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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)

ANNOUNCEMENT

This announcement is made by Lifestyle International Holdings Limited ("**Lifestyle**") pursuant to Rule 13.09(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

The directors of Lifestyle wish to inform shareholders the following matters:

A wholly-owned subsidiary of Lifestyle (the "**Lender**") has on 23rd September, 2007 entered into arrangement to lend to EganaGoldpfeil (Holdings) Limited ("**Egana**", together with its subsidiaries, the "**Egana Group**") an aggregate amount of HK\$300 million for a period determined in accordance with the credit agreement not exceeding four months from the first drawdown date (the "**Bridging Loan**") and the Bridging Loan has been drawn down on 24th September, 2007.

Lifestyle has indicated its intention to participate in Egana's financial restructuring (the "**Proposed Transaction**") as a white knight. On 21st September, 2007, Lifestyle has also submitted to Egana and Joint Asset International Limited ("**Joint Asset**"), a major shareholder of Egana, in this regard a term sheet setting out certain non-legally binding proposed terms ("**Proposal**").

The Proposed Transaction will be subject to certain conditions, including, inter alia, completion of the financial, legal and operational due diligence on the Egana Group to the satisfaction of Lifestyle, and necessary shareholders approval.

Trading of the shares of Lifestyle was suspended at the request of Lifestyle from 10:18 a.m. on 24th September, 2007 pending the release of this announcement. Lifestyle has applied for the resumption of trading in the shares of Lifestyle with effect from 9:30 a.m. on 3rd October, 2007.

This announcement is made by Lifestyle pursuant to Rule 13.09(1) of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

The directors of Lifestyle wish to inform shareholders the following matters:

A wholly-owned subsidiary of Lifestyle has on 23rd September, 2007 entered into arrangement to lend to Egana an aggregate amount of HK\$300 million for a period determined in accordance with the credit agreement not exceeding four months from the first drawdown date. The Bridging Loan has been drawn down on 24th September, 2007 and is secured by, inter alia:

- a charge over all equity interests in PC International Marketing Limited, a wholly-owned subsidiary of Egana and the company which holds and operates the brand **Pierre Cardin**;
- a charge over the certain owned office premises of Egana Group in Hong Kong; and
- a charge over 434,345,736 shares of HK\$1.00 each in the capital of Egana (the “**Shares**”), representing approximately 29.67% of the issued share capital, held by Joint Asset, a major shareholder of Egana.

Currently, Lifestyle has indicated its intention to participate in Egana's financial restructuring (the “**Proposed Transaction**”) as a white knight. On 21st September, 2007, Lifestyle has also submitted to Egana and Joint Asset in this regard a term sheet setting out certain non-legally binding proposed terms (“**Proposal**”) including, inter alia, terms providing for:

- the acquisition by Lifestyle of the 434,345,736 Shares held by Joint Asset;
- the application by of Joint Asset the aforesaid sale proceeds to purchase from Egana a portfolio of accounts receivable (the “Portfolio”), the composition and the date of valuation of which are to be agreed between the parties thereto;
- the subscription by Lifestyle of convertible bonds to be issued by Egana amounting to approximately HK\$880 million at an initial conversion price of HK\$1.00 per share which may be reduced to HK\$0.75 per share, subject to certain resolutions to be passed by Egana;
- Joint Asset and Egana to procuring the appointment of up to three representatives nominated by Lifestyle to the board of directors of Egana; and
- agreement being reached with the bank creditors of the Egana Group on such terms and conditions as are acceptable to Lifestyle.

Egana existing management and major shareholders have indicated their support to Lifestyle's Proposal and the aforesaid term sheet has also been provided to and reviewed by certain major banks of the Egana Group on 21st September, 2007. In view of the current situation of Egana, the directors of Lifestyle believe that negotiation with banks on the proposed restructuring should proceed as quickly as possible to avoid any further adverse impact to the business operation of the Egana Group. Lifestyle will extend its best efforts to work closely with Egana to expedite the process of the proposed restructuring.

The Proposed Transaction will be subject to certain conditions, including, inter alia, completion of financial, legal and operational due diligence on the Egana Group to the satisfaction of Lifestyle, and necessary shareholders approval. As at the date of this announcement, the effect on the shareholding of Egana as a result of the Proposed Transaction has not been determined.

The directors of Lifestyle believe the Proposed Transaction, if it is to proceed, will enable Lifestyle to get immediate access to the branded goods business platform and an experienced management team which should result in synergies in terms of pursuing affordable luxury goods business in the fast growing PRC market where Lifestyle and its major shareholder have extensive retail distribution network. This logical diversification of business initiatives would fit into the business expansion strategy of Lifestyle and would be beneficial to the Company and its shareholders.

Possible general offer implication

Lifestyle has been informed by the Executive Director of the Corporate Finance Division of the Securities and Futures Commission (the "Executive") that the Executive is examining closely whether the acquisition of 434,345,736 shares held by Joint Asset, which represent 29.67% of Egana's voting rights, out of the 33.15% total shareholding in Egana of Peninsula International Limited, the holding company of Joint Asset, would trigger a general offer obligation on the part of Lifestyle under the provisions of Note 7 to Rule 26.1 of The Codes on Takeovers and Mergers and Share Repurchases of which it states if the arrangements between the purchaser of part of a holding of over 30% and the vendor effectively allows the purchaser to exercise a significant degree of control over the voting rights not purchased, a general offer would normally be required.

Shareholders of Lifestyle and potential investors should note that the Proposed Transaction may or may not be proceeded with and if proceeded with, will be subject to certain conditions, due diligence reviews and compliance with the Listing Rules, and are therefore advised to exercise caution when dealing in the shares of the companies.

Resumption of trading of shares of Lifestyle

Trading of the shares of Lifestyle was suspended at the request of Lifestyle from 10:18 a.m. on 24th September, 2007 pending the release of this announcement. Lifestyle has applied for the resumption of trading in the shares of Lifestyle with effect from 9:30 a.m. on 3rd October, 2007.

Save as disclosed above and a discloseable transaction that is not price sensitive in nature pending to be released, Lifestyle is not aware of any negotiations or agreements relating to intended acquisitions or realisations which are discloseable under Rule 13.23 of the Listing Rules, nor is the board of directors of Lifestyle aware of any matter discloseable under the general obligation imposed by Rule 13.09 of the Listing Rules, which is or may be of a price-sensitive nature.

As at the date of this announcement, the board of Lifestyle comprises two executive directors, namely Messrs. Lau Luen-hung, Thomas and Doo Wai-hoi, William, four non-executive directors, namely Dató Dr. Cheng Yu-tung, Dr. Cheng Kar-shun, Henry, Mr. Lau Luen-hung, Joseph and Ms. Lau Yuk-wai, Amy and four independent non-executive directors, namely Messrs. Lam Siu-lun, Simon, Cheung Yuet-man, Raymond, Shek Lai-him, Abraham and Hui Chiu-chung, Stephen.

By order of the board of
Lifestyle International Holdings Limited
Lau Luen-hung, Thomas
Managing Director

Hong Kong, 2nd October, 2007

The directors of Lifestyle jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.