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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 23 June 2021, Shanghai Ongoing as lender, the Bank as lending agent and Shanghai Joinbuy City Plaza as borrower entered into the Entrusted Loan Agreement, pursuant to which, Shanghai Ongoing has agreed to entrust the Bank to provide the Entrusted Loan(s), on a revolving basis, with an aggregate principal amount of up to RMB100,000,000 (equivalent to approximately HK\$120,200,000) to Shanghai Joinbuy City Plaza for a period of three years.

As the date of this announcement, 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 Co.. The joint venture, Shanghai Joinbuy City Plaza, is 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. 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. Granting of the Entrusted Loan(s) under the Entrusted Loan Agreement constitutes 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 Entrusted Loan Agreement is entered into by the Group with a connected person at the subsidiary level and (i) the Board has approved the transactions contemplated under the Entrusted Loan Agreement; and (ii) 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 transactions contemplated under the Entrusted Loan Agreement are 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.

ENTRUSTED LOAN AGREEMENT

On 23 June 2021, Shanghai Ongoing as lender, the Bank as lending agent and Shanghai Joinbuy City Plaza as borrower entered into the Entrusted Loan Agreement, pursuant to which, Shanghai Ongoing has agreed to entrust the Bank to provide the Entrusted Loan(s), on a revolving basis, with an aggregate principal amount of up to RMB100,000,000 (equivalent to approximately HK\$120,200,000) to Shanghai Joinbuy City Plaza for a period of three years.

The principal terms of the Entrusted Loans Agreement are summarised as follows:

Date:	23 June 2021
Parties:	(1) Shanghai Ongoing (as lender) (2) The Bank (as lending agent) (3) Shanghai Joinbuy City Plaza (as borrower)
Available period:	Three years from 23 June 2021 to 22 June 2024 (both dates inclusive)
Aggregate loan amount:	Up to RMB100,000,000 (equivalent to approximately HK\$120,200,000)
Loan term:	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 22 June 2024
Purpose:	For general working capital purpose
Interest:	To be agreed between Shanghai Ongoing and Shanghai Joinbuy City Plaza with reference to the benchmark lending rate or loan prime rate as quoted by the People's Bank of China from time to time (being 3.85% per annum on the date of the Entrusted Loan Agreement) and to be specified in the relevant entrusted loan instruction for each Individual Entrusted Loan
Handling charges:	0.06% per annum on each Individual Entrusted Loan payable by Shanghai Ongoing to the Bank
Repayment:	One-off repayment of the principal amount and interest on the maturity date of each Individual Entrusted Loan

Prepayment: Shanghai Joinbuy City Plaza 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 City Plaza 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 23 June 2021 to 31 December 2021; (b) from 1 January 2022 to 31 December 2022; (c) from 1 January 2023 to 31 December 2023; and (d) 1 January 2024 to 22 June 2024.

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

During the period from 12 June 2018 to 31 December 2018 and the financial years ended 31 December 2019 and 31 December 2020, the maximum outstanding principal entrusted loan granted by Shanghai Ongoing to Shanghai Joinbuy City Plaza was RMB30,000,000, RMB90,000,000 and RMB60,000,000 respectively. The last entrusted loan under the Previous Entrusted Loan Agreement (which has expired on 11 June 2021) in the principal amount of RMB30,000,000, together with interest accrued thereon, had been fully repaid on 20 November 2020.

INFORMATION OF THE GROUP, SHANGHAI ONGOING, SHANGHAI JOINBUY CITY PLAZA AND THE BANK

The Group

The Group is principally engaged in the operation of department stores and related retailing business 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 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 intends to utilize the surplus cash of Shanghai Ongoing by providing the Entrusted Loans to Shanghai Joinbuy City Plaza with an aim to enhancing the return of the Group’s surplus cash and at the same time satisfying the working capital needs of Shanghai Joinbuy City Plaza.

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 with respect to 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

As the date of this announcement, 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 Co.. The joint venture, Shanghai Joinbuy City Plaza, is 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. 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. Granting of the Entrusted Loan(s) under the Entrusted Loan Agreement constitutes 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 Entrusted Loan Agreement is entered into by the Group with a connected person at the subsidiary level and (i) the Board has approved the transactions contemplated under the Entrusted Loan Agreement; and (ii) 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 transactions contemplated under the Entrusted Loan Agreement are 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.

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 City Plaza under the Entrusted Loan Agreement;
“Entrusted Loan Agreement”	the entrusted loan agreement entered into by Shanghai Ongoing, the Bank and Shanghai Joinbuy City Plaza on 23 June 2021 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 City Plaza 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 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;
“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;
“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);
“Previous Entrusted Loan Agreement”	the entrusted loan agreement dated 12 June 2018 entered into by Shanghai Ongoing, the Bank and Shanghai Joinbuy City Plaza, details of which are set out in the announcement of the Company dated 12 June 2018;
“Shanghai Joinbuy City Plaza”	上海九百城市廣場有限公司 (Shanghai Joinbuy City Plaza Co. Ltd.*), an 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; and
“%”	per cent.

In this announcement, amounts in RMB have been converted into HK\$ at the rate of RMB1.00 = HK\$1.202 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, 24 June 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.