration payable for the assignment of the IP rights was S\$1 (equivalent to approximately HK\$5.65). APG has agreed not to use specific phrases: food junction, toast junction and 福將坊 as a trademark in any part of the world to start or carry on or engage in the business of operating and managing food courts after Completion or to file any new trademark applications for the same, without prior consent from BTG Vault.

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 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 otherwise engage in the business of operating and managing food 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 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 the Company. 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.

LETTER FROM THE BOARD

The FJM Group operates 12 food courts and 21 food and beverage stalls in Singapore, as well as 3 food courts and 2 drinks stalls in Malaysia. The FJM Group is also expected to run the fourth food court in Malaysia in the first half of 2020. The products and services in Singapore and Malaysia are conducted primarily under the following trading names, business names and brand names:

- | | |
|--|---|
| <ul style="list-style-type: none"> ● Food Junction ● Five Spice ● 福將坊 ● The Food Place ● The Food Market ● Toast Junction ● Western & Italian | <ul style="list-style-type: none"> ● Tanglin Fish Soup ● Puchong Yong Tau Foo ● Buntong Chicken Rice ● Mala Society ● Juice Barn ● Dessert+ |
|--|---|

As at the Latest Practicable Date, the Group, through the LCR Group, is interested in approximately 50.3% of the issued shares in APG which in turn is holding approximately 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 the Company, 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 year ended 31 December 2017		For the year ended 31 December 2018	
	<i>S\$'000</i>	<i>HK\$'000</i>	<i>S\$'000</i>	<i>HK\$'000</i>
Net profit before taxation	4,145	23,419	35	198
Net profit/(loss) after taxation	3,081	17,408	(219)	(1,237)

The reduction of the FJM Group's profitability for the year ended 31 December 2018 was mainly due to higher operating expenses and lower revenues from its food court business and losses incurred from the expansion of self-run stalls, which were subsequently closed in late 2018.

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).

LETTER FROM THE BOARD

INFORMATION ON THE COMPANY

The principal business activity of the Company is investment holding. The principal activities of the subsidiaries, associates, joint ventures and joint operation of the Company 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.

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 Board confirms that, to the best of its knowledge, information and belief, having made all reasonable enquiries, the Purchaser, BreadTalk and their ultimate beneficial owners are third parties independent of the Company and its Connected Persons.

REASON FOR AND BENEFIT OF THE DISPOSAL

The Board undertakes strategic reviews of the Group's assets from time to time with a view to maximising returns to the 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 Board considered the options in respect of the FJM Group's business and was 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 Group losing control over the business of the FJM Group. The Board considers that these options would not be in line with the Group's business plans and strategies.

LETTER FROM THE BOARD

In response to the 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 with BreadTalk's existing business which will allow BreadTalk to unlock the future potential of the FJM Group and accordingly the Consideration, representing a higher enterprise value to EBITDA multiple, would offer an attractive opportunity to the Group to unlock the value of this investment.

For its remaining food businesses, the Group will continue to focus on its food manufacturing business and food retail business after Completion. The manufacturing of bakery products under the "Sunshine" bakery business, the key brands of which are "Sunshine" and "Top-One", are well-recognised consumer brands in Singapore and the Group has constructed a new manufacturing factory in Malaysia which is expected to commence operation by end of this year. The Group has also been expanding its food retail business, including the opening of new outlets in Hong Kong under the trade name "Chatterbox Café", the first outlet of which was opened in early September 2019.

As the food court business is separately managed from the remaining food businesses, the Board is of the view that the existing operation and the current plans for the future operation of the Group's remaining food businesses will not be affected. The Board is also of the view that the non-competition and non-solicitation clauses in the Disposal Agreement are common in transactions of this type and would be required by any purchaser of a business of this nature as an undertaking.

In view of the above and the basis of determination of the Consideration (including the expected gain from the Disposal as stated below), the Board considers that the terms of the Disposal Agreement (including the Consideration, the non-competition and non-solicitation clauses) are fair and reasonable and the Disposal is in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECTS 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 the release of the carrying amounts of goodwill and trademarks related to the FJM Group as at 30 June 2019 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 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.

LETTER FROM THE BOARD

The exact amount of the gain on the Disposal to be recorded in the consolidated statement of profit or loss of the 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.

Upon Completion, the FJM Group will cease to be subsidiaries of the Company and the results, assets and liabilities of the FJM Group will cease to be consolidated into the accounts of the Company. In addition, the Disposal would have an effect of increasing the consolidated total assets of the Group and decreasing the consolidated total liabilities of the Group.

USE OF PROCEEDS

As the FJM Group is not wholly-owned by the APG Group, it is expected that the APG Group will receive approximately 98.1% of the net proceeds of the Disposal, being the pro-rata amount in respect of its shareholding in the FJM Group. 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 the APG Group) including repayment of the LCR Group's (including the 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. The LCR Group has not yet decided the specific allocation of the net proceeds for each of the proposed applications.

LISTING RULES IMPLICATION

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 the Company, the Disposal constitutes a major transaction for the Company 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 the Company, written approval of the Disposal has been obtained from Lippo Capital. Lippo Capital (together with its wholly-owned subsidiary, J & S Company Limited) holds 369,800,219 Shares, representing approximately 74.98% of the Shares in issue as at the Latest Practicable Date having the right to attend and vote at general meetings of the Company. Since none of the Shareholders are required to abstain from voting under the Listing Rules if the Company were to convene a general meeting for obtaining the Shareholders' approval for the Disposal, and Lippo Capital has given a written approval to the Company to approve the Disposal, no general meeting of the Company will therefore need to be convened to approve the Disposal, as permitted under rule 14.44 of the Listing Rules.

LETTER FROM THE BOARD

RECOMMENDATION

The Directors (including the independent non-executive Directors) are of the view that the Disposal and the transactions contemplated thereunder are on normal commercial terms, which are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and would recommend the Shareholders to vote in favour of the resolution to approve the Disposal and the transactions contemplated thereunder if the Company were to convene an extraordinary general meeting to approve the Disposal.

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
LIPPO LIMITED
John Luen Wai Lee
Managing Director and Chief Executive Officer

1. FINANCIAL INFORMATION OF THE GROUP FOR EACH OF THE THREE YEARS ENDED 31 MARCH 2017, 2018 AND 2019

Financial information of the Group for each of the three years ended 31 March 2017, 31 March 2018 and 31 March 2019 is disclosed in the following documents which have been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.lippoltd.com.hk) and can be accessed at the website addresses below:

For the annual report of the Company for the year ended 31 March 2017, please see:
www.lippoltd.com.hk/file/financial_report/eng/E_AR_2016.pdf

For the annual report of the Company for the year ended 31 March 2018, please see:
www.lippoltd.com.hk/file/financial_report/eng/E_AR_2017.pdf

For the annual report of the Company for the year ended 31 March 2019, please see:
www.lippoltd.com.hk/file/financial_report/eng/E_00226_AR_2018.pdf

2. INDEBTEDNESS STATEMENT

As at 31 August 2019, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had outstanding indebtedness of approximately HK\$2,057 million, comprising secured bank loans of approximately HK\$1,021 million, unsecured bank loans of approximately HK\$572 million, unsecured other loan of approximately HK\$149 million, unsecured notes of approximately HK\$278 million, secured hire purchase commitment of approximately HK\$1 million, secured bankers' guarantees of approximately HK\$12 million and unsecured bankers' guarantees of approximately HK\$24 million.

The bank loans were secured by certain investments properties, land and buildings and shares in certain listed subsidiaries of the Group. The hire purchase commitment was secured by the rights to certain leased fixed assets. The bankers' guarantees were secured by certain bank deposits of the Group and corporate guarantees from the shareholders of a subsidiary.

Save as aforesaid and apart from intra-group liabilities, the Group did not, as at 31 August 2019, 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 31 August 2019.

3. WORKING CAPITAL

Taking into account the financial resources available to the Group, including internally generated funds, available facilities from banks and the net proceeds from the Disposal, the Directors are of the opinion that the Group has sufficient working capital for its requirements for at least 12 months from the date of this circular.

4. FINANCIAL AND TRADING PROSPECTS

Global economic growth has slowed notably. Trade tensions, Brexit negotiations, cautious market sentiments and the geopolitical environment have added uncertainties to the global economy. Such uncertainties have affected business confidence and increased volatility in global financial markets. The offer received from BreadTalk for the Disposal 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 value and realise its investment at an opportune time. 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 the APG Group) including repayment of the LCR Group's (including the 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. Upon Completion, the remaining food businesses of the Group will mainly comprise of manufacturing of bakery products and food retail in chains of bakeries, cafés and bistros in Singapore and Hong Kong. The Group intends to focus on the parts of its remaining businesses and development of house brands which can generate better returns from investments. The property investment portfolio of the Group is located mainly in Hong Kong and mainland China and provides a stable recurring income to the Group. With a substantial portion of the completed development properties sold in prior periods, the Group will be watchful for good property development projects. In relation to the "securities and treasury investment" segment, the Group will continue to manage its investment portfolio in accordance with the investment committee's terms of reference and look for opportunities to enhance yields and seek gains. The Group will maintain a diversified investment portfolio including listed and unlisted equity securities, debt securities, investment funds and other structural products. The current volatility in the financial markets is expected to present opportunities for the Group's investment in a listed closed-end fund in Singapore to identify special situations, corporates deleveraging and non-core secondary assets at attractive valuations. The Group is optimistic about the prospects in the healthcare industry in Singapore, and has established its presence in this field through the investment in Healthway Medical Corporation Limited ("Healthway") which has a wide network of medical centres and clinics in Singapore providing comprehensive healthcare services. The ongoing business optimisation measures of Healthway and the rebranding initiatives will continue to anchor its transformation efforts going forward. The Group is watchful of market developments. It will cautiously monitor its investments and assess new business opportunities with a view to delivering sustainable long term shareholder return.

5. NO MATERIAL ADVERSE CHANGE

Save as disclosed herein, the Directors confirm that there are no material adverse changes in the financial or trading position of the Group since 31 March 2019 (being the date to which the latest published audited consolidated financial statements of the Company were made up).

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 and 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 which had been 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 they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code 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)	Corporate interests (interest of controlled corporations)	Total interests	Approximate percentage of total interests in the issued shares
Number of Shares					
Stephen Riady	—	—	369,800,219 <i>Note (i)</i>	369,800,219	74.98
Jark Pui Lee	—	60	—	60	0.00
John Luen Wai Lee	1,031,250	—	—	1,031,250	0.21
Number of ordinary shares in LCR					
Stephen Riady	—	—	6,890,184,389 <i>Notes (i) and (ii)</i>	6,890,184,389	74.99
Number of ordinary shares of HK\$1.00 each in HKC					
Stephen Riady	—	—	1,477,715,492 <i>Notes (i) and (iii)</i>	1,477,715,492	73.95
Jark Pui Lee	469	469	—	938	0.00
John Luen Wai Lee	2,000,270	270	—	2,000,540	0.10
King Fai Tsui	600,000	75,000	—	675,000	0.03

Note:

- (i) As at the Latest Practicable Date, Lippo Capital, an Associated Corporation of the Company, and through its wholly-owned subsidiary, J & S Company Limited, was directly and indirectly interested in an aggregate of 369,800,219 Shares, representing approximately 74.98% of the issued shares of the Company. Lippo Capital was a 60% owned subsidiary of Lippo Capital Holdings, an Associated Corporation of the Company, which in turn was a wholly-owned subsidiary of Lippo Capital Group, an Associated Corporation of the Company. Dr. Stephen Riady was the beneficial owner of one ordinary share in, representing 100% of the issued share capital of, Lippo Capital Group.
- (ii) As at the Latest Practicable Date, the Company, through its 100% owned subsidiaries, was indirectly interested in 6,890,184,389 ordinary shares in, representing approximately 74.99% of the issued shares of, LCR.
- (iii) As at the Latest Practicable Date, the Company, through its 100% owned subsidiaries, was indirectly interested in 1,477,715,492 ordinary shares of HK\$1.00 each in, representing approximately 73.95% of the issued shares of, HKC.

As mentioned in Note (i) above, Dr. Stephen Riady was the beneficial owner of one ordinary share in, representing 100% of the issued share capital of, Lippo Capital Group. Through his interest in Lippo Capital Group, Dr. Stephen Riady was also interested or taken to be interested (through controlled corporations) in the issued shares of the following Associated Corporations of the Company as at the Latest Practicable Date:

Name of Associated Corporation	Note	Class of shares	Number of shares interested	Approximate percentage of interest in the issued shares
APG	(a)	Ordinary shares	80,618,551	65.48
Bentham Holdings Limited	(b)	Ordinary shares	1	100
Boudry Limited	(c)	Ordinary shares	10	100
	(c)	Non-voting deferred shares	1,000	100
Brainy World Holdings Limited ("Brainy World")	(d)	Ordinary shares	1	100
Brimming Fortune Limited	(c)	Ordinary shares	1	100
Broadwell Overseas Holdings Limited	(c)	Ordinary shares	1	100
Gainmate Hong Kong Limited	(e)	Ordinary shares	100	100
Greenorth Holdings Limited	(c)	Ordinary shares	1	100
HKCL Investments Limited	(c)	Ordinary shares	1	100
International Realty (Singapore) Pte. Limited	(c)	Ordinary shares	2	100
J & S Company Limited	(c)	Ordinary shares	1	100
Lippo Capital	(b)	Ordinary shares	423,414,001	60
Lippo Capital Holdings	(f)	Ordinary shares	1	100
Lippo Finance Limited	(c)	Ordinary shares	6,176,470	82.35
Lippo Health Care Limited	(g)	Ordinary shares	1	100
Superfood Retail Limited ("Superfood")	(h)	Ordinary shares	10,000	100

Note:

- (a) Of these shares, 4,999,283 ordinary shares were held by Jeremiah Holdings Limited (“Jeremiah”), a 60% owned indirect subsidiary of LCR; 20,004,000 ordinary shares were held by Nine Heritage Pte Ltd (“Nine Heritage”), an 80% owned direct subsidiary of Jeremiah; 36,165,052 ordinary shares were held by Pantogon Holdings Pte Ltd (“Pantogon”), a 100% owned indirect subsidiary of LCR and 759,000 ordinary shares were held by Max Turbo Limited (“Max Turbo”), a 100% owned indirect subsidiary of LCR. Details of Dr. Stephen Riady’s interest in LCR are disclosed in Notes (i) and (ii) above. In addition, as at the Latest Practicable Date, 18,691,216 ordinary shares were held by Silver Creek Capital Pte. Ltd. (“Silver Creek”). Dr. Stephen Riady, through companies controlled by him, is the beneficial owner of 100% of the issued shares in Silver Creek. Accordingly, Dr. Stephen Riady was taken to be interested in an aggregate of 80,618,551 ordinary shares in, representing approximately 65.48% of the issued shares of, APG.
- (b) Such share(s) was/were held directly by Lippo Capital Holdings which in turn was a direct wholly-owned subsidiary of Lippo Capital Group.
- (c) Such share(s) was/were 100% held directly or indirectly by Lippo Capital, a 60% owned indirect subsidiary of Lippo Capital Group.
- (d) Such share was 100% held directly by LCM (China) Pte Ltd, a 64.35% owned indirect subsidiary of OUE Limited (“OUE”). OUE was indirectly owned as to approximately 68.65% by Fortune Code Limited (“FCL”, now known as Fortune Crane Limited). HKC, through its 50% joint venture, Lippo ASM Asia Property Limited, held 92.05% interest in FCL. Details of Dr. Stephen Riady’s interest in HKC are disclosed in Notes (i) and (iii) above.
- (e) 50 ordinary shares were held by Oddish Ventures Pte. Ltd. (“Oddish”), a 100% owned direct subsidiary of OUE and 50 ordinary shares were held by Raising Fame Ventures Limited, a 100% owned indirect subsidiary of LCR. Details of Dr. Stephen Riady’s interest in OUE and LCR are disclosed in Note (d) above and Notes (i) and (ii) above, respectively.
- (f) Such share was 100% held directly by Lippo Capital Group.
- (g) Such share was 100% held directly by Brainy World. Details of Dr. Stephen Riady’s interest in Brainy World are disclosed in Note (d) above.
- (h) Of these shares, 1,625 ordinary shares were held by Nine Heritage; 2,937 ordinary shares were held by Pantogon; 406 ordinary shares were held by Jeremiah; 62 ordinary shares were held by Max Turbo and 4,970 ordinary shares were held by Oddish. Accordingly, Dr. Stephen Riady was taken to be interested in an aggregate of 10,000 ordinary shares in, representing 100% of the issued shares of, Superfood.

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.

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 (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.

Dr. Stephen Riady is also a director of each of Lippo Capital Group, Lippo Capital Holdings and Lippo Capital. 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 issued voting shares of any other members of the Group were as follows:

(a) The Company

Name	Number of Shares	Approximate percentage
Lippo Capital	369,800,219	74.98
Lippo Capital Holdings	369,800,219	74.98
Lippo Capital Group	369,800,219	74.98
Madam Shincee Leonardi	369,800,219	74.98
PT Trijaya Utama Mandiri ("PT TUM")	369,800,219	74.98
Mr. James Tjahaja Riady	369,800,219	74.98
Madam Aileen Hambali	369,800,219	74.98

Note (a):

- Lippo Capital, through its wholly-owned subsidiary, J & S Company Limited, was indirectly interested in 14,699,997 Shares. Together with 355,100,222 Shares owned by Lippo Capital directly as beneficial owner, Lippo Capital was interested in an aggregate of 369,800,219 Shares, representing approximately 74.98% of the issued Shares.

2. Lippo Capital Holdings owned 60% of the issued shares in Lippo Capital. Lippo Capital Group owned 100% of the issued share capital of Lippo Capital Holdings. Dr. Stephen Riady was the beneficial owner of 100% of the issued share capital of Lippo Capital Group. Madam Shincee Leonardi is the spouse of Dr. Stephen Riady.
3. PT TUM owned the remaining 40% of the issued shares in Lippo Capital. PT TUM was wholly owned by Mr. James Tjahaja Riady who is a brother of Dr. Stephen Riady. Madam Aileen Hambali is the spouse of Mr. James Tjahaja Riady.
4. Lippo Capital's interests in the Shares were recorded as the interests of Lippo Capital Holdings, Lippo Capital Group, Madam Shincee Leonardi, PT TUM, Mr. James Tjahaja Riady and Madam Aileen Hambali. The above 369,800,219 Shares related to the same block of Shares that Dr. Stephen Riady was interested, details of which are disclosed in the above 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".

(b) Chung Po Investment Holding Co., Ltd.

Name	Number of ordinary shares	Percentage
Lippo Realty (China) Limited ("LRCL")	1,200,000	60
China Travel Building Contractors Hong Kong Limited	800,000	40

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

(c) LCR

Name	Number of ordinary shares	Approximate percentage
Skyscraper	6,890,184,389	74.99

Note (c): Skyscraper is indirectly wholly owned by the Company through its wholly-owned subsidiary, First Tower Corporation. See also (a) above in respect of the substantial shareholders of the Company.

(d) Jeremiah Holdings Limited ("Jeremiah")

Name	Number of ordinary shares of S\$1.00 each	Percentage
Dragon Board Holdings Limited ("Dragon Board")	779,187	60
Mrs. Endang Utari Mokodompit	519,458	40

Note (d): Dragon Board is a wholly-owned subsidiary of LCR. See also (c) above in respect of the substantial shareholders of LCR.

(e) Nine Heritage Pte Ltd (“Nine Heritage”)

Name	Number of ordinary shares	Percentage
Jeremiah	800,000	80
SouthQuay Capital Asia Limited	200,000	20

Note (e): See also (d) above in respect of the substantial shareholders of Jeremiah.

(f) Lippo Select HK & Mainland Property ETF

Name	Number of units	Approximate percentage
World Grand Holding Limited (“World Grand”)	1,612,500	90.85

Note (f): World Grand is a wholly-owned subsidiary of LCR. See also (c) above in respect of the substantial shareholders of LCR.

(g) HKC

Name	Number of ordinary shares of HK\$1.00 each	Approximate percentage
Hennessy Holdings Limited (“Hennessy”)	1,477,715,492	73.95

Note (g): Hennessy is indirectly wholly owned by the Company through its wholly-owned subsidiary, Prime Success Limited. See also (a) above in respect of the substantial shareholders of the Company.

(h) 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	Percentage of profit sharing
Uchida Limited (“Uchida”)	US\$11,200,000	64
Wealton Limited (“Wealton”)	US\$2,800,000	16
北京亦莊投資控股有限公司 (Beijing Yizhuang Investment Holdings Limited)	N/A	20

Note (h): Uchida and Wealton are both wholly-owned subsidiaries of HKC. See also (g) above in respect of the substantial shareholders of HKC.

(i) APG

Name	Number of ordinary shares	Approximate percentage
Jeremiah	4,999,283	4.06
Nine Heritage	20,004,000	16.25
Pantogon Holdings Pte Ltd (“Pantogon”)	36,165,052	29.37
Goldstream Capital Limited	42,498,332	34.52
Silver Creek Capital Pte. Ltd.	18,691,216	15.18

Note (i): Nine Heritage is a subsidiary of Jeremiah and Pantogon is a wholly-owned subsidiary of LCR. See also (d) above in respect of the substantial shareholders of Jeremiah and (c) above in respect of the substantial shareholders of LCR.

(j) Superfood Retail Limited

Name	Number of ordinary shares	Approximate percentage
Jeremiah	406	4.06
Nine Heritage	1,625	16.25
Pantogon	2,937	29.37
Oddish Ventures Pte. Ltd.	4,970	49.70

Note (j): Nine Heritage is a subsidiary of Jeremiah and Pantogon is a wholly-owned subsidiary of LCR. See also (d) above in respect of the substantial shareholders of Jeremiah and (c) above in respect of the substantial shareholders of LCR.

(k) LCR Catering Services Limited

Name	Number of ordinary shares	Percentage
All Around Limited (“All Around”)	8,100,000	90

Note (k): All Around is a subsidiary of APG. See also (i) above in respect of the substantial shareholders of APG.

(l) DLF (Thailand) Ltd

Name	Number of ordinary shares of THB100.00 each	Approximate percentage
K. Somchai Krunthong	25,500 preference shares	51
Food Retail Asia Ltd. (“FRA”)	24,495	48.9
Edmonton Investments Pte Ltd (“Edmonton”)	5	0.1

Note (l): FRA and Edmonton are wholly-owned subsidiaries of APG. See also (i) above in respect of the substantial shareholders of APG.

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 issued voting shares of any other member of the Group.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing and proposed service contract with any members of the Group other than contracts expiring or determinable by the relevant member of the Group 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.

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 articles of association 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' INTEREST IN CONTRACTS AND ASSETS OF THE GROUP 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, to the best of the knowledge of the Directors, none of the Directors had any direct or indirect interest in any asset which had been, since 31 March 2019, being the date to which the latest published audited consolidated financial statements of the Company were made up, 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.

7. MATERIAL CONTRACTS

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

- (a) an agreement (the “Agreement”) dated 8 January 2018 entered into between LCR and Argyle Street Management Limited (“ASM”), pursuant to which, among other things, (i) LCR and ASM agreed to form a consortium to make, and jointly decide on all matters with respect to, a voluntary unconditional offer (the “Offer”) for all the issued and paid-up shares in TIH Limited (“TIH”, the shares of which are listed on the Main Board of the SGX-ST) at the price of S\$0.57 per share (the “Offer Price”), as to which S\$0.125 was paid in cash and S\$0.445 was paid by the issue of 2.25% notes due three years from the close of the Offer at par; (ii) LCR and ASM agreed to make arrangements for the funding of the Offer through the loans to be advanced by a wholly-owned subsidiary of LCR and Alexandra Road Limited (an entity owned by ASM’s concert parties) for the purpose of financing the cash component of the Offer Price; (iii) LCR and ASM agreed to act in accordance with the terms and conditions of the Agreement in relation to matters of TIH, including but not limited to the management and operation of TIH (through the directors nominated onto the board of TIH pursuant to the Agreement); (iv) LCR and ASM agreed that each of LCR and ASM shall be entitled to appoint up to half of the aggregate number of directors onto the board of TIH, after taking into account requirements or best practices to the appointment of independent directors on the board of TIH under applicable laws and regulations; and (v) LCR and ASM agreed that decisions with respect to matters which are material are required to be approved by a simple majority of the directors of TIH present and voting, including the affirmative vote of one director nominated by each of LCR and ASM for so long as LCR or ASM (as the case may be) has such nomination rights. The Agreement took effect from 8 January 2018 and shall continue in full force and effect for an initial term of ten years, subject to each of LCR and ASM retaining a minimum shareholding percentage in TIH;
- (b) a letter of award dated 17 July 2018 was issued by the authorised representative of Auric Flavours Sdn Bhd (“Auric Flavours”), a wholly-owned subsidiary of APG, to Bina Jurati Sdn. Bhd. (as contractor) in relation to the construction work of a new food factory of Auric Flavours in Malaysia with a contract sum of approximately RM60.5 million;

- (c) letter agreements dated 20 July 2018 entered into between Cosenza Investments Limited (“Cosenza”), HKC and Norfyork International Limited (“Norfyork”), a wholly-owned subsidiary of HKC, amending certain terms of a letter of exclusivity dated 25 January 2017 (the “Exclusivity Agreement”) entered into between HKC, Norfyork and Cosenza pursuant to which (i) Cosenza had nominated a third party to be the purchaser of certain shareholding in Lippo Securities Holdings Limited (“Lippo Securities”), a then wholly-owned subsidiary of Norfyork, and to negotiate and enter into a new sale and purchase agreement (the “New SPA”) with Norfyork and HKC for the sale and purchase of all the issued shares in Lippo Securities; and (ii) a non-refundable amount of HK\$130,000,000 paid by Cosenza to Norfyork under the Exclusivity Agreement should only be refunded to Cosenza within 10 business days after completion of the contemplated transaction(s) under the New SPA;
- (d) a sale and purchase agreement dated 20 July 2018 entered into between Norfyork (as vendor), Empire Glaze Limited (as purchaser), HKC and G-Resources Group Limited in respect of the sale and purchase of 23,000,000 ordinary shares in, representing the entire issued share capital of, Lippo Securities for the consideration of HK\$348,665,101;
- (e) an agreement dated 21 December 2018 entered into between APG and DKSH Holding (S) Pte. Ltd. in relation to the disposal of the entire issued shares of each of Auric Pacific Marketing Pte. Ltd. and Centurion Marketing Pte. Ltd. for an aggregate initial consideration of approximately S\$60,726,000 (subject to adjustments);
- (f) an agreement dated 21 December 2018 entered into between APG and DKSH Holdings (Malaysia) Berhad in relation to the disposal of the entire issued shares of Auric Pacific (M) Sdn. Bhd. for an initial consideration of approximately S\$157,674,000 (subject to adjustments);
- (g) a shareholders’ agreement dated 15 March 2019 entered into between Lippo Cybergroup Limited (“Lippo Cybergroup”), a wholly-owned subsidiary of HKC, P.T. Guna Bagus Utama, Highgarden Group Ltd. and Bell Eastern Limited (“Bell Eastern”) in relation to the formation of a joint venture, namely Bell Eastern, which would be engaged in investment, acquisition, development and/or ownership of land, property developments and/or properties in Asia and other related businesses. Bell Eastern is owned as to 50% by Lippo Cybergroup and the aggregate amount of funding (whether in equity or loan) required to be subscribed or advanced by Lippo Cybergroup to Bell Eastern on a pro-rata basis shall not exceed its capital commitment amount of S\$21,000,000; and
- (h) the Disposal Agreement.

8. LITIGATION

Following the commencement of the arbitration proceedings against Incheon Metropolitan City Development Corporation (“IMCD”, formerly known as Incheon Development & Transformation Corporation) (the “Arbitration”) in respect of the Group’s investment in MIDAN City Development Co., Ltd. (“MCDC”) by the claimants (which include a wholly-owned subsidiary of the Company (the “Subsidiary”) and other shareholders in MCDC), an arbitration tribunal had been formed. The Arbitration is ongoing. In the Arbitration process, IMCD filed an initial answer which denied all the claims asserted by the claimants (including the Subsidiary) and asserted a counterclaim against the Subsidiary (the “Counterclaim”) alleging breach of certain development and financing-related obligations by the Subsidiary under the joint venture agreement between, among others, IMCD and the Subsidiary dated 28 November 2006 (as subsequently amended and acceded to). In late October 2018, the Subsidiary received a notice of exercise of put option based on the Counterclaim from IMCD (the “Put Notice”) demanding the Subsidiary to purchase all the shares in MCDC owned by IMCD for the consideration of approximately Korean Won 24 billion plus interest. Based on the advice from its legal advisers on the available facts, the Group is of the view that the Counterclaim and the Put Notice do not have any genuine basis and there is no obligation on the Subsidiary to comply with the terms of the Put Notice. The Group will vigorously defend the Counterclaim and the Put Notice.

Reference was made to the LCR Group’s interest in a minority ownership interest in Skye Mineral Partners, LLC (“Skye”) whose major asset, prior to the events described below, was substantially all of the equity interests in CS Mining, LLC (“CS Mining”), a company that owned a number of copper ore deposits in the Milford Mineral Belt in Beaver County, State of Utah in the U.S.A. and had engaged in the business of mining and processing copper and other minerals. A joint venture consortium (the “JV Company”), in which the LCR Group has a 45% effective interest, acquired all or substantially all of the mining assets (the “Assets”) held by CS Mining in a court-supervised sale process its bankruptcy proceedings in August 2017. In January 2018, a verified complaint (the “Complaint”) was filed in a United States state court in Delaware by the majority investors in Skye individually and derivatively on behalf of Skye against, among others, certain entities and persons in or related to the LCR Group. The Complaint alleges, among other things, that the majority investors directly and derivatively through their ownership of Skye, suffered damages in the form of diminution in the value of their equity interests in CS Mining based on an alleged scheme perpetrated by the LCR Group on CS Mining. The LCR Group believes that the Complaint is frivolous and wholly without merit and has opposed, and will continue to vigorously oppose, the allegations set forth in the Complaint (including any amendments thereto) and any other claim that the majority investors in Skye may seek to bring against the LCR Group. The LCR Group has filed a motion to dismiss the Complaint on numerous grounds, and the motion to dismiss, as of the Latest Practicable Date, remained pending.

Save as disclosed herein, so far as the Directors are aware, the Group was not engaged in any material litigation or arbitration proceedings nor was any material litigation or claim pending or threatened against it as at the Latest Practicable Date.

9. MISCELLANEOUS

- (a) The Secretary of the Company is Mr. Davy Kwok Fai Lee, an associate member of the Chartered Institute of Bankers, and 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 40th Floor, Tower Two, Lippo Centre, 89 Queensway, Hong Kong.
- (c) The transfer office of the Company is situated at the office of its registrar, Tricor Progressive Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours on any weekday (Saturday, Sunday and public holiday excluded) at the registered office of the Company at 40th Floor, Tower Two, Lippo Centre, 89 Queensway, Hong Kong for a period of 14 days from the date of this circular:

- (a) the articles of association of the Company;
- (b) the annual reports of the Company for the three financial years ended 31 March 2017, 2018 and 2019;
- (c) the material contracts referred to in the paragraph headed "Material Contracts" in this appendix; and
- (d) this circular.

11. LANGUAGE

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