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**LIFESTYLE INTERNATIONAL  
HOLDINGS LIMITED**  
**利福國際集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 1212)**

**PLACING OF 100,000,000 EXISTING SHARES AND  
SUBSCRIPTION FOR 100,000,000 NEW SHARES  
SUSPENSION AND RESUMPTION OF TRADING**

On 30 August, 2005, the Company entered into the Agreement with Real Reward, a substantial shareholder of the Company and the Placing Agent. Pursuant to the Agreement, the Placing Agent has agreed to place 100,000,000 existing Shares held by Real Reward at the price of HK\$12.55 per Placing Share to no less than six Placees who are Independent Third Parties procured by the Placing Agent and Real Reward has agreed to subscribe for 100,000,000 new Shares, at the same price of HK\$12.55 per Subscription Share. The Subscription Shares represent approximately (i) 13.39% of the Company's existing issued share capital; and (ii) 11.81% of the Company's issued share capital as enlarged by the Subscription.

Completion of the Placing and the Subscription is subject to the Agreement not being terminated in accordance with its terms. If the Agreement is terminated, the Placing and/or the Subscription will not proceed.

The Subscription Shares will be issued under the General Mandate.

The net proceeds of the Subscription which are estimated to be HK\$1,229 million will be used, as to approximately HK\$100 million for financing the expansion of the Group's new department store in Tsim Sha Tsui, Kowloon and, as to the balance of approximately HK\$1,129 million, for other department store investment opportunities that may arise in the future, both in Hong Kong and other major cities in the Greater China Region. Currently, the Company is exploring different investments and expansion proposals but has yet to conclude any concrete investment or expansion plan.

Trading of the Shares on the Stock Exchange was suspended at 9:30 am on 30 August, 2005 pending the issue of this announcement. Application has been made to the Stock Exchange for the resumption of trading of the Shares with effect from 9:30 am on 31 August, 2005.

### **PLACING AND SUBSCRIPTION AGREEMENT DATED 30 AUGUST, 2005**

Pursuant to the Agreement, the Placing Agent has agreed to place 100,000,000 existing Shares at a price of HK\$12.55 per Placing Share on behalf of Real Reward and Real Reward has agreed to subscribe for 100,000,000 new Shares, equivalent to the number of Placing Shares placed. The terms of the Agreement are set out below:

#### **A. In respect of the Placing**

##### **Vendor:**

Real Reward is beneficially interested in 540,000,000 Shares as at the date of this announcement, representing approximately 72.29% of the existing issued share capital of the Company.

##### **Placing Agent:**

Deutsche Bank AG, Hong Kong Branch, an Independent Third Party. The Placing Agent is entitled to receive a fee of 1.875% of the aggregate placing price of the Shares placed.

##### **Number of Shares to be placed:**

100,000,000 existing Shares held by Real Reward. 100,000,000 Placing Shares represent (i) approximately 13.39% of the Company's existing issued share capital; and (ii) approximately 11.81% of the Company's issued share capital as enlarged by the Subscription.

##### **Placees:**

Not less than six professional, institutional and/or individual investors procured by the Placing Agent. Each of the placees and their respective ultimate beneficial owners will be an Independent Third Party.

##### **Placing Price:**

HK\$12.55 per Placing Share. The Placing Price represents:–

- (i) a discount of 6.69% to the closing price of HK\$13.45 per Share as quoted on the Stock Exchange on the Last Dealing Date (being the last day of trading in the Shares on the Stock Exchange prior to the release of this announcement);
- (ii) a discount of approximately 9.84% to the average closing price of HK\$13.92 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Dealing Date<sup>1</sup>; and
- (iii) a discount of approximately 10.68% to the average closing price of HK\$14.05 per Share as quoted on the Stock Exchange for the last ten trading days up to and including the Last Dealing Date<sup>2</sup>.

##### *Notes:*

<sup>1</sup> The price quoted on the Last Dealing Date was an ex-dividend price of HK\$13.45. For the other four trading days in this five-day average, the price was quoted cum-dividend. After deducting the HK\$0.125 interim dividend from the cum-dividend quoted figures, the average of the five-day closing price was HK\$13.82 and the Placing Price represented a discount of approximately 9.19% to such average closing price.

<sup>2</sup> After deducting the HK\$0.125 interim dividend from the cum-dividend quoted figures for the nine trading days in this ten-day average, the average of the ten-day closing price was HK\$13.93 and the Placing Price represented a discount of approximately 9.91% to such average closing price.

**Conditions of the Placing:**

The Placing is unconditional.

**Completion of the Placing:**

Subject to the Placing Agent's termination rights, referred to below, completion of the Placing is expected to take place on 2 September, 2005.

**Termination:**

The Placing is subject to termination on the occurrence of certain events prior to completion of the Placing, including:

- (a) any material breach of the warranties given by Real Reward and the Company under the Agreement; and
- (b) certain events of force majeure which might adversely affect the Placing including the introduction or amendment of any laws which may affect the Group; any event which might adversely affect political, economic or stock market conditions; imposition of any moratorium, suspension or material restriction on trading in securities on the Stock Exchange due to exceptional financial circumstances; a change or development in taxation in Hong Kong or the PRC or implementation of exchange control which shall or might materially and adversely affect the Company and its shareholders or any deterioration in the conditions of local or international securities markets.

**Other terms:**

Each of the Company and Real Reward has agreed that it will not, before the expiry of 90 days following the day of completion of the Placing, offer, issue, allot, sell or otherwise dispose of any Shares (other than the Subscription Shares) or any securities convertible into or exchangeable or carrying rights to acquire such Shares, or enter into any derivative transaction that has the economic effect of such sale, transfer or disposition, whether settled in cash or otherwise, without the prior written consent of the Placing Agent, provided that none of the foregoing shall prevent the Company from issuing any rights, options or Shares pursuant to the share option scheme of the Company.

**B. In respect of the Subscription****Subscriber:**

Real Reward, the controlling shareholder of the Company and therefore a connected person of the Company.

**Number of new Shares to be subscribed for:**

Equal to the number of Placing Shares actually placed under the Placing, being 100,000,000 new Shares, representing (i) approximately 13.39% of the Company's existing issued share capital and (ii) approximately 11.81% of the Company's issued share capital as enlarged by the Subscription.

**Subscription price:**

HK\$12.55 per Subscription Share, being the same as the Placing Price. Net of the placing fees, duties and other costs of the fund-raising exercise, as borne by the Company, the proceeds per Subscription Share to be received by the Company are approximately HK\$12.29.

**Conditions of the Subscription:**

The issue of the Subscription Shares is conditional upon (i) the Listing Committee granting listing of and permission to deal in the Subscription Shares which fall to be issued under that agreement and (ii) completion of the placing of the Placing Shares. Completion of the issue of Subscription Shares pursuant to the Agreement will take place upon the fulfillment of all conditions of the Subscription as set out above. That Subscription must be completed on or before 13 September, 2005, being 14 days from the date of the Agreement. If the Subscription were to be completed thereafter, it would constitute a connected transaction of the Company under the Listing Rules which would require the approval of the independent shareholders.

**AUTHORITY TO ISSUE THE SUBSCRIPTION SHARES**

The Subscription Shares are to be issued by the Company under the General Mandate (which as at the date of this Announcement, allows the Company to issue or deal with up to 149,400,000 new Shares). The Company will apply to the Listing Committee for the listing of, and permission to deal in, the Subscription Shares.

**RANKING OF SUBSCRIPTION SHARES**

The Subscription Shares, when issued and fully paid, will rank pari passu in all respects with the Shares in issue on the date of allotment and issue of the Subscription Shares including as to the rights to all dividends and distributions.

**CHANGES IN SHAREHOLDING AS A RESULT OF THE PLACING AND SUBSCRIPTION**

The changes of the shareholding of the Company, as a result of the Placing and the Subscription, are illustrated in the table as follows:

	<b>No. of existing shares held as at the date of this Announcement</b>	<b>%</b>	<b>No. of shares held after completion of the Placing but before completion of the Subscription</b>	<b>%</b>	<b>No. of shares held after completion of Placing and the Subscription</b>	<b>%</b>
Real Reward	540,000,000	72.29	440,000,000	58.90	540,000,000	63.75
JPMorgan Chase & Co. Public	45,277,500	6.06	45,277,500	6.06	45,277,500	5.35
Existing Public Shareholders	161,722,500	21.65	161,722,500	21.65	161,722,500	19.09
Placees	–	–	100,000,000	13.39	100,000,000	11.81
<b>TOTAL</b>	<b>747,000,000</b>	<b>100.00</b>	<b>747,000,000</b>	<b>100.00</b>	<b>847,000,000</b>	<b>100.00</b>

Notes:

1. The above table assumes that there are no changes to the shareholding in the Company of the parties named above, other than as a result of the Placing and the Subscription.
2. Based on the latest notice filed with the Company pursuant to the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) as at the date of this announcement.

The board of directors of the Company does not expect any placee will become a substantial shareholder (as defined in the Listing Rules) of the Company as a result of the Placing.

## **REASONS FOR THE PLACING AND THE SUBSCRIPTION AND USE OF PROCEEDS**

The Group is principally engaged in owning and operating department stores and other retail outlets in the Greater China Region.

The Placing Price and the Subscription Price were determined after arm's length negotiations between the Company and the Placing Agent. The board of directors (including the independent non-executive directors) of the Company consider the Placing Price and the Subscription Price to be fair and reasonable. The Company will bear all expenses incurred in the Placing and the Subscription.

The Company has not made any equity issues in the 12 months before the date of this announcement. The directors (including the independent non-executive directors) of the Company consider the Placing and the Subscription as a whole is desirable as it will enlarge the shareholder base and the capital base of the Company and will strengthen the financial position of the Group. They believe that the Placing and the Subscription are in the interests of the Group.

The net proceeds of the Subscription which are estimated to be HK\$1,229 million will be used, as to approximately HK\$100 million for financing the expansion of the Group's new department store in Tsim Sha Tsui, Kowloon and, as to the balance of approximately HK\$1,129 million, for other department store investment opportunities that may arise in the future, both in Hong Kong and other major cities in the Greater China Region. Currently, the Company is exploring different investments and expansion proposals but has yet to conclude any concrete investment or expansion plan.

## **LISTING RULES IMPLICATIONS FOR THE SUBSCRIPTION**

The Subscription constitutes a connected transaction of the Company under the Listing Rules, because Real Reward is a controlling shareholder and therefore a connected person of the Company under the Listing Rules.

However, the Subscription is exempt under Rule 14A.31(3)(d) of Listing Rules from reporting, announcement and independent shareholders' approval requirements contained in Chapter 14A of the Listing Rules provided it can be completed within 14 days from the date of the Agreement but is subject to the reporting and announcement requirements under Rule 13.28 of the Listing Rules.

## **GENERAL**

Trading of the Shares on the Stock Exchange was suspended at 9:30 am on 30 August, 2005. Application has been made to the Stock Exchange for the resumption of trading of the Shares, with effect from 9:30 am on 31 August, 2005.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“associate(s)”	has the meaning as ascribed to it under the Listing Rules
“Agreement”	the placing and subscription agreement dated 30 August, 2005 between Real Reward, the Company and the Placing Agent in respect of the placing of 100,000,000 Shares and the conditional subscription of 100,000,000 new Shares
“Company”	Lifestyle International Holdings Limited
“connected person”	has the meaning ascribed to it in Chapter 1 of the Listing Rules.

“General Mandate”	the general mandate granted by shareholders of the Company at its annual general meeting held on 28 April, 2005 to issue or deal with up to 149,400,000 new Shares
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	a party who to the best of the knowledge, information and belief of directors of the Company having made all reasonable enquiry, is not a connected person of the Company and is a third party independent of the Company and connected persons of the Company
“Last Dealing Date”	29 August, 2005, being the last trading day for the Shares prior to the suspension of dealings of the Shares, pending the issue of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placees”	the placees procured by the Placing Agent under the Placing, all of which will be Independent Third Parties
“Placing”	the placement of the Placing Share by the Placing Agent to the Placees at the Placing Price under the Agreement
“Placing Agent”	Deutsche Bank AG, Hong Kong Branch, an Independent Third Party corporation licensed to carry on business in types 1, 4, 6, 7, 9 regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Price”	the placing price of HK\$12.55 per Placing Share under the Placing, which is the same as the Subscription Price
“Placing Share(s)”	100,000,000 existing Shares (held by Real Reward) to be placed under the Placing
“PRC”	the People’s Republic of China (excluding Hong Kong, the Macau Special Administrative Region and Taiwan)
“Real Reward”	Real Reward Limited, a company incorporated in the Cayman Islands, owned as to 50% by United Goal Resources Limited and 50% by Go Create Limited. United Goal Resources Limited is ultimately owned by Mr. Lau Luen-hung, Thomas and a discretionary trust of which certain family members of Mr. Lau Luen-hung, Joseph are eligible beneficiaries. Go Create Limited is indirectly wholly-owned by Chow Tai Fook Enterprises Limited, in which family members of Dató Dr. Cheng Yu-tung have controlling interests
“Share(s)”	share(s) of a nominal value of HK\$0.01 each in the capital of the Company

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of the Subscription Shares by Real Reward under the Agreement
“Subscription Price”	the subscription price of HK\$12.55 per Subscription Share under the Subscription, which is the same as the Placing Price
“Subscription Share(s)”	100,000,000 new Shares to be subscribed by Real Reward under the Agreement which is equivalent to the number of Placing Shares placed by the Placing Agent
“%”	per cent.

By Order of the Board  
**Siu Po-sim, Katherine**  
*Company Secretary*

Hong Kong, 30 August, 2005

*As at the date of this announcement, the directors of the Company are:*

*Executive directors: Mr. Lau Luen-hung, Thomas and Mr. Doo Wai-hoi, William*

*Non-executive directors: Dató Dr. Cheng Yu-tung, Mr. Cheng Kar-shun, Henry, Mr. Lau Luen-hung, Joseph and Ms. Lau Yuk-wai, Amy*

*Independent non-executive directors: Mr. Lam Siu-lun, Simon, Mr. Cheung Yuet-man, Raymond, Mr. Shek Lai-him, Abraham and Mr. Hui Chiu-chung*

“Please also refer to the published version of this announcement in South China Morning Post.”