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FORTUNE SPIRIT GROUP LIMITED LIFESTYLE CHINA GROUP LIMITED

(Incorporated in British Virgin Islands with limited liability)

利福中國集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2136)

JOINT ANNOUNCEMENT

UPDATE ON

**(1) PROPOSAL FOR THE PRIVATISATION OF
THE COMPANY BY THE OFFEROR
BY WAY OF A SCHEME OF ARRANGEMENT
UNDER SECTION 86 OF THE CAYMAN COMPANIES ACT
AND
(2) PROPOSED WITHDRAWAL OF LISTING OF
THE SHARES OF THE COMPANY**

RESUMPTION OF TRADING IN SHARES

Financial Adviser to the Offeror



Independent Financial Adviser to the Independent Board Committee



PROPOSED INCREASE IN CANCELLATION PRICE

On 15 January 2025, the Offeror has notified the Company that it proposes to amend the Proposal by increasing the Cancellation Price from HK\$0.913 to HK\$0.980 per Scheme Share, representing an increase of approximately 7.3% over the original Cancellation Price. The Offeror has requested the Company to put forward the Amended Proposal to the Scheme Shareholders.

The Offeror will not further increase the Revised Cancellation Price (as defined below) and does not reserve the right to do so. Shareholders and potential investors of the Company should be aware that, following the making of this statement, the Offeror will not be allowed to increase the Revised Cancellation Price.

Other than the Amended Proposal, no other changes to the Proposal are being made.

The attention of the Shareholders is drawn to the statement contained in the Joint Announcement that if the Scheme is not approved or otherwise lapses, there are restrictions under Rule 31.1 of the Takeovers Code on making subsequent offers, to the effect that neither the Offeror nor any person who acted in concert with the Offeror in the course of the Proposal (including the Amended Proposal), nor any person who is subsequently acting in concert with any of them, may within 12 months from the date on which the Scheme is not approved or otherwise lapses announce an offer or possible offer for the Company, except with the consent of the Executive.

SCHEME DOCUMENT

As stated in the Delay Announcement, an application had been made to the Executive for consent to extend the deadline to despatch the Scheme Document to a date no later than 28 January 2025. The Executive has granted its consent to such extension. As at the date of this joint announcement, the Offeror and the Company are in the course of finalising the information to be included in the Scheme Document. Each of the Company and the Offeror does not expect the Amended Proposal to delay the despatch of the Scheme Document.

RESUMPTION OF TRADING IN SHARES

At the request of the Company, trading in the Shares on the Stock Exchange was halted from 9:00 a.m. on 16 January 2025 pending the issuance of this joint announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 17 January 2025.

Shareholders and potential investors should be aware that the implementation of the Amended Proposal and the Scheme is subject to the Conditions being fulfilled or (where applicable) waived. Accordingly, the Amended Proposal may or may not be implemented and the Scheme may or may not become effective. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

INTRODUCTION

Reference is made to (i) the announcement jointly issued by Fortune Spirit Group Limited (the “**Offeror**”) and Lifestyle China Group Limited (the “**Company**”) on 6 December 2024 in relation to, among other things, the proposed privatisation of the Company by the Offeror by way of a scheme of arrangement under section 86 of the Companies Act (the “**Joint Announcement**”); (ii) the announcement jointly issued by the Offeror and the Company on 27 December 2024 in relation to the delay in despatch of the Scheme Document (the “**Delay Announcement**”); and (iii) the update announcement jointly issued by the Offeror and the Company on 6 January 2025. Unless the context otherwise requires, capitalised terms used in this joint announcement shall have the same meanings as those defined in the Joint Announcement.

PROPOSED INCREASE IN CANCELLATION PRICE

On 15 January 2025, the Offeror has notified the Company that it proposes to amend the Proposal by increasing the Cancellation Price from HK\$0.913 to HK\$0.980 per Scheme Share (the “**Revised Cancellation Price**”), representing an increase of approximately 7.3% over the original Cancellation Price (the “**Amended Proposal**”). The Offeror has requested the Company to put forward the Amended Proposal to the Scheme Shareholders.

The Offeror will not further increase the Revised Cancellation Price and does not reserve the right to do so. Shareholders and potential investors of the Company should be aware that, following the making of this statement, the Offeror will not be allowed to increase the Revised Cancellation Price.

Other than the Amended Proposal, no other changes to the Proposal are being made.

The attention of the Shareholders is drawn to the statement contained in the Joint Announcement that if the Scheme is not approved or otherwise lapses, there are restrictions under Rule 31.1 of the Takeovers Code on making subsequent offers, to the effect that neither the Offeror nor any person who acted in concert with the Offeror in the course of the Proposal (including the Amended Proposal), nor any person who is subsequently acting in concert with any of them, may within 12 months from the date on which the Scheme is not approved or otherwise lapses announce an offer or possible offer for the Company, except with the consent of the Executive.

COMPARISON OF VALUE

The Revised Cancellation Price of HK\$0.980 per Scheme Share represents:

- (a) a premium of approximately 30.7% over the closing price of HK\$0.750 per Share as quoted on the Stock Exchange on the Last Trading Date;
- (b) a premium of approximately 30.7% over the average closing price of approximately HK\$0.750 per Share as quoted on the Stock Exchange for the 5 trading days up to and including the Last Trading Date;
- (c) a premium of approximately 30.1% over the average closing price of approximately HK\$0.753 per Share as quoted on the Stock Exchange for the 10 trading days up to and including the Last Trading Date;
- (d) a premium of approximately 30.0% over the average closing price of approximately HK\$0.754 per Share as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Date;
- (e) a premium of approximately 33.9% over the average closing price of approximately HK\$0.732 per Share as quoted on the Stock Exchange for the 60 trading days up to and including the Last Trading Date;
- (f) a premium of approximately 34.6% over the average closing price of approximately HK\$0.728 per Share as quoted on the Stock Exchange for the 90 trading days up to and including the Last Trading Date;
- (g) a premium of approximately 31.2% over the average closing price of approximately HK\$0.747 per Share as quoted on the Stock Exchange for the 120 trading days up to and including the Last Trading Date;
- (h) a premium of approximately 33.7% over the average closing price of approximately HK\$0.733 per Share as quoted on the Stock Exchange for the 180 trading days up to and including the Last Trading Date;
- (i) a discount of approximately 85.9% to the audited consolidated net asset value attributable to the owners of the Company per Share of approximately HK\$6.950 as at 31 December 2023, based on the audited consolidated net assets of the Group attributable to owners of the Company as stated in the audited consolidated statement of financial position of the Company as at 31 December 2023 of approximately RMB9,398,580,000 (equivalent to approximately HK\$10,177,901,953) and 1,464,448,500 Shares in issue as at the date of this joint announcement; and

- (j) a discount of approximately 86.0% to the unaudited consolidated net asset value attributable to the owners of the Company per Share of approximately HK\$6.981 as at 30 June 2024, based on the unaudited consolidated net assets of the Group attributable to the owners of the Company as stated in the unaudited condensed consolidated statement of financial position of the Company as at 30 June 2024 of approximately RMB9,440,251,000 (equivalent to approximately HK\$10,223,028,275) and 1,464,448,500 Shares in issue as at the date of this joint announcement.

REVISED TOTAL CONSIDERATION AND FINANCIAL RESOURCES

On the basis of the Revised Cancellation Price of HK\$0.980 per Scheme Share and 367,408,208 Scheme Shares in issue as at the date of this joint announcement and assuming no further Shares will be issued on or before the Scheme Record Date, the amount of cash required to effect the Amended Proposal would be approximately HK\$360,060,043.84. The Offeror's payment obligations to the Scheme Shareholders as at the Scheme Record Date in respect of the Revised Cancellation Price in cash pursuant to and in accordance with the Scheme shall be fulfilled by the Offeror. The Offeror intends to finance the cash required for the Amended Proposal from its internal resources. Quam Capital, as financial adviser to the Offeror, is satisfied that sufficient financial resources are, and will remain, available to the Offeror to satisfy its payment obligations in respect of the full implementation of the Amended Proposal in accordance with its revised terms based upon the Revised Cancellation Price.

SCHEME DOCUMENT

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RESUMPTION OF TRADING IN SHARES

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WARNINGS: Shareholders and potential investors should be aware that the implementation of the Amended Proposal and the Scheme is subject to the Conditions being fulfilled or (where applicable) waived. Accordingly, the Amended Proposal may or may not be implemented and the Scheme may or may not become effective. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

By order of the board of directors of
Fortune Spirit Group Limited
Lau Luen Hung, Thomas
Director

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

Hong Kong, 16 January 2025

As at the date of this joint announcement, the directors of the Offeror are Mr. Lau Luen Hung, Thomas, Ms. Lau Kam Shim and Mr. Lau Kam Sen.

The directors of the Offeror jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the Directors in their capacity as Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement the omission of which would make any statements in this joint announcement misleading.

As at the date of this joint announcement, the Board comprises Mr. Lau Luen Hung, Thomas, Mr. Lau Kam Sen and Ms. Lau Kam Shim as executive directors, 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.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than any information relating to the Offeror) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the directors of the Offeror in their capacity as directors of the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement the omission of which would make any statements in this joint announcement misleading.