

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

CONNECTED TRANSACTIONS

INTERNAL REORGANISATION INVOLVING THE TRANSFER OF THE TARGET GROUP BETWEEN SUBSIDIARIES

The respective Boards of Lippo and LCR wish to announce that on 10 January 2020, FJ International and Superfood (both of which are indirect non-wholly owned subsidiaries of LCR which in turn is an indirect non-wholly owned subsidiary of Lippo) entered into the Sale and Purchase Agreement, whereby FJ International agreed to sell, and Superfood agreed to purchase, the Sale Share, representing the entire issued share capital in All Around. All Around's major asset is its 90% equity interest in LCR Catering which owns and operates restaurant business in Hong Kong.

The Transaction is an internal reorganisation involving the transfer of the Target Group between two indirect non-wholly owned subsidiaries of LCR, where Lippo Group's and LCR Group's effective interest in All Around increased by less than 1% upon Completion. Each of All Around and LCR Catering remains as a subsidiary of each of Lippo and LCR upon Completion.

LISTING RULES IMPLICATIONS

Lippo is indirectly interested in approximately 74.99% of the issued shares in LCR. LCR, through wholly-owned and non-wholly owned subsidiaries, is interested in approximately 50.3% of the issued shares in Auric which in turn is indirectly interested in approximately 98.1% of the issued shares in FJ International. 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 together hold approximately 49.7% of the issued shares in Auric. Accordingly, FJ International is regarded a connected subsidiary of each of Lippo and LCR under 14A.16 of the Listing Rules and thereby a connected person of each of Lippo and LCR.

LCR, through wholly-owned and non-wholly owned subsidiaries, is interested in approximately 50.3% of the issued shares in Superfood. The remaining 49.7% interest of the issued shares in Superfood is held by Oddish Ventures, an indirect wholly-owned subsidiary of OUE. A principal joint venture of HKC is indirectly interested in approximately 68.65% of the issued shares in OUE (excluding treasury shares). Accordingly, OUE is a joint venture of HKC. HKC is a 73.95% owned subsidiary of Lippo which in turn is a controlling shareholder of LCR. Accordingly, Superfood is regarded as a connected subsidiary of LCR under 14A.16 of the Listing Rules and thereby a connected person of LCR.

In view of the above:

- (a) the acquisition of the Target Group by Superfood (an indirect non-wholly owned subsidiary of each of Lippo and LCR) from FJ International (a connected person of each of Lippo and LCR) constitutes a connected transaction for each of Lippo and LCR under Chapter 14A of the Listing Rules; and
- (b) the disposal of the Target Group by FJ International (an indirect non-wholly owned subsidiary of each of Lippo and LCR) to Superfood (a connected person of LCR) constitutes a connected transaction for LCR under Chapter 14A of the Listing Rules.

As the applicable percentage ratios (as defined in the Listing Rules) in respect of the entering into of the Sale and Purchase Agreement exceed 0.1% but is less than 5% for each of Lippo and LCR, and the transactions contemplated thereunder are conducted on normal commercial terms, the transactions under the Sale and Purchase Agreement are exempt from the independent shareholders' approval requirement, but shall be subject to the relevant reporting and announcement requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

The respective Boards of Lippo and LCR wish to announce that on 10 January 2020, FJ International and Superfood (both of which are indirect non-wholly owned subsidiaries of LCR which in turn is an indirect non-wholly owned subsidiary of Lippo) entered into the Sale and Purchase Agreement, whereby FJ International agreed to sell, and Superfood agreed to purchase, the Sale Share, representing the entire issued share capital in All Around. All Around's major asset is its 90% equity interest in LCR Catering which owns and operates restaurant business in Hong Kong.

Summarised below are the principal terms of the Sale and Purchase Agreement:

THE SALE AND PURCHASE AGREEMENT

Date: 10 January 2020

Parties: Vendor: FJ International
Purchaser: Superfood

Subject matter: sale and purchase of the Sale Share, representing the entire issued share capital in All Around

Consideration: The Consideration for the Sale Share was S\$5,200,000 (equivalent to approximately HK\$29,952,000), which has been paid in cash at Completion.

Completion: Completion of the Transaction took place on 10 January 2020.

The Consideration was arrived at after arm's length negotiations between FJ International and Superfood with reference to various factors, including among others, the historical earnings of the Target Group, the market price to earnings multiples of companies with similar business, the growth and the development of catering service industry in Hong Kong, and taking into account that the Transaction was an internal reorganisation where Lippo Group's and LCR Group's effective interest in the Target Group remain substantially the same.

The Consideration paid by Superfood was financed by its shareholders based on their respective shareholding in Superfood. 50.3% of the Consideration was funded by LCR Group which in turn was satisfied by its internal resources.

REASONS FOR AND BENEFITS OF ENTERING INTO THE SALE AND PURCHASE AGREEMENT

Superfood is an investment holding company. Its subsidiaries are principally engaged in food retail and catering business operating chains of bakeries, cafés and bistros. The Transaction will allow the LCR Group to indirectly transfer its interest in the restaurant business operated by the Target Group to Superfood in order to streamline the holding structure of the LCR Group's food businesses, enabling a more focused and efficient management and future development of the food retail and catering business.

The Transaction is an internal reorganisation involving the transfer of the Target Group between two indirect non-wholly owned subsidiaries of LCR, where Lippo Group's and LCR Group's effective interest in All Around increased by less than 1% upon Completion. Each of All Around and LCR Catering remains as a subsidiary of each of Lippo and LCR upon Completion.

It is expected that the Transaction will not give rise to any gain or loss in the consolidated statement of profit or loss of Lippo Group and LCR Group for the financial year ending 31 March 2020. It is currently intended that the proceeds received by FJ International from the Transaction will be used for general corporate and working capital purposes of the LCR Group.

The respective Boards of each of Lippo and LCR (including their respective independent non-executive directors) are of the view that the terms of the Sale and Purchase Agreement are fair and reasonable and in the interests of each of Lippo and LCR and their respective shareholders as a whole, and that the transactions contemplated thereunder were on normal commercial terms and conducted in the ordinary and usual course of business of Lippo Group and LCR Group.

INFORMATION ON LIPPO AND LCR

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

INFORMATION ON SUPERFOOD, FJ INTERNATIONAL AND THEIR ULTIMATE BENEFICIAL OWNERS

The principal business activity of Superfood is investment holding.

The principal business activity of FJ International is investment holding.

Both Superfood and FJ International are subsidiaries of each of Lippo and LCR. Please refer to the section headed “Listing Rules Implications” in this announcement for information on the other shareholders of Superfood and FJ International.

INFORMATION OF THE TARGET GROUP

All Around is an indirect non-wholly owned subsidiary of LCR. The principal business activity of All Around is investment holding and its major asset is its 90% equity interest in LCR Catering which owns and operates restaurant business in Hong Kong. Set out below is the unaudited consolidated net profit of the Target Group for the years ended 31 December 2018 and 31 December 2019 respectively:

	For the year ended 31 December 2018 <i>HK\$</i>	For the year ended 31 December 2019 <i>HK\$</i>
Net profit before taxation	5,772,000	2,004,000
Net profit after taxation	5,015,000	1,858,000

The unaudited net asset value of the Target Group attributable to its equity holders as at 31 December 2019 was approximately HK\$7,550,000.

In 2010, FJ International had acquired the Sale Share for an aggregate consideration of HK\$31,000,000.

LISTING RULES IMPLICATIONS

Lippo is indirectly interested in approximately 74.99% of the issued shares in LCR. LCR, through wholly-owned and non-wholly owned subsidiaries, is interested in approximately 50.3% of the issued shares in Auric which in turn is indirectly interested in approximately 98.1% of the issued shares in FJ International. 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 together hold approximately 49.7% of the issued shares in Auric. Accordingly, FJ International is regarded a connected subsidiary of each of Lippo and LCR under 14A.16 of the Listing Rules and thereby a connected person of each of Lippo and LCR.

LCR, through wholly-owned and non-wholly owned subsidiaries, is interested in approximately 50.3% of the issued shares in Superfood. The remaining 49.7% interest of the issued shares in Superfood is held by Oddish Ventures, an indirect wholly-owned subsidiary of OUE. A principal joint venture of HKC is indirectly interested in approximately 68.65% of the issued shares in OUE (excluding treasury shares). Accordingly, OUE is a joint venture of HKC. HKC is a 73.95% owned subsidiary of Lippo which in turn is a controlling shareholder of LCR. Accordingly, Superfood is regarded as a connected subsidiary of LCR under 14A.16 of the Listing Rules and thereby a connected person of LCR.

In view of the above:

- (a) the acquisition of the Target Group by Superfood (an indirect non-wholly owned subsidiary of each of Lippo and LCR) from FJ International (a connected person of each of Lippo and LCR) constitutes a connected transaction for each of Lippo and LCR under Chapter 14A of the Listing Rules; and
- (b) the disposal of the Target Group by FJ International (an indirect non-wholly owned subsidiary of each of Lippo and LCR) to Superfood (a connected person of LCR) constitutes a connected transaction for LCR under Chapter 14A of the Listing Rules.

As the applicable percentage ratios (as defined in the Listing Rules) in respect of the entering into of the Sale and Purchase Agreement exceed 0.1% but is less than 5% for each of Lippo and LCR, and the transactions contemplated thereunder are conducted on normal commercial terms, the transactions under the Sale and Purchase Agreement are exempt from the independent shareholders' approval requirement, but shall be subject to the relevant reporting and announcement requirements under Chapter 14A of the Listing Rules.

Dr. Stephen Riady, the chairman and the executive director of each of Lippo and LCR, is interested in approximately 15.18% of the issued shares of Auric and is also a director of OUE and a controlling shareholder of Lippo, which in turn is the holding company of each of HKC and LCR. Accordingly, he is deemed to be materially interested in the Sale and Purchase Agreement and has abstained from voting on the relevant Board resolution of each of Lippo and LCR in respect of the Sale and Purchase Agreement. Save for the above, none of the directors of each of Lippo and LCR has a material interest in the transactions contemplated under the Sale and Purchase Agreement, and none of them is required to abstain or has abstained from voting on the respective Board resolution of each of Lippo and LCR to approve the Sale and Purchase Agreement.

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

"All Around"	All Around Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect non-wholly owned subsidiary of LCR;
"Auric"	Auric Pacific Group Limited, a company incorporated in Singapore with limited liability and an indirect non-wholly owned subsidiary of LCR;
"Board"	the board of directors;
"Completion"	completion of the Sale and Purchase Agreement subject to and pursuant to the terms and conditions of the Sale and Purchase Agreement;
"connected person"	has the meaning ascribed to such term under the Listing Rules;
"Consideration"	the consideration for the Sale Share, being S\$5,200,000 (equivalent to approximately HK\$29,952,000);
"controlling shareholder"	has the meaning ascribed to such term under the Listing Rules;
"FJ International"	Food Junction International Pte Ltd, a company incorporated in Singapore with limited liability and an indirect non-wholly owned subsidiary of LCR;
"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% subsidiary of Lippo;
"Hong Kong"	Hong Kong Special Administrative Region of the People's Republic of China;
"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 Catering"	LCR Catering Services Limited, a company incorporated in Hong Kong with limited liability and a direct subsidiary of All Around;

"LCR Group"	LCR and its subsidiaries;
"Lippo"	Lippo Limited 力寶有限公司, a company incorporated in Hong Kong with limited liability whose shares are listed on the Stock Exchange;
"Listing Rules" or "Rule"	Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time;
"Oddish Ventures"	Oddish Ventures Pte. Ltd., an indirect wholly-owned subsidiary of OUE;
"OUE"	OUE Limited, a company incorporated in Singapore with limited liability whose shares are listed on the Main Board of the Singapore Exchange Securities Trading Limited, and is a joint venture of HKC;
"Sale and Purchase Agreement"	the sale and purchase agreement dated 10 January 2020 entered into by FJ International and Superfood in respect of the sale and purchase of the Sale Share;
"Sale Share"	one ordinary share representing the entire issued share capital in All Around;
"Singapore"	the Republic of Singapore;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"Superfood"	Superfood Retail Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect non-wholly owned subsidiary of LCR;
"Target Group"	All Around and LCR Catering;
"Transaction"	the sale and purchase of Sale Share contemplated under the Sale and Purchase Agreement;
"HK\$"	Hong Kong dollar(s), the lawful currency of Hong Kong;
"S\$"	Singapore dollar(s), the lawful currency of Singapore; and
"%"	per cent.

** for identification purpose*

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\$5.76. 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

10 January 2020

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