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LIPPO LIMITED
力寶有限公司
*(Incorporated in Hong Kong with
limited liability)*
(Stock Code: 226)

LIPPO CHINA RESOURCES LIMITED
力寶華潤有限公司
*(Incorporated in Hong Kong with
limited liability)*
(Stock Code: 156)

VOLUNTARY ANNOUNCEMENT

**REVISION OF ANNUAL CAPS FOR
EXISTING
CONTINUING CONNECTED
TRANSACTION
IN RELATION TO
THE FRANCHISE AGREEMENT**

**REVISION OF ANNUAL CAPS FOR
EXISTING
CONTINUING CONNECTED
TRANSACTIONS
IN RELATION TO
THE FRANCHISE AGREEMENT AND
THE TENANCY AGREEMENT**

INTRODUCTION

Reference is made to the announcement of each of Lippo and LCR (together, the “**Companies**”) both dated 18 September 2020 in relation to the change of financial year end date of the Companies from 31 March to 31 December (the “**Change**”), the joint announcement of the Companies dated 3 January 2020 in respect of the Franchise Agreement (the “**Franchise Agreement Announcement**”) and the announcement of LCR dated 20 August 2020 in respect of the Tenancy Agreement (the “**Tenancy Agreement Announcement**”) and together with the Franchise Agreement Announcement, the “**Announcements**”).

To align with the new financial year end date of the Companies, the Companies propose to revise the annual caps for their existing continuing connected transactions, such that the revised annual caps, to the extent possible, will cover the period/years ending 31 December. This announcement is made by the Companies on a voluntary basis to inform their respective shareholders and potential investors of the revision of the annual caps following the Change.

LISTING RULES IMPLICATIONS

As disclosed in the Franchise Agreement Announcement, the Franchise Agreement constitutes a continuing connected transaction for each of the Companies under Rule 14A.31 of the Listing Rules. As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of revised annual caps of the transactions under the Franchise Agreement are more than 0.1% but less than 5% for each of the Companies, the transactions under the Franchise Agreement constitute continuing connected transactions for each of the Companies which will continue to be subject to the reporting and announcement requirements, but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

As disclosed in the Tenancy Agreement Announcement, the Tenancy Agreement constitutes a continuing connected transaction for LCR under Rule 14A.31 of the Listing Rules. As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of revised annual caps under the Tenancy Agreement are more than 0.1% but less than 5% for LCR, the Tenancy Agreement constitutes a continuing connected transaction for LCR which will continue to be subject to the reporting and announcement requirements, but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

INTRODUCTION

Reference is made to the announcement of each of the Companies both dated 18 September 2020 in relation to the Change and the Announcements. Unless otherwise defined, all capitalised terms used in this announcement shall have the same meanings as defined in the Announcements.

To align with the new financial year end date of the Companies, the Companies propose to revise the annual caps for their existing continuing connected transactions, such that the revised annual caps, to the extent possible, will cover the period/years ending 31 December. This announcement is made by the Companies on a voluntary basis to inform their respective shareholders and potential investors of the revision of the annual caps following the Change, and will be reviewed by the auditor of the Companies when issuing the auditor's letter in respect of the continuing connected transactions of the Companies in accordance with Rule 14A.56 of the Listing Rules.

REVISED ANNUAL CAPS

(1) Franchise Agreement dated 3 January 2020

Pursuant to the Franchise Agreement, the Franchisee has to pay royalty fees in respect of the grant of franchise and the consideration for the purchase of Maxx Coffee supplies from the Franchisor, and the existing annual caps for the aggregate transaction amounts made by the Franchisee to the Franchisor under the Franchise Agreement as disclosed in the Franchise Agreement Announcement were as follows:

For the financial year ending 31 March	Estimated maximum annual royalty fees	Estimated maximum consideration for the purchase of Maxx Coffee supplies	Annual Caps for the aggregate transaction amounts
	(1)	(2)	(1)+(2)
	HK\$'000	HK\$'000	HK\$'000
2021	2,200	4,300	6,500
2022	4,100	6,700	10,800
2023	6,600	9,200	15,800
2024	8,300	10,600	18,900
2025	9,300	11,800	21,100
2026	10,600	13,400	24,000
2027	11,900	14,900	26,800
2028	12,300	15,400	27,700
2029	13,300	16,700	30,000
2030	11,000	14,000	25,000

Following the Change, the annual caps for the Franchise Agreement will be revised as follows:

For the financial period/year ending 31 December	Estimated maximum annual royalty fees	Estimated maximum consideration for the purchase of Maxx Coffee supplies	Annual Caps for the aggregate transaction amounts
	(1)	(2)	(1)+(2)
	HK\$'000	HK\$'000	HK\$'000
9 months from 1 April 2020 to 31 December 2020	1,300	3,000	4,300
2021	3,600	6,200	9,800
2022	5,900	8,600	14,500
2023	8,600	11,000	19,600
2024	9,800	12,500	22,300
2025	10,900	13,700	24,600
2026	11,600	14,500	26,100
2027	12,200	15,400	27,600
2028	12,700	15,800	28,500
2029	12,980	16,210	29,190
2030	20	90	110

The revised annual caps for the Franchise Agreement were calculated based on the existing annual caps but allocated to the relevant period/years ending 31 December in accordance with the new financial year end date of the Companies. Save for the revision to the annual caps pro-rated to illustrate the Change, all other terms and conditions of the Franchise Agreement, including the basis for determination and calculation of the annual caps as disclosed in the Franchise Agreement Announcement, remain unchanged.

(2) Tenancy Agreement dated 20 August 2020

Pursuant to the Tenancy Agreement, LCR Catering has to pay rent and service charge to Serene Yield in respect of the leasing of the Premises, and the existing annual caps for the aggregate annual rent and annual maximum service charge under the Tenancy Agreement as disclosed in the Tenancy Agreement Announcement were as follows:

	Annual caps for the four financial years ending			
	31 March 2021	31 March 2022	31 March 2023	31 March 2024
Tenancy Agreement	HK\$1,515,000	HK\$5,373,000	HK\$5,373,000	HK\$1,742,000

Following the change of financial year end date of LCR, the annual caps for the Tenancy Agreement will be revised as follows:

	Annual caps for the four financial period/years ending			
	9 months from 1 April 2020 to 31 December 2020	31 December 2021	31 December 2022	31 December 2023
Tenancy Agreement	HK\$411,000	HK\$5,134,000	HK\$5,373,000	HK\$3,085,000

The revised annual caps for the Tenancy Agreement were calculated based on the existing annual caps but allocated to the relevant period/years ending 31 December in accordance with the new financial year end date of LCR. Save for the revision to the annual caps pro-rated to illustrate the Change, all other terms and conditions of the Tenancy Agreement, including the basis for determination and calculation of the annual caps as disclosed in the Tenancy Agreement Announcement, remain unchanged.

REASONS FOR REVISING THE ANNUAL CAPS

To align with the new financial year end date of the Companies from 31 March to 31 December, the Companies propose to revise the annual caps for the existing continuing connected transactions of the Companies under the Franchise Agreement and the Tenancy Agreement (as applicable) such that the revised annual caps, to the extent possible, will cover the period/years ending 31 December.

The Boards of the Companies (including their respective independent non-executive directors) are of the view that the revised annual caps of the Franchise Agreement are on normal commercial terms, which are fair and reasonable, and in the interest of each of the Companies and their respective shareholders as a whole.

The Board of LCR (including its independent non-executive directors) are of the view that the revised annual caps of the Tenancy Agreement are on normal commercial terms, which are fair and reasonable, and in the interest of LCR and its shareholders as a whole.

LISTING RULES IMPLICATIONS

As disclosed in the Franchise Agreement Announcement, the Franchise Agreement constitutes a continuing connected transaction for each of the Companies under Rule 14A.31 of the Listing Rules. As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of revised annual caps of the transactions under the Franchise Agreement are more than 0.1% but less than 5% for each of the Companies, the transactions under the Franchise Agreement constitute continuing connected transactions for each of the Companies which will continue to be subject to the reporting and announcement requirements, but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

As disclosed in the Tenancy Agreement Announcement, the Tenancy Agreement constitutes a continuing connected transaction for LCR under Rule 14A.31 of the Listing Rules. As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of revised annual caps under the Tenancy Agreement are more than 0.1% but less than 5% for LCR, the Tenancy Agreement constitutes a continuing connected transaction for LCR which will continue to be subject to the reporting and announcement requirements, but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

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

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

Hong Kong, 29 September 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