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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)**

### **VERY SUBSTANTIAL ACQUISITION CONNECTED TRANSACTION AND CONTINUING CONNECTED TRANSACTION RENEWAL OF SHANGHAI JIUGUANG TENANCY AGREEMENT AND PROPOSED ADOPTION OF THE NEW MEMORANDUM AND ARTICLES OF ASSOCIATION**

#### **RENEWAL OF SHANGHAI JIUGUANG TENANCY AGREEMENT**

On 28 December 2022, Shanghai Ongoing entered into the New Shanghai Jiuguang Tenancy Agreement as tenant with Shanghai Joinbuy City Plaza as landlord in relation to the Shanghai Premises.

#### **LISTING RULES IMPLICATION**

Pursuant to the requirement of HKFRS 16, the entering into of the New Shanghai Jiuguang Tenancy Agreement by Shanghai Ongoing as lessee will require the Group to recognise right-of-use asset on its consolidated statement of financial position in relation to the Shanghai Premises. Therefore, the entering into of the New Shanghai Jiuguang Tenancy Agreement will be regarded as an acquisition of asset by the Group under the Listing Rules. The unaudited value of right-of-use asset to be recognised by the Group under the New Shanghai Jiuguang Tenancy Agreement amounts to approximately RMB1.6 billion. The value of right-of-use asset is based on preliminary assessment by the Company which have not been audited and may be subject to possible changes and adjustments.

As one of the applicable percentage ratios in respect of the acquisition of right-of-use asset to be recognised by the Group under the New Shanghai Jiuguang Tenancy Agreement is more than 100%, the entering into of the New Shanghai Jiuguang Tenancy Agreement constitutes a very substantial acquisition of the Company and is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, 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 Co.. Shanghai Joinbuy City Plaza is a joint venture company owned as to 50% by the Company, 12% by Joinbuy Group and 38% by Joinbuy Co..

Joinbuy Group and Joinbuy Co. (whose controlling shareholder is Joinbuy Group), being substantial shareholders of Shanghai Ongoing, are connected persons of the Company at the subsidiary level. As Shanghai Joinbuy City Plaza is owned as to 12% by Joinbuy Group and 38% by Joinbuy Co., Shanghai Joinbuy City Plaza is an associate of Joinbuy Co. and a connected person of the Company at the subsidiary level. The transaction contemplated under the New Shanghai Jiuguang Tenancy Agreement in respect of the acquisition of right-of-use asset to be recognised by the Group therefore constitutes a connected transaction and the payment of the turnover rent (if any) and management fees under the New Shanghai Jiuguang Tenancy Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

By virtue of Rule 14A.101 of the Listing Rules, since (i) Shanghai Joinbuy City Plaza is a connected person of the Company at the subsidiary level; (ii) the Board has approved the New Shanghai Jiuguang Tenancy Agreement and the New Annual Caps; and (iii) the independent non-executive Directors have confirmed that the transactions contemplated under the New Shanghai Jiuguang Tenancy Agreement are on normal or better commercial terms, and the terms of the New Shanghai Jiuguang Tenancy Agreement and the New Annual Caps are fair and reasonable and in the interests of the Company and its Shareholders as a whole, the New Shanghai Jiuguang Tenancy Agreement and the transactions contemplated thereunder are subject to the announcement and (to the extent constituting continuing connected transaction for the Company) annual review requirements but are exempted from the circular, independent financial advice and Shareholders' approval requirements under Chapter 14A of the Listing Rules.

In addition, pursuant to Rule 14A.52 of the Listing Rules, as the term of the New Shanghai Jiuguang Tenancy Agreement exceeds three (3) years, the Company has appointed the Independent Financial Adviser to explain why the New Shanghai Jiuguang Tenancy Agreement requires a longer period and to confirm that it is a normal business practice for agreements of this type to be of such duration.

## **PROPOSED ADOPTION OF THE NEW MEMORANDUM AND ARTICLES OF ASSOCIATION**

The Board proposes to amend the Memorandum and Articles of Association by way of adopting the New Memorandum and Articles of Association in substitution for, and to the exclusion of, the Memorandum and Articles of Association in order to (i) bring the Articles of Association in line with the relevant requirements under the Listing Rules and the applicable laws of Cayman Islands; (ii) enable the Company to convene and hold electronic or hybrid general meetings of the Company and providing flexibility to the Company in relation to the conduct of general meetings; and (iii) make other consequential and housekeeping amendments.

### **EGM**

The Company will convene the EGM for the purpose of, among other things, considering and if thought fit, approving the New Shanghai Jiuguang Tenancy Agreement and the proposed adoption of the New Memorandum and Articles of Association.

As additional time is required for preparing the information to be included in a circular containing, among other things, further information on the New Shanghai Jiuguang Tenancy Agreement and the transactions contemplated thereunder, the proposed adoption of the New Memorandum and Articles of Association and a notice of the EGM, the Company expects that the circular will be despatched to the Shareholders on or before 1 February 2023.

**The New Shanghai Jiuguang Tenancy Agreement is subject to the Shareholders' approval and therefore the New Shanghai Jiuguang Tenancy Agreement and the transactions contemplated thereunder may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.**

## **RENEWAL OF SHANGHAI JIUGUANG TENANCY AGREEMENT**

References are made to the announcements of the Company dated 30 December 2021 and 18 December 2018 in relation to the renewal of annual caps in respect of the continuing connected transactions contemplated under the Existing Shanghai Jiuguang Tenancy Agreement. Further details of the Existing Shanghai Jiuguang Tenancy Agreement were set out in the listing document of the Company dated 30 June 2016. The initial term of the Existing Shanghai Jiuguang Tenancy Agreement will expire on 30 September 2024.

On 28 December 2022, Shanghai Ongoing entered into the New Shanghai Jiuguang Tenancy Agreement as tenant with Shanghai Joinbuy City Plaza as landlord in relation to the Shanghai Premises for a period of 20 years commencing from 1 October 2024 to 30 September 2044 with a new basic rental of RMB130 million per year. Apart from the above, the other terms of the Existing Shanghai Jiuguang Tenancy Agreement remains unchanged in the New Shanghai Jiuguang Tenancy Agreement.

## THE NEW SHANGHAI JIUGUANG TENANCY AGREEMENT

The principal terms of the New Shanghai Jiuguang Tenancy Agreement are set out below:

- Date** : 28 December 2022
- Parties** : (1) Shanghai Joinbuy City Plaza as landlord of the Shanghai Premises  
(2) Shanghai Ongoing as tenant of the Shanghai Premises
- Premises** : the entire building (including open space, external wall and roof top of the building) situated at 1618 Nanjing Xi Road, Shanghai, the PRC known as Shanghai Joinbuy City Plaza Building (上海久百城市廣場大廈), with a gross construction floor area of 91,833.16 square metres
- Term** : From 1 October 2024 to 30 September 2044
- Rental** : The basic rental is RMB130 million per year.

As from the year when the average annual sales proceeds (before the deduction of any value added tax, business tax and sales tax), including the sales income of the Shanghai Ongoing and its sub-tenants and income derived from other commercial activities, generated at the Shanghai Premises over the period from the commencement of the Existing Shanghai Jiuguang Tenancy Agreement to and including that year exceeds RMB1,500 million, an additional turnover rent calculated at the rate of 3.5% on the amount of annual sales proceeds over and above RMB1,500 million (after deduction of value added tax, business tax and sales tax) shall be payable by Shanghai Ongoing to Shanghai Joinbuy City Plaza.

If in any subsequent year the annual sales proceeds falls below the above benchmark (“**Disqualifying Year**”), no additional turnover rent will be payable from that year onward until the year when the average annual sales proceeds over the period from the Disqualifying Year to and including that year exceeds RMB1,500 million again.

For the first year when average annual sales proceeds exceeds RMB1,500 million and in the case when the average annual sales proceeds subsequently falls below such benchmark,

the first year when the average annual sales proceeds exceeds such benchmark again, the additional turnover rent will be subject to a maximum amount equivalent to 3.5% of the difference between the actual accumulated sales proceeds (calculated after the deduction of any value added tax, business tax and sales tax) for the period since the commencement of the Existing Shanghai Jiuguang Tenancy Agreement or the Disqualifying Year (as the case may be) and the expected accumulated sales proceeds for the same period calculated at the rate of RMB1,500 million per annum.

**Payment term** : The annual basic rental is payable by 12 monthly instalments every year. The additional turnover rent for a particular year is payable within the period of 1 February to 10 February of the following year.

**Renewal** : Shanghai Ongoing has an option to renew the New Shanghai Jiuguang Tenancy Agreement for a further period of 10 years upon expiry of the initial term provided that Shanghai Ongoing has served a notice of renewal on Shanghai Joinbuy City Plaza at least 12 months before the expiry of the initial term. Save for the rental for the renewed term which will refer to the then market rental on the basis of letting a whole building to a single tenant with a preferential discount, the terms and conditions of the New Shanghai Jiuguang Tenancy Agreement for the renewed term will remain unchanged.

Upon renewal of the New Shanghai Jiuguang Tenancy Agreement, our Company will comply with all applicable requirements under the Listing Rules, including (where required) the obtaining of approval of the Shareholders.

**Management fee and other charges** : The management fee of the Shanghai Premises will be charged to Shanghai Ongoing at cost. The management fee shall be payable to the property management branch company of Shanghai Joinbuy City Plaza. Shanghai Ongoing is also responsible for the charges for supplies of water, electricity and gas, communication and equipment in relation to the Shanghai Premises.

**Use of Shanghai Premises** : commercial use

If Shanghai Joinbuy City Plaza intends to sell the Shanghai Premises during the term of the New Shanghai Jiuguang Tenancy Agreement, Shanghai Ongoing will have a first right of refusal to acquire the Shanghai Premises on the same terms.

The Shanghai Premises is currently solely used for the operation of Shanghai Jiuguang, and has adopted a strategy to tailor our products for business executives and expatriates customers. It primarily focuses on middle to upper-end products ranging from daily necessity items to luxury products with a portfolio of international and domestic brands.

The rental and management fee under the New Shanghai Jiuguang Tenancy Agreement were determined after arm's length negotiation between the parties with reference to local market conditions and business performance of the Shanghai Jiuguang.

The rental and management fee under the New Shanghai Jiuguang Tenancy Agreement has been paid by Shanghai Ongoing from cashflow generated from its operation and internal resources of Shanghai Ongoing. The property management branch company of Shanghai Joinbuy City Plaza will charge Shanghai Ongoing the management fee on an annual basis.

#### **BASIS OF DETERMINATION OF THE ANNUAL CAPS**

The amount of the turnover rent and management fee paid or payable by Shanghai Ongoing for each of the two years ended 31 December 2020 and 2021 and the eleven months ended 30 November 2022 are set out below:

	<b>For the year ended</b>		<b>For the</b>
	<b>31 December</b>		<b>eleven</b>
	<b>2020</b>	<b>2021</b>	<b>months</b>
			<b>ended</b>
	<i>RMB ('000)</i>	<i>RMB ('000)</i>	<b>30 November</b>
			<b>2022</b>
			<i>RMB ('000)</i>
Turnover rent paid/payable ( <i>Note</i> )	30,483	43,794	11,259
Management fee paid/payable	35,081	36,939	36,116

*Note:* The annual caps following adopting the HKFRS 16 were set to consist of depreciation charge, interest charge and turnover rent under the Existing Shanghai Jiuguang Tenancy Agreement. Upon the New Shanghai Jiuguang Tenancy Agreement being effective, the Group shall recognise (i) depreciation charge over the life of the right-of-use-asset and (ii) interest expense calculated based on lease liability. Therefore, only the turnover rent will be treated as a continuing connected transaction.

For the purpose of the Listing Rules, the proposed annual caps in respect of the turnover rent and management fee under the New Shanghai Jiuguang Tenancy Agreement to be incurred/payable by Shanghai Ongoing for the three months ending 31 December 2024 and the two years ending 31 December 2025 and 2026. (the “**New Annual Caps**”) are set out as follows:

	<b>For the three months ending 31 December 2024</b>	<b>For the year ending 31 December</b>	
	<b>2024</b>	<b>2025</b>	<b>2026</b>
	<i>RMB ('000)</i>	<i>RMB ('000)</i>	<i>RMB ('000)</i>
New annual caps in respect of turnover rent	14,000	63,000	67,000
New annual caps in respect of management fee	11,000	45,000	47,000

If the actual amount payable by Shanghai Ongoing to Shanghai Joinbuy City Plaza under the New Shanghai Jiuguang Tenancy Agreement shall exceed the New Annual Caps or upon the expiry of the New Annual Caps on 31 December 2026, the Company will re-comply with all applicable requirements under the Listing Rules.

The turnover rent payable pursuant to the New Shanghai Jiuguang Tenancy Agreement is arrived at based on the Company’s estimated sales growth of Shanghai Jiuguang in future years, taking into account the expected market conditions and retail sales growth in Shanghai and the PRC. The New Annual Caps with respect to the management fees are based on budgets prepared by the property management branch company of Shanghai Joinbuy City Plaza for each of the three months ending 31 December 2024 and the two years ending 31 December 2025 and 2026. In setting the New Annual Caps of the management fees, a growth rate of 6% is used for the three months ending 31 December 2024 and the two years ending 31 December 2025 and 2026, taking into account historical cost trends, expected economic conditions and projected inflation rate.

## **REASONS FOR AND BENEFITS FOR ENTERING INTO THE NEW SHANGHAI JIUGUANG TENANCY AGREEMENT**

The entering into of the New Shanghai Jiuguang Tenancy Agreement was to secure a sizable retailing space for a sufficiently long period to enable the Group’s operation of a department store in Shanghai, the PRC, with an aim to becoming a leading department store operator.

The lease period for Shanghai Ongoing and its sub-tenants is normally one to two years. When Shanghai Ongoing is negotiating with potential new sub-tenants or renewing the existing sub-leases with its existing sub-tenants, it has encountered requests from sub-tenants to enter the sub-lease for a period extending beyond September 2024. On the other hand, the Existing Shanghai Jiuguang Tenancy Agreement stipulates that the period for sub-leasing or provision for others to use or occupy should not exceed the term of the Existing Shanghai Jiuguang

Tenancy Agreement. As the initial term of the Existing Shanghai Jiuguang Tenancy Agreement is due to expire in less than two years in September 2024, the entering into of the New Shanghai Jiuguang Tenancy Agreement now enables Shanghai Ongoing to secure the sub-leases of the Shanghai Premises for sufficiently long period to facilitate its negotiations for renewal of the existing sub-leases as well as the sub-leasing to potential new sub-tenants.

The Directors (including the independent non-executive Directors) are of the view that the New Shanghai Jiuguang Tenancy Agreement is entered into in the ordinary and usual course of business of the Group and on normal commercial terms, and the terms of the New Shanghai Jiuguang Tenancy Agreement and the transactions contemplated thereunder (including the New Annual Caps) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **INFORMATION OF THE GROUP AND THE CONNECTED PERSON**

### **The Group**

The Group is principally engaged in the operation of department stores and related retailing business as well as property investments in the PRC. 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 Co.. Shanghai Ongoing operates the “Jiuguang” store in Jingan district, Shanghai.

### **Shanghai Joinbuy City Plaza**

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

## **LISTING RULES IMPLICATION**

Pursuant to the requirement of HKFRS16, the entering into of the New Shanghai Jiuguang Tenancy Agreement by Shanghai Ongoing as lessee will require the Group to recognise right-of-use asset on its consolidated statement of financial position in relation to the Shanghai Premises. Therefore, the entering into of the New Shanghai Jiuguang Tenancy Agreement will be regarded as an acquisition of asset by the Group under the Listing Rules. The unaudited value of right-of-use asset to be recognised by the Group under the New Shanghai Jiuguang Tenancy Agreement amounts to approximately RMB1.6 billion (equivalent to approximately HK\$1.8 billion) in accordance with HKFRS 16 which is based on the present value of the total basic rent payable under the New Shanghai Jiuguang Tenancy Agreement calculated using

incremental borrowing rate of 4.3%. The value of right-of-use asset is based on preliminary assessment by the Company which have not been audited and may be subject to possible changes and adjustments.

As one of the applicable percentage ratios in respect of the acquisition of right-of-use asset to be recognised by the Group under the New Shanghai Jiuguang Tenancy Agreement is more than 100%, the entering into of the New Shanghai Jiuguang Tenancy Agreement constitutes a very substantial acquisition of the Company and is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, 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 Co.. Shanghai Joinbuy City Plaza is a joint venture company owned as to 50% by the Company, 12% by Joinbuy Group and 38% by Joinbuy Co..

Joinbuy Group and Joinbuy Co. (whose controlling shareholder is Joinbuy Group), being substantial shareholders of Shanghai Ongoing, are connected persons of the Company at the subsidiary level. As Shanghai Joinbuy City Plaza is owned as to 12% by Joinbuy Group and 38% by Joinbuy Co., Shanghai Joinbuy City Plaza is an associate of Joinbuy Co. and a connected person of the Company at the subsidiary level. The transaction contemplated under the New Shanghai Jiuguang Tenancy Agreement in respect of the acquisition of right-of-use asset to be recognised by the Group therefore constitutes a connected transaction and the payment of the turnover rent (if any) and management fees under the New Shanghai Jiuguang Tenancy Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

By virtue of Rule 14A.101 of the Listing Rules, since (i) Shanghai Joinbuy City Plaza is a connected person of the Company at the subsidiary level; (ii) the Board has approved the New Shanghai Jiuguang Tenancy Agreement and the New Annual Caps; and (iii) the independent non-executive Directors have confirmed that the transactions contemplated under the New Shanghai Jiuguang Tenancy Agreement are on normal or better commercial terms, and the terms of the New Shanghai Jiuguang Tenancy Agreement and the New Annual Caps are fair and reasonable and in the interests of the Company and its Shareholders as a whole, the New Shanghai Jiuguang Tenancy Agreement and the transactions contemplated thereunder are subject to the announcement and (to the extent constituting continuing connected transaction for the Company) annual review requirements but are exempted from the circular, independent financial advice and Shareholders' approval requirements under Chapter 14A of the Listing Rules.

In addition, pursuant to Rule 14A.52 of the Listing Rules, as the term of the New Shanghai Jiuguang Tenancy Agreement exceeds three (3) years, the Company has appointed the Independent Financial Adviser to explain why the New Shanghai Jiuguang Tenancy Agreement requires a longer period and to confirm that it is a normal business practice for agreements of this type to be of such duration.

In arriving at its opinion, the Independent Financial Adviser has taken into account the following factors when formulating its opinion pursuant to Rule 14A.52 of the Listing Rules:

- (i) the Independent Financial Adviser has discussed with the Company and noted that the Group has been leasing the Shanghai Premises for its operation of department store since 2004. Hence, the entering into the New Shanghai Jiuguang Tenancy Agreement will ensure the Group to continually use the Shanghai Premises and the longer lease term of the New Shanghai Jiuguang Tenancy Agreement would not only avoid unnecessary interruption of the Group's business operations but also save the possible relocation costs, as well as consolidating its market position and attract more customers. In light of the above, it is commercially justifiable for the term of the New Shanghai Jiuguang Tenancy Agreement to be more than three years; and
- (ii) the Independent Financial Adviser has further identified and reviewed market comparable transactions (the "**Comparable Transactions**") involving the leasing of properties by department store and supermarket operators. The Comparable Transactions are selected based on the following criteria: (i) each of the transactions is publicly announced by way of announcement pursuant to the Listing Rules from 1 November 2012 up to the date of this announcement; (ii) the tenant of each of the transactions is a company listed on the Stock Exchange; and (iii) each of the transactions relates to the leasing of properties as department stores or supermarkets by department store or supermarket operators. From the Comparable Transactions, the Independent Financial Adviser noted that the tenures of the Comparable Transactions ranged from 3 to 20 years with a majority of them having a tenure of at least 10 years. The tenure of the New Shanghai Jiuguang Tenancy Agreement, being 20 years, therefore falls within the aforesaid range and is in line with general market practice. In addition, notwithstanding that the background for the tenancy or lease agreements of the Comparable Transactions may or may not be exactly the same as the Company, the fact the companies with similar business nature as the Group having also entered into tenancy or lease agreement with a term of more than three years due to various reasons and for different purposes based on their own circumstances could demonstrate that it is normal business practice for such agreement to be of longer durations.

Having considered the above, the Independent Financial Adviser is of the view that it is normal business practice for the New Shanghai Jiuguang Tenancy Agreement to have a tenure of up to 20 years.

## **PROPOSED ADOPTION OF THE NEW MEMORANDUM AND ARTICLES OF ASSOCIATION**

The Board proposes to amend the Memorandum and Articles of Association by way of adopting the New Memorandum and Articles of Association in substitution for, and to the exclusion of, the Memorandum and Articles of Association in order to (i) bring the Articles of Association in line with the relevant requirements under the Listing Rules and the applicable laws of Cayman Islands; (ii) enable the Company to convene and hold electronic or hybrid general meetings of the Company and providing flexibility to the Company in relation to the conduct of general meetings; and (iii) make other consequential and housekeeping amendments. The proposed adoption of the New Memorandum and Articles of Association is subject to the approval of the Shareholders by way of a special resolution.

### **EGM**

The Company will convene the EGM for the purpose of, among other things, considering and if thought fit, approving the New Shanghai Jiuguang Tenancy Agreement and the proposed adoption of the New Memorandum and Articles of Association.

As additional time is required for preparing the information to be included in a circular containing, among other things, further information on the New Shanghai Jiuguang Tenancy Agreement and the transactions contemplated thereunder, the proposed adoption of the New Memorandum and Articles of Association and a notice of the EGM, the Company expects that the circular will be despatched to the Shareholders on or before 1 February 2023.

**The New Shanghai Jiuguang Tenancy Agreement is subject to the Shareholders' approval and therefore the New Shanghai Jiuguang Tenancy Agreement and the transactions contemplated thereunder may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.**

### **DEFINITIONS**

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

“Articles of Association”	the articles of association of the Company;
“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 (stock code: 2136);
“connected person”	has the meaning ascribed to it under the Listing Rules;

“controlling shareholder”	has the meaning ascribed to it under the Listing Rules;
“Directors”	the directors of the Company;
“EGM”	the extraordinary general meeting of the Company (or any adjournment thereof) to be held for the purpose of considering and, if thought fit, approving the New Shanghai Jiuguang Tenancy Agreement and the transaction contemplated thereunder and the proposed adoption of the New Memorandum and Articles of Association;
“Existing Shanghai Jiuguang Tenancy Agreement”	the tenancy agreement entered into between Shanghai Ongoing as tenant and Shanghai Joinbuy City Plaza as landlord in relation to the Shanghai Premises dated 26 November 2004, and supplemented by an agreement dated 15 March 2017, in relation to the Shanghai Premises;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Financial Adviser”	Veda Capital Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance, being the independent financial adviser appointed to explain why the New Shanghai Jiuguang Tenancy Agreement requires a longer period and to confirm that it is a normal business practice for agreements of this type to be of such duration;
“Joinbuy Co.”	上海九百股份有限公司 (Shanghai Joinbuy Co., Ltd.*), a company established in the PRC and listed on the Shanghai Stock Exchange (stock code: 600838), which holds 38% of the equity interest in Shanghai Joinbuy City Plaza and 30% of the equity interest in Shanghai Ongoing;
“Joinbuy Group”	上海九百(集團)有限公司 (Shanghai Joinbuy Group Co., Ltd.*), a company established in the PRC and wholly owned by Shanghai Jingan District State-owned Assets Supervision and Administration Commission, which holds 12% of the equity interest in Shanghai Joinbuy City Plaza and 5% of the equity interest in Shanghai Ongoing;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;

“Memorandum”	the memorandum of association of the Company;
“New Memorandum and Articles of Association”	the new amended and restated memorandum of association and articles of association of the Company proposed to be adopted by the Shareholders at the EGM;
“New Shanghai Jiuguang Tenancy Agreement”	the new tenancy agreement entered into between Shanghai Ongoing as tenant and Shanghai Joinbuy City Plaza as landlord in relation to the Shanghai Premises dated 28 December 2022;
“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region and Taiwan);
“Shanghai Jiuguang”	the department store operated and owned by Shanghai Ongoing at the Shanghai Premises under the name of “Shanghai Jiuguang Department Store (上海久光百貨)”;
“Shanghai Joinbuy City Plaza”	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%;
“Shanghai Premises”	the entire building (including open space, external wall and roof top of the building) situated at 1618 Nanjing Xi Road, Shanghai, the PRC known as Shanghai Joinbuy City Plaza Building (上海久百城市廣場大廈) with a gross construction floor area of 91,833.16 square metres;
“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 dollar(s), the lawful currency of Hong Kong;  
“RMB” Renminbi, the lawful currency of the PRC;  
“%” per cent.

\* *For identification purpose only*

*For the purpose of this announcement, conversion of RMB to HK\$ is based on the exchange rate of RMB1.00 = HK\$1.12. Such conversion is for the purpose of illustration only and does not constitute a representation that any amount has been, could have been or may be converted at such or any other rates or at all.*

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

Hong Kong, 28 December 2022

*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.*