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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)**

### **(1) DISCLOSEABLE TRANSACTION DISPOSAL OF LIFESTYLE PROPERTIES GROUP AND (2) LAPSE OF THE AMENDED LP NON-COMPETE DEED**

#### **THE SALE AND PURCHASE AGREEMENT**

The Board is pleased to announce that on 13 April 2017, the Company (as vendor) and the Purchaser (as purchaser) entered into the Sale and Purchase Agreement pursuant to which the Company agreed to sell and the Purchaser agreed to purchase the Sale Shares for the Consideration of HK\$1,292,986,016 (equivalent to HK\$5.18 per Sale Share) which is subject to downward adjustment (if any) as mentioned in the section headed "Consideration" in this announcement. The Sale Shares represent (i) all of the Lifestyle Properties Shares held by the Group; and (ii) approximately 59.56% of the entire issued share capital of Lifestyle Properties as at the date of this announcement.

Completion has taken place immediately following execution of the Sale and Purchase Agreement. Following Completion, members of Lifestyle Properties Group have ceased to be subsidiaries of the Company, and their financial results will cease to be consolidated with the financial statements of the Group from date of Completion.

#### **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Disposal exceeds 5% but all applicable percentage ratios are less than 25%, the Disposal constitutes a discloseable transaction for the Company under the Listing Rules and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

## **LAPSE OF THE AMENDED LP NON-COMPETE DEED**

Since Completion has taken place, the Company has ceased to be a controlling shareholder of Lifestyle Properties and does not have further power to control Lifestyle Properties Board, and the Purchaser has replaced the Company as the controlling shareholder of Lifestyle Properties. As such, the Amended LP Non-compete Deed has lapsed automatically and ceased to have effect on the parties immediately following Completion.

## **DISPOSAL OF LIFESTYLE PROPERTIES GROUP**

### **The Sale and Purchase Agreement**

Date: 13 April 2017

Parties: (i) the Company as vendor; and  
(ii) the Purchaser as purchaser, an Independent Third Party.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Purchaser and its beneficial owner is an Independent Third Party.

### **Subject matter of the Sale and Purchase Agreement**

Pursuant to the Sale and Purchase Agreement, the Company agreed to sell and the Purchaser agreed to purchase the Sale Shares, representing (i) all of the Lifestyle Properties Shares held by the Group; and (ii) approximately 59.56% of the entire issued share capital of Lifestyle Properties as at the date of this announcement.

### **Consideration**

The Consideration is HK\$1,292,986,016 (equivalent to HK\$5.18 per Sale Share) subject to downward adjustment (if any) as mentioned below, which was paid in cash by the Purchaser to the Company at Completion.

The Purchaser may appoint an accountant qualified in Hong Kong to calculate the amount of the adjusted consolidated net asset value of Lifestyle Properties at Completion (as determined according to the terms of the Sale and Purchase Agreement). If the adjusted consolidated net asset value of Lifestyle Properties at Completion is less than the audited consolidated net asset value of Lifestyle Properties as at 31 December 2016 for an amount exceeding HK\$10,000,000, the Consideration will be adjusted downward according to the formula below:

$$\text{Deduction in the Consideration} = \text{Difference between the adjusted consolidated net asset value of Lifestyle Properties at Completion and the audited consolidated net asset value of Lifestyle Properties as at 31 December 2016} \times 59.56\%$$

The Consideration was determined after arm's length negotiations between the Company and the Purchaser based on normal commercial terms and after taking into account various factors, including the audited consolidated net asset value of Lifestyle Properties Group as at 31 December 2016, the current market value of the properties owned by Lifestyle Properties Group and the listing status of Lifestyle Properties.

The Sale and Purchase Agreement contains certain representations and warranties given by the Company in respect of the Lifestyle Properties Group. The liability in respect of any breach of representations and warranties are subject to certain limitations as set out in the Sale and Purchase Agreement (including but not limited to time limit and amount of total liability).

### **Completion**

Completion has taken place immediately following execution of the Sale and Purchase Agreement.

### **INFORMATION ON THE GROUP**

The Group is principally engaged in the operation of department stores in Hong Kong, property development and property investment.

### **INFORMATION ON LIFESTYLE PROPERTIES GROUP**

Lifestyle Properties is an investment holding company incorporated in the Cayman Islands with limited liability and its shares are listed on the Main Board of the Stock Exchange. Lifestyle Properties Group is principally engaged in property development and property investment.

Set out below are the audited consolidated results of Lifestyle Properties Group for each of the two years ended 31 December 2016.

	<b>For the year ended 31 December 2016 <i>HK\$'000</i> (audited)</b>	<b>For the year ended 31 December 2015 <i>HK\$'000</i> (audited)</b>
<b>Consolidated net profit (loss) before tax</b>	(30,750)	18,346
<b>Consolidated net profit (loss) after tax</b>	(31,015)	17,240

The audited consolidated net asset value of Lifestyle Properties Group as at 31 December 2016 was approximately HK\$1,477,602,000.

As at the date of this announcement, the major properties held by Lifestyle Properties Group include the following:

### Investment properties

<b>Descriptions</b>	<b>Gross floor area (sq.m.)</b>	<b>Nature of property</b>	<b>Attributable interest to Lifestyle Properties Group</b>	<b>Category of lease</b>
1. A commercial building located at Nos. 152-158 Jiaozhou Road, Shibei District, Qingdao City, Shandong Province, the PRC	26,507.07	Commercial	100%	Medium
2. A commercial building located at No. 86 Zhongyang Avenue, Daoli District, Harbin City, Heilongjiang Province, the PRC	10,089.60	Commercial	100%	Medium

### Land held under a property development project

<b>Description</b>	<b>Planned gross floor area (sq.m.)</b>	<b>Site area (sq.m.)</b>	<b>Nature of property</b>	<b>Attributable interest to Lifestyle Properties Group</b>	<b>Category of lease</b>	<b>Stage of completion</b>	<b>Expected completion</b>	<b>Lot number</b>
A parcel of land at western side of Zhengyang Street, Shenhe District, Shenyang City, Liaoning Province, the PRC	188,252	31,376	Commercial	100%	Medium	Preliminary work	N/A	2007-055

### INFORMATION ON THE PURCHASER

The Purchaser is a company incorporated in the British Virgin Islands with limited liability and its ultimate beneficial owner is Mr. Lin Rongbin (林榮濱先生). Mr. Lin is the founder and president of 福州三盛投資有限公司 (Fuzhou Sansheng Consortium Co. Ltd\*), which is a private company established in the PRC with principal business in property development. Mr. Lin has over 15 years of experience in the areas of property development in the PRC.

## **REASONS FOR THE DISPOSAL**

The Directors are of the view that the Disposal would allow the Company to streamline the structure of the Group and better utilise its available resources.

The Group intends to use the net proceeds from the Disposal for general working capital purposes.

After the Disposal, the Group will continue to operate its principal business including operation of department stores, property development and property investment.

As Mr. Thomas Lau currently, through Springboard Holdings Limited (a company wholly-owned by him), holds approximately 14.97% of the issued share capital of Lifestyle Properties and Ms. Lau Kam Shim currently, through Dynasty Sky Limited (a company wholly-owned by her), holds approximately 0.06% of the issued share capital of Lifestyle Properties, each of Mr. Thomas Lau and Ms. Lau Kam Shim as a Director has a potential conflict of interest in approving the Disposal and each of them has therefore abstained from voting on the relevant Board resolution(s) to approve the Sale and Purchase Agreement and the transactions contemplated thereunder. Besides, since Ms. Lau Yuk Wai, Amy is the sister of Mr. Thomas Lau and the aunt of Ms. Lau Kam Shim, to avoid any potential conflict of interest, Ms. Lau Yuk Wai, Amy has also abstained from voting on such Board resolution(s) approving the Sale and Purchase Agreement and the transactions contemplated thereunder.

The Directors (including the independent non-executive Directors but excluding Mr. Thomas Lau, Ms. Lau Kam Shim and Ms. Lau Yuk Wai, Amy who have abstained from voting on the resolutions of the Board approving the Disposal and the transactions contemplated thereunder as mentioned above) are of the view that the terms of the Sale and Purchase Agreement are on normal commercial terms and are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

## **FINANCIAL EFFECT OF THE DISPOSAL**

The Group expects to record an estimated gain of approximately HK\$410 million (before tax and subject to adjustment and audit) from the Disposal. This amount is estimated based on (i) the Consideration; (ii) the estimated unaudited consolidated net asset value of Lifestyle Properties Group as at date of Completion; and (iii) the estimated transaction costs.

Following Completion, members of Lifestyle Properties Group have ceased to be subsidiaries of the Company, and the financial results, assets and liabilities of Lifestyle Properties Group will cease to be consolidated with the financial statements of the Group from date of Completion.

## **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Disposal exceeds 5% but all applicable percentage ratios are less than 25%, the Disposal constitutes a discloseable transaction for the Company under the Listing Rules and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

## **LAPSE OF THE AMENDED LP NON-COMPETE DEED**

Reference is made to:

- (a) the announcement of the Company dated 1 September 2013 in respect of, amongst others, the Original LP Non-compete Deed and the spin-off and separate listing of Lifestyle Properties on the Main Board of the Stock Exchange; and
- (b) the announcement of the Company dated 28 June 2016 in respect of, amongst others, the amendments to the Original LP Non-compete Deed and the spin-off and separate listing of Lifestyle China on the Main Board of the Stock Exchange.

The Original LP Non-compete Deed was entered into by the Company in favour of Lifestyle Properties on 26 August 2013 in connection with the spin-off exercise completed in September 2013 for the separate listing of Lifestyle Properties on the Main Board of the Stock Exchange to ensure there is a clear delineation of business between the Group (excluding Lifestyle Properties Group) and Lifestyle Properties Group.

The Supplemental Deed was entered into between the Company and Lifestyle Properties on 6 June 2016 to amend the Original LP Non-compete Deed in connection with the spin-off exercise completed in July 2016 for the separate listing of Lifestyle China on the Main Board of the Stock Exchange.

Under the terms of the Amended LP Non-compete Deed, the Amended LP Non-compete Deed shall be terminated and cease to have effect upon the occurrence of certain termination events. One of such termination events will trigger when the Group, taken as a whole, (a) ceases to be or ceases to be deemed as controlling shareholder(s) of Lifestyle Properties (within the meaning ascribed to it under the Listing Rules); (b) does not have power to control Lifestyle Properties Board; and (c) there is at least one other shareholder of Lifestyle Properties holding (together with its associates) more voting power attaching to Lifestyle Properties Shares than that held by the Group.

Since Completion has taken place, the Company has ceased to be a controlling shareholder of Lifestyle Properties and does not have further power to control Lifestyle Properties Board, and the Purchaser has replaced the Company as the controlling shareholder of Lifestyle Properties. As such, conditions (a) to (c) for the aforesaid termination event have been fulfilled and the Amended LP Non-compete Deed has lapsed automatically and ceased to have effect on the parties immediately following Completion.

## DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

“Amended LP Non-compete Deed”	the Original LP Non-compete Deed as varied and amended by the Supplemental Deed
“Board”	the board of Directors
“Company”	Lifestyle International Holdings Limited (利福國際集團有限公司), a company incorporated in the Cayman Islands whose shares are listed on the Stock Exchange (stock code: 1212)
“Completion”	completion of the Disposal
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Consideration”	HK\$1,292,986,016, being the total consideration payable for the Sale Shares, subject to downward adjustment (if any) as mentioned in the section headed “Consideration” in this announcement
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Shares by the Company to the Purchaser pursuant to the Sale and Purchase Agreement
“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 PRC
“Independent Third Party”	third party independent of the Company and its connected persons
“Lifestyle China”	Lifestyle China Group Limited (利福中國集團有限公司) (formerly known as Lifestyle China Limited (利福中國有限公司)), a company incorporated in the Cayman Islands whose shares are listed on the Main Board of the Stock Exchange (stock code: 2136)
“Lifestyle Properties”	Lifestyle Properties Development Limited (利福地產發展有限公司), a company incorporated in the Cayman Islands whose shares are listed on the Main Board of the Stock Exchange (stock code: 2183)
“Lifestyle Properties Board”	the board of directors of Lifestyle Properties

“Lifestyle Properties Group”	Lifestyle Properties and its subsidiaries
“Lifestyle Properties Shares”	ordinary shares of HK\$0.10 each in the issued share capital of Lifestyle Properties
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Thomas Lau”	Mr. Lau Luen Hung, Thomas
“Original LP Non-compete Deed”	the deed of non-competition dated 26 August 2013 entered into by the Company and Lifestyle Properties, further details of which are disclosed in the prospectus of Lifestyle Properties dated 2 September 2013 under the section “Relationship with the Controlling Shareholder — Clear delineation of business”
“PRC”	the People’s Republic of China which, for the purpose of this announcement, shall exclude the Hong Kong and Macau Special Administrative Regions of the People’s Republic of China and Taiwan
“Purchaser”	an Independent Third Party
“Sale and Purchase Agreement”	the sale and purchase agreement dated 13 April 2017 entered into between the Company as vendor and the Purchaser as purchaser in relation to the sale and purchase of the Sale Shares
“Sale Share(s)”	a total of 249,611,200 Lifestyle Properties Shares acquired by the Purchaser from the Company pursuant to the Sale and Purchase Agreement, representing approximately 59.56% of the entire issued share capital of Lifestyle Properties as at the date of this announcement
“Shareholder(s)”	holder(s) of the share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited



“Supplemental Deed” the supplemental deed dated 6 June 2016 entered into between the Company and Lifestyle Properties to amend the Original LP Non-compete Deed, further details of which are disclosed in the circular of Lifestyle Properties dated 8 June 2016 under the section “The Supplemental Deed” in the “Letter from the Board”

“%” per cent

\* *The English translation of the Chinese name here denoted is for illustration purpose only. Shall there be any inconsistencies, the Chinese name prevail.*

By order of the Board  
**Lifestyle International Holdings Limited**  
**Poon Fuk Chuen**  
*Company Secretary*

Hong Kong, 13 April 2017

*As at the date of this announcement, the Board comprises Ms. Lau Kam Shim as executive Director; Mr. Lau Luen Hung, Thomas, Mr. Doo Wai Hoi, William and Ms. Lau Yuk Wai, Amy as non-executive Directors; Mr. Lam Siu Lun, Simon, The Hon. Shek Lai Him, Abraham, Mr. Hui Chiu Chung and Mr. Ip Yuk Keung as independent non-executive Directors.*