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LIPPO LIMITED

力寶有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 226)

LIPPO CHINA RESOURCES LIMITED

力寶華潤有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 156)

**JOINT ANNOUNCEMENT
CONTINUING CONNECTED TRANSACTION**

**SUPPLEMENTAL AGREEMENT TO
THE TENANCY AGREEMENT**

Reference is made to the Announcement in relation to the Tenancy Agreement entered into between Serene Yield, a wholly-owned subsidiary of LCR, and LCR Catering in respect of the Premises.

On 3 January 2020, Serene Yield and LCR Catering entered into the Supplemental Agreement, 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 shall be reduced during the period between 1 September 2019 and 31 March 2020. A summary of the principal terms of the Supplemental Agreement are set out in this announcement.

LISTING RULES IMPLICATIONS

Serene Yield is a wholly-owned subsidiary of LCR. Lippo is a controlling shareholder of LCR and is interested in approximately 74.99% of the total issued shares of LCR. LCR Catering is a non-wholly owned subsidiary of Auric.

The LCR Group, through wholly-owned subsidiaries and non-wholly owned subsidiaries, is interested in approximately 50.3% of the issued shares in Auric which in turn is the holding company of LCR Catering. The remaining interest in the issued shares of Auric are held by Dr. Stephen Riady, the chairman and executive director of Lippo and LCR, and his son-in-law, Dr. Andy Adhiwana through companies owned by each of them respectively. Accordingly, LCR Catering is regarded as a connected subsidiary of each of Lippo and LCR under the Listing Rules. Therefore, the Tenancy Agreement, as amended by the Supplemental Agreement, constitutes a continuing connected transaction for each of Lippo and LCR under Rule 14A.31 of the Listing Rules.

As Dr. Stephen Riady is deemed to be materially interested in the Supplemental Agreement, he would be required to abstain from voting on the relevant Board resolution of each of Lippo and LCR in respect of the Supplemental Agreement. Save for the above, none of the Directors of Lippo and LCR has a material interest in the transactions contemplated under the Supplemental Agreement, and none of them is required to abstain or has abstained from voting on the respective Board resolutions of Lippo and LCR to approve the Supplemental Agreement.

Pursuant to Rule 14A.54 of the Listing Rules, as the Supplemental Agreement constitutes a material change to a continuing connected transaction, each of Lippo and LCR will have to re-comply with the provisions of Chapter 14A of the Listing Rules.

As 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 Supplemental Agreement, are more than 0.1% but less than 5% as specified under the Listing Rules on an annual basis for each of Lippo and LCR, and the transactions contemplated thereunder are in accordance with normal commercial terms, the Tenancy Agreement, as amended by the Supplemental Agreement, 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, a wholly-owned subsidiary of LCR, and LCR Catering in respect of the Premises (the “**Announcement**”). Capitalised terms used herein shall have the same meanings as those defined in the Announcement, unless the context requires otherwise.

SUPPLEMENTAL AGREEMENT TO THE TENANCY AGREEMENT

On 3 January 2020, Serene Yield and LCR Catering entered into the Supplemental Agreement, 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 shall be reduced during the period between 1 September 2019 and 31 March 2020 (the “**Supplemental Agreement**”).

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

Rent payable pursuant to the Tenancy Agreement	HK\$405,000 per calendar month (the “ Original Rental ”)
Rent payable pursuant to the Supplemental Agreement	<p>From 22 August 2017 to 31 August 2019: HK\$405,000 per calendar month;</p> <p>From 1 September 2019 to 30 September 2019: HK\$364,500 per calendar month;</p> <p>From 1 October 2019 to 31 December 2019: HK\$324,000 per calendar month;</p> <p>From 1 January 2020 to 31 March 2020: HK\$283,500 per calendar month;</p> <p>From 1 April 2020 to 21 August 2020: HK\$405,000 per calendar month.</p>

Save for the above amendments, all the terms and conditions of the Tenancy Agreement shall remain unchanged, and the Tenancy Agreement shall be read and construed together with the amendment and/or variation contained in the Supplemental Agreement and shall continue to be binding and effective.

As LCR Catering has already paid the monthly rental amount between 1 September 2019 and 31 December 2019 based on the Original Rental, Serene Yield and LCR Catering have agreed that the excess amount paid for such period would be utilised to offset the monthly rental payable by LCR Catering between 1 January 2020 and 31 January 2020.

Revised Annual Cap

Based on the amended terms under the Supplemental Agreement, the revised annual cap for the Tenancy Agreement, 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 Supplemental Agreement for the financial year ending 31 March 2020 is as follows:

	Annual Cap for the financial year ending 31 March 2020	
	Original	Revised
Tenancy Agreement	HK\$6,000,000	HK\$5,352,000

The Annual Cap for the financial year ending 31 March 2021 remains unchanged.

REASONS FOR ENTERING INTO THE SUPPLEMENTAL AGREEMENT

In light of the recent 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 recent downturn of business arising from recent protest events in Hong Kong and to ensure the continuation of the stable income generated by the leasing out of properties by Serene Yield. The terms of the Supplemental Agreement are similar to those granted by Serene Yield to another tenant operating restaurant business and had been negotiated and arrived at on an arm's length basis and in accordance with normal commercial terms.

In view of the above, the respective Boards of Lippo and LCR (including their respective independent non-executive directors) consider that the terms of the Supplemental Agreement are fair and reasonable and in the interests of each of Lippo and LCR and their respective shareholders as a whole.

INFORMATION ON LIPPO, LCR, SERENE YIELD AND LCR CATERING

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.

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 IMPLICATIONS

Serene Yield is a wholly-owned subsidiary of LCR. Lippo is a controlling shareholder of LCR and is interested in approximately 74.99% of the total issued shares of LCR. LCR Catering is a non-wholly owned subsidiary of Auric.

The LCR Group, through wholly-owned subsidiaries and non-wholly owned subsidiaries, is interested in approximately 50.3% of the issued shares in Auric which in turn is the holding company of LCR Catering. The remaining interest in the issued shares of Auric are held by Dr. Stephen Riady, the chairman and executive director of Lippo and LCR, and his son-in-law, Dr. Andy Adhiwana through companies owned by each of them respectively. Accordingly, LCR Catering is regarded as a connected subsidiary of each of Lippo and LCR under the Listing Rules. Therefore, the Tenancy Agreement, as amended by the Supplemental Agreement, constitutes a continuing connected transaction for each of Lippo and LCR under Rule 14A.31 of the Listing Rules.

As Dr. Stephen Riady is deemed to be materially interested in the Supplemental Agreement, he would be required to abstain from voting on the relevant Board resolution of each of Lippo and LCR in respect of the Supplemental Agreement. Save for the above, none of the Directors of Lippo and LCR has a material interest in the transactions contemplated under the Supplemental Agreement, and none of them is required to abstain or has abstained from voting on the respective Board resolutions of Lippo and LCR to approve the Supplemental Agreement.

Pursuant to Rule 14A.54 of the Listing Rules, as the Supplemental Agreement constitutes a material change to a continuing connected transaction, each of Lippo and LCR will have to re-comply with the provisions of Chapter 14A of the Listing Rules.

As 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 Supplemental Agreement, are more than 0.1% but less than 5% as specified under the Listing Rules on an annual basis for each of Lippo and LCR, and the transactions contemplated thereunder are in accordance with normal commercial terms, the Tenancy Agreement, as amended by the Supplemental Agreement, 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 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, 3 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