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LIFESTYLE INTERNATIONAL

HOLDINGS LIMITED

利福國際集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1212)

LIFESTYLE CHINA GROUP LIMITED

利福中國集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2136)

JOINT ANNOUNCEMENT

CONNECTED TRANSACTION

THE SALE AND PURCHASE AGREEMENT

On 31 July 2018, Majestic Eagle (as vendor) and Vision Pilot (as purchaser) entered into the Sale and Purchase Agreement pursuant to which Majestic Eagle agreed to sell and Vision Pilot agreed to purchase the Sale Share at the consideration of HK\$52,000,000. The Sale Share represents the entire issued share capital of Global Top.

Completion took place immediately following execution of the Sale and Purchase Agreement.

LISTING RULES IMPLICATION

As at the date of this joint announcement, Mr. Lau is a controlling shareholder of Lifestyle International interested either directly or indirectly in a total of 1,109,401,792 shares of Lifestyle International, representing approximately 69.23% of the total issued share capital of Lifestyle International, and a non-executive director of Lifestyle International. Mr. Lau is therefore a connected person of Lifestyle International. On the other hand, as at the date of this joint announcement, Mr. Lau is a controlling shareholder of Lifestyle China interested either directly or indirectly in a total of 1,097,040,292 shares of Lifestyle China, representing approximately 73.92% of the total issued share capital of Lifestyle China, and an executive director of Lifestyle China. Mr. Lau is therefore also a connected person of Lifestyle China.

Lifestyle International

Vision Pilot is wholly owned by Lifestyle International. In view of the interest of Mr. Lau in Lifestyle China, Majestic Eagle is an associate of Mr. Lau and therefore a connected person of Lifestyle International. As a result, the Sale and Purchase Agreement constitutes a connected transaction for Lifestyle International under Chapter 14A of the Listing Rules.

As the applicable percentage ratios for Lifestyle International in respect of the Sale and Purchase Agreement exceed 0.1% but are less than 5%, the transaction contemplated under the Sale and Purchase Agreement is only subject to the reporting and announcement requirements but exempt from the circular and shareholders' approval requirements under Chapter 14A of the Listing Rules.

Lifestyle China

Majestic Eagle is wholly owned by Lifestyle China. In view of the interest of Mr. Lau in Lifestyle International, Vision Pilot is an associate of Mr. Lau and therefore a connected person of Lifestyle China. As a result, the Sale and Purchase Agreement constitutes a connected transaction for Lifestyle China under Chapter 14A of the Listing Rules.

As the applicable percentage ratios for Lifestyle China in respect of the Sale and Purchase Agreement exceed 0.1% but are less than 5%, the transaction contemplated under the Sale and Purchase Agreement is only subject to the reporting and announcement requirements but exempt from the circular and shareholders' approval requirements under Chapter 14A of the Listing Rules.

THE SALE AND PURCHASE AGREEMENT

Date: 31 July 2018

Parties: Majestic Eagle as vendor (a direct wholly-owned subsidiary of Lifestyle China); and

Vision Pilot as purchaser (a direct wholly-owned subsidiary of Lifestyle International)

Subject Matter of the Sale and Purchase Agreement

Immediately prior to Completion, Majestic Eagle directly held 100% equity interest in Global Top. Pursuant to the Sale and Purchase Agreement, Majestic Eagle agreed to sell and Vision Pilot agreed to purchase the the Sale Share, representing the entire issued share capital of Global Top, subject to the terms of the Sale and Purchase Agreement.

Consideration

The Consideration is HK\$52,000,000 which was paid in cash by Vision Pilot to Majestic Eagle at Completion.

The Consideration was determined after arm's length negotiations between Majestic Eagle and Vision Pilot based on normal commercial terms and after taking into account the stable revenue and profit of the business of Wa San Mai, the size of its operation being a single restaurant business, the location of and the fact that the restaurant being in a premises rented from and in the same building as the Sogo department store of Lifestyle International Group.

Completion

Completion took place immediately following execution of the Sale and Purchase Agreement.

Upon Completion, Global Top has ceased to be a subsidiary of Lifestyle China and has become an indirect wholly-owned subsidiary of Lifestyle International.

INFORMATION ON GLOBAL TOP

Global Top is incorporated in Hong Kong with limited liability. The principal business activity of Global Top is the operation of the Wa San Mai Japanese restaurant on 22nd Floor, East Point Centre, Causeway Bay, Hong Kong.

Set out below are the audited financial results of Global Top for each of the two financial years ended 31 December 2017:

	For the year ended 31 December 2016	For the year ended 31 December 2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit before tax	15,001	15,565
Profit after tax	12,546	13,017

The unaudited net asset value of Global Top as at 30 June 2018 was HK\$36,258,392. A dividend of HK\$36,258,391 has been distributed by Global Top to Majestic Eagle after 30 June 2018 but before Completion.

INFORMATION ON LIFESTYLE INTERNATIONAL GROUP AND VISION PILOT

Lifestyle International is an investment holding company incorporated in the Cayman Islands with limited liability and its shares are listed on the Main Board of the Stock Exchange. Lifestyle International Group is principally engaged in the operation of department stores in Hong Kong, property development and property investment.

Vision Pilot is incorporated in the British Virgin Islands with limited liability and is a direct wholly-owned subsidiary of Lifestyle International. The principal business activity of Vision Pilot is investment holding.

INFORMATION ON LIFESTYLE CHINA GROUP AND MAJESTIC EAGLE

Lifestyle China is an investment holding company incorporated in the Cayman Islands with limited liability and its shares are listed on the Main Board of the Stock Exchange. Lifestyle China Group is principally engaged in the operation of department stores and related retailing business in the PRC and restaurant business.

Majestic Eagle is incorporated in the British Virgin Islands with limited liability and is a direct wholly-owned subsidiary of Lifestyle China. The principal business activity of Majestic Eagle is investment holding.

REASONS FOR THE TRANSACTION

Lifestyle International

Lifestyle International Group operates its flagship department store in Causeway Bay, Hong Kong in the same building where Wa San Mai is situated. While there are coffee shops within the department store to cater for the needs of its customers shopping in the department store, Wa San Mai, being close to the department store, provides a convenient alternative for customers of the store with full Japanese lunch and dinner menu. As such, the acquisition will create synergy for the department store by ensuring that customers of the department store will continue to be served by Wa San Mai as a complementary facility of the department store. Moreover, the stable business of Wa San Mai will provide a stable cash flow to Lifestyle International Group.

The directors of Lifestyle International (including its independent non-executive directors) are of the view that the terms of the Sale and Purchase Agreement are on normal commercial terms and are fair and reasonable and in the interest of Lifestyle International and its shareholders taken as a whole.

Lifestyle China

At present, the Lifestyle China Group operates two restaurants in the PRC (the “**PRC Restaurants**”) and one restaurant in Hong Kong (the “**HK Restaurant**”), all under the brand name of “和三味 (Wa San Mai)”. As operations of the PRC Restaurants have been loss making, Lifestyle China Group has planned to close down these restaurants. After the closing down of the PRC Restaurants, the HK Restaurant, being the only business of Lifestyle China Group in Hong Kong, would no longer have any synergy or connection to the other business of the Lifestyle China Group, which mainly operates its department store business in the PRC. The Transaction provides a good opportunity for Lifestyle China Group to realise its non-core

restaurant business in Hong Kong at a reasonable price and provide Lifestyle China Group with additional working capital to develop its core department stores and retail relating business in the PRC.

The directors of Lifestyle China (including its independent non-executive directors) are of the view that the terms of the Sale and Purchase Agreement are on normal commercial terms and are fair and reasonable and in the interest of Lifestyle China and its shareholders taken as a whole.

LISTING RULES IMPLICATIONS

As at the date of this joint announcement, Mr. Lau is a controlling shareholder of Lifestyle International interested either directly or indirectly in a total of 1,109,401,792 shares of Lifestyle International, representing approximately 69.23% of the total issued share capital of Lifestyle International, and a non-executive director of Lifestyle International. Mr. Lau is therefore a connected person of Lifestyle International. On the other hand, as at the date of this joint announcement, Mr. Lau is a controlling shareholder of Lifestyle China interested either directly or indirectly in a total of 1,097,040,292 shares of Lifestyle China, representing approximately 73.92% of the total issued share capital of Lifestyle China, and an executive director of Lifestyle China. Mr. Lau is therefore a connected person of Lifestyle China.

Lifestyle International

Vision Pilot is wholly owned by Lifestyle International. In view of the interest of Mr. Lau in Lifestyle China, Majestic Eagle is an associate of Mr. Lau and therefore a connected person of Lifestyle International. As a result, the Sale and Purchase Agreement constitutes a connected transaction for Lifestyle International under Chapter 14A of the Listing Rules.

As the applicable percentage ratios for Lifestyle International in respect of the Sale and Purchase Agreement exceed 0.1% but are less than 5%, the transaction contemplated under the Sale and Purchase Agreement is only subject to the reporting and announcement requirements but exempt from the circular and shareholders' approval requirements under Chapter 14A of the Listing Rules.

In view of Mr. Lau's interest in Lifestyle China as stated above, Mr. Lau, Mr. Lau Kam Sen (being the son of Mr. Lau), Ms. Lau Kam Shim (being the daughter of Mr. Lau) and Ms. Lau Yuk Wai, Amy (being sister of Mr. Lau), all being directors of Lifestyle International, have abstained from voting on the relevant board resolutions of Lifestyle International in relation to the Transaction.

Lifestyle China

Majestic Eagle is wholly owned by Lifestyle China. In view of the interest of Mr. Lau in Lifestyle International, Vision Pilot is an associate of Mr. Lau and therefore a connected person of Lifestyle China. As a result, the Sale and Purchase Agreement constitutes a connected transaction for Lifestyle China under Chapter 14A of the Listing Rules.

As the applicable percentage ratios for Lifestyle China in respect of the Sale and Purchase Agreement exceed 0.1% but are less than 5%, the transaction contemplated under the Sale and Purchase Agreement is only subject to the reporting and announcement requirements but exempt from the circular and shareholders' approval requirements under Chapter 14A of the Listing Rules.

In view of Mr. Lau's interest in Lifestyle International as stated above, Mr. Lau, an executive director of Lifestyle China, has abstained from voting on the relevant board resolutions of Lifestyle China in relation to the Transaction.

DEFINITIONS

In this joint announcement, unless the context otherwise requires, the following terms have the meanings set opposite to them below:

“Completion”	completion of the Sale and Purchase Agreement;
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules;
“Consideration”	HK\$52,000,000, being the consideration payable for the Sale Share;
“Global Top”	Global Top Limited (世高有限公司), a company incorporated in Hong Kong with limited liability;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People's Republic of China;
“Lifestyle China”	Lifestyle China Group Limited (利福中國集團有限公司), a company incorporated in the Cayman Islands whose shares are listed on the Main Board of the Stock Exchange (stock code: 2136);
“Lifestyle China Group”	Lifestyle China and its subsidiaries;
“Lifestyle International”	Lifestyle International Holdings Limited (利福國際集團有限公司), a company incorporated in the Cayman Islands whose shares are listed on the Main Board of the Stock Exchange (stock code: 1212);
“Lifestyle International Group”	Lifestyle International and its subsidiaries;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange in force for the time being;

“Majestic Eagle”	Majestic Eagle Limited, a company incorporated in the British Virgin Islands with limited liability and is a direct wholly-owned subsidiary of Lifestyle China;
“Mr. Lau”	Mr. Lau Luen Hung, Thomas;
“PRC”	the People’s Republic of China (for the purpose of this joint announcement, excluding Hong Kong, Macau Special Administrative Region and Taiwan);
“Sale and Purchase Agreement”	the sale and purchase agreement dated 31 July 2018 entered into between Majestic Eagle as vendor and Vision Pilot as purchaser in relation to the sale and purchase of the Sale Share;
“Sale Share”	the 1 ordinary share of Global Top, representing the entire issued share capital of Global Top;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Transaction”	the transaction contemplated under the Sale and Purchase Agreement;
“Vision Pilot”	Vision Pilot Group Limited, a company incorporated in the British Virgin Islands with limited liability and is a direct wholly-owned subsidiary of Lifestyle International;
“%”	per cent.

By order the board of directors of
Lifestyle International Holdings Limited
Poon Fuk Chuen
Company Secretary

By order of the board of directors of
Lifestyle China Group Limited
Poon Fuk Chuen
Company Secretary

Hong Kong, 31 July 2018

As at the date of this joint announcement, the board of directors of Lifestyle International comprises Mr. Lau Kam Sen and Ms. Lau Kam Shim as executive directors; Mr. Lau Luen Hung, Thomas, Mr. Doo Wai Hoi, William and Ms. Lau Yuk Wai, Amy as non-executive directors; and Mr. Lam Siu Lun, Simon, The Hon. Shek Lai Him, Abraham, Mr. Hui Chiu Chung and Mr. Ip Yuk Keung as independent non-executive directors.

As at the date of this joint announcement, the board of directors of Lifestyle China comprises Mr. Lau Luen Hung, Thomas as executive director; Ms. Chan Chor Ling, Amy as non-executive director; and Ms. Cheung Mei Han, Mr. Cheung Yuet Man, Raymond and Mr. Lam Kwong Wai as independent non-executive directors.