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LIPPO CHINA RESOURCES LIMITED

力寶華潤有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 156)

**ANNOUNCEMENT
CONTINUING CONNECTED TRANSACTION
AMENDMENT TO THE TENANCY AGREEMENT**

Reference is made to the joint announcement of Lippo and LCR dated 21 August 2017 in relation to the Tenancy Agreement entered into between Serene Yield, an indirect wholly-owned subsidiary of LCR, and LCR Catering in respect of the Premises, the joint announcements of Lippo and LCR dated 3 January 2020 and 10 January 2020 in relation to the Supplemental Agreement and the internal reorganisation, respectively, and the announcement of LCR dated 31 March 2020 in relation to the Second Supplemental Agreement.

On 20 July 2020, Serene Yield and LCR Catering entered into a confirmation letter, pursuant to which Serene Yield and LCR Catering have agreed that the monthly rental payable by LCR Catering to Serene Yield under the Tenancy Agreement, as amended by the Supplemental Agreement and the Second Supplemental Agreement, shall be reduced during the period between 1 July 2020 to 21 August 2020.

LISTING RULES IMPLICATION

Serene Yield is an indirect wholly-owned subsidiary of LCR. LCR Catering is an indirect non-wholly owned subsidiary of Superfood. LCR, through its 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 68.72% 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, LCR Catering is regarded as a connected subsidiary of LCR under rule 14A.16 of the Listing Rules and thereby a connected person of LCR. Therefore, the Tenancy Agreement, as amended by the Confirmation Letter, constitutes a continuing connected transaction for LCR under rule 14A.31 of the Listing Rules.

As Dr. Stephen Riady, the chairman and executive director of LCR, is deemed to be materially interested in the Confirmation Letter, he would be required to abstain from voting on the relevant Board resolution of LCR in respect of the Confirmation Letter. Save for the above, none of the Directors of LCR have a material interest in the transaction contemplated under the Confirmation Letter, and none of them are required to abstain or have abstained from voting on the Board resolution of LCR to approve the Confirmation Letter.

Pursuant to rule 14A.54 of the Listing Rules, as the Confirmation Letter constitutes a material change to a continuing connected transaction, LCR will have to re-comply with the provisions of Chapter 14A of the Listing Rules.

As one of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Annual Cap of the transactions under the Tenancy Agreement, as amended by the Confirmation Letter, is more than 0.1% but less than 5% as specified under the Listing Rules on an annual basis for LCR, and the transactions contemplated thereunder are in accordance with normal commercial terms, the Tenancy Agreement, as amended by the Confirmation Letter, is 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

Reference is made to the joint announcement of Lippo and LCR dated 21 August 2017 in relation to the Tenancy Agreement entered into between Serene Yield, an indirect wholly-owned subsidiary of LCR, and LCR Catering in respect of the Premises, the joint announcements of Lippo and LCR dated 3 January 2020 and 10 January 2020 in relation to the Supplemental Agreement and the internal reorganisation, respectively, and the announcement of LCR dated 31 March 2020 in relation to the Second Supplemental Agreement (the “**Announcements**”). Capitalised terms used herein shall have the same meanings as those defined in the Announcements, unless the context requires otherwise.

AMENDMENT TO THE TENANCY AGREEMENT

On 20 July 2020, Serene Yield and LCR Catering entered into a confirmation letter, pursuant to which Serene Yield and LCR Catering have agreed that the monthly rental payable by LCR Catering to Serene Yield under the Tenancy Agreement, as amended by the Supplemental Agreement and the Second Supplemental Agreement, shall be reduced during the period between 1 July 2020 to 21 August 2020 (the “**Confirmation Letter**”).

Summarised below are the principal terms of the Tenancy Agreement as amended by the Confirmation Letter:

Rent payable pursuant to the Tenancy Agreement	HK\$405,000 per calendar month
Rent payable pursuant to the Confirmation Letter	From 1 July 2020 to 21 August 2020: HK\$162,000 per calendar month

Save for the above amendment, all the terms and conditions of the Tenancy Agreement, as amended by the Supplemental Agreement and the Second Supplemental Agreement, shall remain unchanged, and the Tenancy Agreement (as amended) shall be read and construed together with the amendment and/or variation contained in the Confirmation Letter and shall continue to be binding and effective.

Revised Annual Cap

Based on the amended terms under the Confirmation Letter, the revised annual cap for the Tenancy Agreement (as amended), which is equivalent to the annual rental and annual maximum service charge to be received by Serene Yield for the lease of the Premises under the Tenancy Agreement as amended by the Confirmation Letter for the financial year ending 31 March 2021 is as follows:

	Annual Cap for the financial year ending 31 March 2021	
	Original	Revised
Tenancy Agreement	HK\$1,610,000	HK\$1,203,000

REASONS FOR ENTERING INTO THE CONFIRMATION LETTER

In light of the further deterioration in the retail market and economic conditions in Hong Kong, Serene Yield, like other landlords in Hong Kong, has been in discussions with its tenants with respect to the reduction of rent payable for a fixed period to allow tenants to cope with the continuing downturn of business arising from the outbreak of the COVID-19 pandemic and to ensure the continuation of the stable income generated by the leasing out of properties by Serene Yield. The Confirmation Letter had been negotiated on the basis that the continuing disruption and downturn of business arising from the outbreak of the COVID-19 pandemic is having a particularly severe effect on restaurant businesses such as that operated by LCR Catering and was arrived at on an arm's length basis and in accordance with normal commercial terms.

In view of the above, the Board of LCR (including its independent non-executive directors) consider that the terms of the Confirmation Letter are fair and reasonable and in the interests of LCR and its shareholders as a whole.

INFORMATION ON LCR, SERENE YIELD AND LCR CATERING

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.

The principal business activity of Serene Yield is property investment.

The principal business activity for LCR Catering is to own and operate restaurant business in Hong Kong.

LISTING RULES IMPLICATION

Serene Yield is an indirect wholly-owned subsidiary of LCR. LCR Catering is an indirect non-wholly owned subsidiary of Superfood. LCR, through its 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 68.72% 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, LCR Catering is regarded as a connected subsidiary of LCR under rule 14A.16 of the Listing Rules and thereby a connected person of LCR. Therefore, the Tenancy Agreement, as amended by the Confirmation Letter, constitutes a continuing connected transaction for LCR under rule 14A.31 of the Listing Rules.

As Dr. Stephen Riady, the chairman and executive director of LCR, is deemed to be materially interested in the Confirmation Letter, he would be required to abstain from voting on the relevant Board resolution of LCR in respect of the Confirmation Letter. Save for the above, none of the Directors of LCR have a material interest in the transaction contemplated under the Confirmation Letter, and none of them are required to abstain or have abstained from voting on the Board resolution of LCR to approve the Confirmation Letter.

Pursuant to rule 14A.54 of the Listing Rules, as the Confirmation Letter constitutes a material change to a continuing connected transaction, LCR will have to re-comply with the provisions of Chapter 14A of the Listing Rules.

As one of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Annual Cap of the transactions under the Tenancy Agreement, as amended by the Confirmation Letter, is more than 0.1% but less than 5% as specified under the Listing Rules on an annual basis for LCR, and the transactions contemplated thereunder are in accordance with normal commercial terms, the Tenancy Agreement, as amended by the Confirmation Letter, is 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.

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

Hong Kong, 20 July 2020

As at the date of this announcement, the Board of Directors of the Company comprises seven directors, of which Dr. Stephen Riady (Chairman), Messrs. John Luen Wai Lee (Chief Executive Officer) and James Siu Lung Lee as executive Directors, Mr. Leon Nim Leung Chan as non-executive Director and Messrs. Edwin Neo, King Fai Tsui and Victor Ha Kuk Yung as independent non-executive Directors.