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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)

PROFIT WARNING

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 and potential investors that based on the preliminary review of the unaudited consolidated management accounts of the Group, the Group is expecting to record a loss of around RMB70 million for the year ended 31 December 2019 as compared with a profit of RMB338 million for the year ended December 2018. The expected loss of the Group for the year ended 31 December 2019 is mainly attributable to the share of losses of the associates in Hebei Province, the People’s Republic of China, amounting to approximately RMB295 million (2018: share of profits of RMB204 million) as a result of the Company’s conservative assessment and decision for a full provision to be made against certain trade receivables held by the associates (as compared to a provision representing approximately 4% made in the unaudited consolidated management accounts of the associates made up to 31 December 2019). The Company’s full provision decision was made after obtaining an understanding from management of the associates in respect of the actions that have been taken and to be taken to recover the above-mentioned trade receivables. In addition, the Company’s decision was made with reference to the Group’s knowledge from public sources that the guarantor and ultimate owner of the debtors of the associates is currently being detained by the relevant local authority and that all the companies and assets located in Hebei Province under the direct and indirect control of the guarantor have been seized by the relevant local authority.

The Company is still in the process of finalising its consolidated results of the Group for the year ended 31 December 2019 and the information contained in this announcement represents only a preliminary assessment by the management of the Company based on the management accounts and information currently available, which is subject to review by the auditor and audit committee of the Company. The final audited results of the Group for the year ended 31 December 2019 may be different from the estimates disclosed herein.

Details of the Group's audited results for the year ended 31 December 2019 are expected to be announced before end of March 2020.

Shareholders of the Company and potential investors are advised to read the results announcement of the Company when it is published. Shareholders of the Company 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, 11 March 2020

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.