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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)

POSITIVE PROFIT ALERT

This announcement is made by Lifestyle China Group Limited (the “Company”, together with its subsidiaries collectively the “Group”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

The board of directors (the “Board”) of the Company wishes to inform shareholders of the Company (the “Shareholders”) and potential investors that based on the preliminary review of the unaudited consolidated management accounts of the Group for the year ended 31 December 2020 (“FY2020”), the Group is expecting to record a profit attributable to owners of the Company of no less than RMB200 million for FY2020 as compared to a loss of RMB83.5 million for the year ended 31 December 2019 (“FY2019”).

The expected turnaround to a profit for FY2020 from a loss in FY2019 was mainly attributable to share of profits rather than share of losses of associates as were the case in FY2019, which were a direct result of the Company’s decision for a full provision to be made against a share of an expected credit loss in respect of certain trade receivables held by an associate in Hebei Province, the People’s Republic of China (“ECL Provision”). If the ECL Provision was to be excluded in arriving at the profit attributable to owners of the Company for FY2019, the aforesaid expected profit for FY2020 would represent a decrease of no more than 50% when comparing to FY2019 and the expected decrease in profit was primarily due to (i) sales drop coupled with lower profit margin amid the adverse impact to the Group’s operations caused by the COVID-19 pandemic; and (ii) absence in FY2020 of a refund of withholding tax of RMB40.2 million recorded in FY2019.

The Company is still in the process of finalizing its annual results of the Group for FY2020 and the information contained in this announcement represents only a preliminary assessment by the management of the Company based on the information currently available and is not based on any figures or information which have been reviewed or audited by the Company's auditors. The actual results of the Group for FY2020 may be different from the estimates disclosed herein.

Details of the Group's annual results for FY2020 are expected to be announced on 23 March 2021. Shareholders and potential investors are advised to read the results announcement of the Company when it is published.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

On behalf of the Board
Lifestyle China Group Limited
Lau Luen Hung, Thomas
Chairman and Executive Director

Hong Kong, 10 March 2021

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.