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## **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)**

### **CONTINUING CONNECTED TRANSACTION ENTRUSTED LOAN AGREEMENT**

On 12 June 2018, Shanghai Ongoing (as lender) entered into the Entrusted Loan Agreement with the Bank (as lending agent) and Shanghai Joinbuy (as borrower) for the provision of the Entrusted Loan(s) on a revolving basis with the aggregate principal amount of up to RMB100,000,000 (equivalent to approximately HK\$122,000,000) which will be available for a period of three years.

Shanghai Ongoing is a 65% indirectly owned subsidiary of the Company and its remaining 35% equity interest is owned as to 5% by Joinbuy Group and 30% by Joinbuy Investment. The joint venture, Shanghai Joinbuy, is owned as to 50% by the Company, 12% by Joinbuy Group and 38% by Joinbuy Investment.

Joinbuy Group and Joinbuy Investment (whose controlling shareholder is Joinbuy Group), being substantial shareholders of Shanghai Ongoing, are connected persons of the Company. As Shanghai Joinbuy is owned as to 12% by Joinbuy Group and 38% by Joinbuy Investment, Shanghai Joinbuy is an associate of Joinbuy Investment and a connected person of the Company. The granting of the Entrusted Loan(s) under the Entrusted Loan Agreement constitutes the provision of financial assistance by the Company to a connected person, and therefore constitutes a continuing connected transaction under Chapter 14A of the Listing Rules.

As the applicable percentage ratios in respect of the Entrusted Loan Agreement are less than 5%, the transactions contemplated under the Entrusted Loan Agreement are exempt from the circular (including independent financial advice) and Shareholders' approval requirements applicable to continuing connected transactions under Chapter 14A of the Listing Rules on the basis that it falls within the de minimis threshold as stipulated under Rule 14A.76(2) of the Listing Rules. The transactions contemplated under the Entrusted Loan Agreement are also exempt from the circular, independent financial advice and Shareholders' approval requirements under Chapter 14A of the Listing Rules pursuant to Rule 14A.101 of the Listing Rules as the Board has approved the transactions contemplated under the Entrusted Loan Agreement and the Directors (including the independent non-executive Directors) have confirmed that the terms of the Entrusted Loan Agreement are fair and reasonable and the transactions contemplated thereunder are on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

## THE ENTRUSTED LOAN AGREEMENT

On 12 June 2018, Shanghai Ongoing (as lender) entered into the Entrusted Loan Agreement with the Bank (as lending agent) and Shanghai Joinbuy (as borrower) for the provision of the Entrusted Loan(s) on a revolving basis with the aggregate principal amount of up to RMB100,000,000 (equivalent to approximately HK\$122,000,000) which will be available for a period of three years. The principal terms of the Entrusted Loan Agreement are set out below:

<b>Date:</b>	12 June 2018
<b>Parties:</b>	(1) Shanghai Ongoing (as lender) (2) The Bank (as lending agent) (3) Shanghai Joinbuy (as borrower)
<b>Availability period:</b>	Three years from 12 June 2018 to 11 June 2021 (both dates inclusive)
<b>Aggregate loan principal amount:</b>	Up to RMB100,000,000 (equivalent to approximately HK\$122,000,000)
<b>Loan term:</b>	The term of each Individual Entrusted Loan shall not exceed 12 months and in any event, the maturity date of each Individual Entrusted Loan shall not be later than 11 June 2021
<b>Purpose:</b>	For general working capital purpose
<b>Interest:</b>	To be agreed between Shanghai Ongoing and Shanghai Joinbuy with reference to the benchmark lending rate as quoted by the People's Bank of China from time to time (being 4.35% per annum on the date of the Entrusted Loan Agreement) and to be specified in the relevant entrusted loan instruction in respect of each Individual Entrusted Loan
<b>Handling charges:</b>	0.06% per annum on each Individual Entrusted Loan payable by Shanghai Ongoing to the Bank
<b>Repayment:</b>	One-off repayment of the principal amount and interest on the maturity date of each Individual Entrusted Loan

**Prepayment:** Shanghai Joinbuy may, with the consent from Shanghai Ongoing and by giving prior written notice to the Bank, prepay all or part of the Entrusted Loan(s) and the interest accrued on the amount to be prepaid in accordance with the terms and conditions of the Entrusted Loan Agreement

**Re-borrowing:** Shanghai Joinbuy may during the 3-year availability period re-borrow in whole or in part the Entrusted Loan(s) repaid or prepaid in accordance with the terms and conditions of the Entrusted Loan Agreement provided that, among others, the amount to be re-borrowed together with the total principal amount outstanding does not exceed RMB100,000,000

### **CAP AND BASIS OF DETERMINATION OF SUCH CAP**

The annual caps for the Entrusted Loans are set at RMB100,000,000 for each of the following period: (a) from 12 June 2018 to 31 December 2018; (b) from 1 January 2019 to 31 December 2019; (c) from 1 January 2020 to 31 December 2020 and (d) 1 January 2021 to 11 June 2021.

The annual caps for the Entrusted Loans are determined based on the maximum aggregate principal amount of the Entrusted Loans which was estimated based on the expected cashflow and the financial and operational needs of Shanghai Joinbuy during the availability period.

During the financial years ended 31 December 2016 and 31 December 2017 and the period from 1 January 2018 to 29 May 2018, the maximum outstanding principal entrusted loan granted by Shanghai Ongoing to Shanghai Joinbuy was RMB30,000,000, RMB30,000,000 and RMB30,000,000 respectively. The last entrusted loan in the principal amount of RMB30,000,000 together with interest accrued thereon had been fully repaid on 29 May 2018.

### **INFORMATION OF THE GROUP, SHANGHAI ONGOING, SHANGHAI JOINBUY AND THE BANK**

#### **The Group**

The Group is principally engaged in the operation of department stores and related retailing business in the PRC and restaurant business. The Group mainly operates its full-fledged lifestyle department stores, with middle to upper-end market positioning, through its retail brand name “Jiuguang” in the PRC.

## **Shanghai Ongoing**

Shanghai Ongoing is a 65% indirectly owned subsidiary of the Company and the remaining 35% equity interest is owned as to 5% by Joinbuy Group and 30% by Joinbuy Investment. Shanghai Ongoing operates the “Jiuguang” store in Jingan district, Shanghai.

## **Shanghai Joinbuy**

Shanghai Joinbuy is a joint venture owned as to 50% by the Company, 12% by Joinbuy Group and 38% by Joinbuy Investment. The principal business of Shanghai Joinbuy is the holding of the retail property situated in Jingan district, Shanghai, which is being leased to Shanghai Ongoing for the operation of the “Jiuguang” store.

## **The Bank**

The Bank is an independent third party licensed to conduct banking and related financial services in the PRC.

## **REASONS FOR AND BENEFITS OF THE PROVISION OF THE ENTRUSTED LOANS**

The Group utilizes the surplus cash of Shanghai Ongoing for the provision of the Entrusted Loans to Shanghai Joinbuy with an aim to enhancing the return of the Group’s surplus cash and at the same time satisfying Shanghai Joinbuy’s working capital needs.

The terms of the Entrusted Loan Agreement, including the applicable interest rate, were agreed by the parties after arm’s length negotiations having taken into account the prevailing market practices and interest rates for both bank deposit and bank borrowing. The Directors (including the independent non-executive Directors) are of the view that the terms of the Entrusted Loan Agreement are fair and reasonable and transactions contemplated thereunder are on normal commercial terms and in the interests of the Company and Shareholders as a whole.

## **IMPLICATIONS OF THE LISTING RULES**

Joinbuy Group and Joinbuy Investment (whose controlling shareholder is Joinbuy Group), being substantial shareholders of Shanghai Ongoing, are connected persons of the Company. As Shanghai Joinbuy is owned as to 12% by Joinbuy Group and 38% by Joinbuy Investment, Shanghai Joinbuy is an associate of Joinbuy Investment and a connected person of the Company. The granting of the Entrusted Loan(s) under the Entrusted Loan Agreement constitutes the provision of financial assistance by the Company to a connected person, and therefore constitutes a continuing connected transaction under Chapter 14A of the Listing Rules.

As the applicable percentage ratios in respect of the Entrusted Loan Agreement are less than 5%, the transactions contemplated under the Entrusted Loan Agreement are exempt from the circular (including independent financial advice) and Shareholders' approval requirements applicable to continuing connected transactions under Chapter 14A of the Listing Rules on the basis that it falls within the de minimis threshold as stipulated under Rule 14A.76(2) of the Listing Rules. The transactions contemplated under the Entrusted Loan Agreement are also exempt from the circular, independent financial advice and Shareholders' approval requirements under Chapter 14A of the Listing Rules pursuant to Rule 14A.101 of the Listing Rules as the Board has approved the transactions contemplated under the Entrusted Loan Agreement and the Directors (including the independent non-executive Directors) have confirmed that the terms of the Entrusted Loan Agreement are fair and reasonable and the transactions contemplated thereunder are on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

None of the Directors has material interest in the transaction contemplated under the Entrusted Loan Agreement and none of them is required to abstain from voting on the relevant Board resolution to approve the entering into and performance of the Entrusted Loan Agreement.

## **DEFINITIONS**

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

“Bank”	an independent third party licenced to conduct banking and related financial services in the PRC;
“Board”	the board of directors of the Company;
“Company”	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;
“connected person”	has the meaning ascribed to it in the Listing Rules;
“controlling shareholder”	has the meaning ascribed to it in the Listing Rules;
“Directors”	the directors of the Company;
“Entrusted Loan(s)”	the entrusted loan(s) to be provided by Shanghai Ongoing to Shanghai Joinbuy under the Entrusted Loan Agreement;
“Entrusted Loan Agreement”	the entrusted loan agreement entered into by Shanghai Ongoing, the Bank and Shanghai Joinbuy on 12 June 2018 in respect of the Entrusted Loans, the principal terms of which are set out in this announcement;

“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Individual Entrusted Loan”	a stand-alone entrusted loan provided by Shanghai Ongoing to Shanghai Joinbuy through the Bank in accordance with the Entrusted Loan Agreement;
“Joinbuy Group”	上海九百(集團)有限公司 (Shanghai Joinbuy Group Co., Ltd.*), a company established in the PRC, which holds 12% of the equity interest in Shanghai Joinbuy and 5% of the equity interest in Shanghai Ongoing;
“Joinbuy Investment”	上海九百股份有限公司 (Shanghai Joinbuy Co., Ltd.*), a company established in the PRC, which holds 38% of the equity interest in Shanghai Joinbuy and 30% of the equity interest in Shanghai Ongoing;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region and Taiwan);
“Shanghai Joinbuy”	上海九百城市廣場有限公司 (Shanghai Joinbuy City Plaza Co. Ltd.*), a sino-foreign equity joint venture enterprise established in the PRC with limited liability, of which the Group owns an effective equity stake of 50%;
“Shanghai Ongoing”	Shanghai Ongoing Department Store Limited (上海久光百貨有限公司), a sino-foreign equity joint venture enterprise established in the PRC with limited liability, of which the Group owns an effective equity stake of 65%;
“Share(s)”	the share(s) of the Company;
“Shareholder(s)”	holder(s) of the Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules;

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“RMB”	Renminbi, the lawful currency of the PRC;
“%”	per cent.

*In this announcement, amounts in RMB have been converted into HK\$ at the rate of RMB1.00 = HK\$1.22 solely for illustration purpose (subject to rounding up), unless otherwise stated. No representation is made that any amounts in RMB or HK\$ could have been or could be converted at that rate or any other rate or at all.*

\* *For identification purpose only*

By order of the Board  
**Lifestyle China Group Limited**  
**Poon Fuk Chuen**  
*Company Secretary*

Hong Kong, 12 June 2018

*As at the date of this announcement, the Board 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.*