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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)

DISCLOSEABLE TRANSACTION ACQUISITION OF INTEREST IN TARGET

THE ACQUISITION

Purchaser, a wholly-owned subsidiary of the Company, entered into the Investment Agreement with Vendor, China Evergrande Group and Target on 13 August 2020 for the acquisition of a total of 59,704 Target Shares, representing approximately 0.597% of the total issued share capital of Target, for an aggregate consideration of HK\$500,000,000. Target is a wholly-owned subsidiary of China Evergrande Group.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratios (as defined under the Listing Rules) for the Acquisition is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is subject to announcement requirements under Chapter 14 of the Listing Rules.

THE ACQUISITION

The Board is pleased to announce that Purchaser, a wholly-owned subsidiary of the Company, entered into the Investment Agreement with Vendor, China Evergrande Group and Target on 13 August 2020 for the acquisition of approximately 0.597% of the total issued share capital of Target, a wholly-owned subsidiary of China Evergrande Group.

THE INVESTMENT AGREEMENT

- Date: 13 August 2020
- Parties: Purchaser, a wholly-owned subsidiary of the Company (as purchaser)
- Vendor, a company ultimately owned and controlled by China Evergrande Group (as vendor)
- China Evergrande Group, the controlling shareholder of Target
- Target (as the target company)
- To the best knowledge, information and belief of the Directors having made all reasonable enquiries, Vendor, China Evergrande Group, Target and their respective ultimate beneficial owner(s) are Independent Third Parties
- Subject: 59,704 Target Shares, representing approximately 0.597% of the existing issued share capital of Target
- Price: HK\$500,000,000, payable by transmitting to designated bank account of Vendor
- Completion Date: 11:00 a.m. on 20 August 2020 (or such other date and time as the parties may agree)
- Conditions: Completion shall take place upon fulfilment or waiver of the following conditions:
1. the completion of the due diligence by Purchaser or its agent on all material aspects of the Target group in business, legal, finance and other aspects to the reasonable satisfaction of Purchaser;
 2. the representations and warranties of the Warrantors under the Investment Agreement being true and accurate in all material aspects on the date of the Investment Agreement and on the Completion Date;
 3. completion of the reorganisation of the Target group; and
 4. there have not been any material adverse effect on the business, assets or operation of the Target group or material litigation.
- Lock-up: Purchaser shall not, without the prior written consent of Vendor, transfer, dispose of or otherwise create encumbrances over the Target Shares during the Lock-up Period.

Repurchase Option:	In the event QIPO of the Target group is not achieved within 2 years of Completion or the Warrantors are in material breach of the Investment Agreement and are not able to effectively cure such breach with specified period, unless any such event results from the breach on the part of the Purchaser of its obligations under the Investment Agreement, Purchaser shall have the right to require Vendor and China Evergrande Group to jointly or severally buy-back Target Shares at the original consideration Purchaser paid, together with any unpaid dividend, and a 10% annual return to Purchaser.
Tag-along Right:	Save for the options or shares to be issued under any employee option plans or other similar plans, in the event of further pre-IPO placing of existing shares of Target, Purchaser shall have the right to tag-along with Vendor in any pre-IPO placing of existing shares of Target, pro-rated to its shareholding percentage in the then issued share capital of Target.
Pre-emptive Right:	Save for the options or shares to be issued under any employee option plans or other similar plans, Purchaser shall have priority to subscribe new shares issued by the Target, pro-rated to their respective shareholding percentage.
Anti-dilution Protection:	Save for the options or shares to be issued under any employee option plans or other similar plans, the Target shall not proceed with any financing activity at a valuation of the Target that is lower than that under the Pre-IPO Placing, unless the Target has obtained the consent in writing from the investors holding more than half of the shareholding acquired under the Pre-IPO Placing, whether such financing activity may involve the issue of share securities, transfer by China Evergrande Group and/or the Vendor of its shareholding in the Target, or transactions of any other form. In the event that any employee option plan or other similar plan involves shareholding that exceeds 3% of the issued share capital of the Target, the portion in excess of 3% is subject to the anti-dilution protection and would result in anti-dilutive effect. In the event that any employee option plan or other similar plan involves shareholding that is not more than 3% of the issued share capital of the Target, the Purchaser shall not be entitled to such right.

REASONS FOR AND BENEFITS OF THE ACQUISITION

As part of the Group's cash management and treasury functions, the Group holds a diversified portfolio, both in terms of investment types and geographical coverage, of financial investments including certain senior notes issued by China Evergrande Group with a principal amount of US\$175 million as at the date of this announcement.

The Acquisition provided an opportunity to the Group to participate in a pre-IPO investment in a company with business activities that the Group currently does not have. The investment will be held as part of the Group financial investment with an aim to enhancing the returns on the Group's cash.

Target Shares acquired by Purchaser represented 0.597% of the total issued shares of Target and the purchase price per Target Shares is the same for all 14 investors. In addition, the repurchase option under the Investment Agreement also offers the Group a return of 10% per annum in the event the QIPO will not crystalize. The Board is of the view that the Acquisition (including the lock up requirement) is fair and reasonable, on normal commercial terms and in the interests of the Company and its shareholders as a whole.

The Company will fund the Acquisition by internal resources.

INFORMATION ON THE GROUP

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

INFORMATION ON VENDOR

Vendor is principally engaged in investment holding.

INFORMATION ON CHINA EVERGRANDE GROUP

China Evergrande Group is a limited company incorporated in the Cayman Islands. China Evergrande Group and its subsidiaries are principally engaged in the property development, property investment, property management, new energy vehicle business, hotel operations, finance business, internet business and health industry business in the PRC.

INFORMATION ON TARGET

Target is a company incorporated in the Cayman Islands and is the holding company of China Evergrande Group's property management services and related value-added services business. Pursuant to an announcement published on 31 July 2020, China Evergrande Group is considering a possible spin-off and separate listing of its property management services and related value-added services business on the Stock Exchange.

Based on an announcement of China Evergrande Group published on 13 August 2020, the unaudited financial information of Target for the year ended 31 December 2018 and 31 December 2019 is as follows:

	For the year ended 31 December	
	2018	2019
	<i>RMB million</i>	<i>RMB million</i>
Profit before taxation	313.7	1,233.8
Profit after taxation	233.3	922.5

The unaudited net asset value of Target as at 30 June 2020 was approximately RMB2,773.31 million.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratios (as defined under the Listing Rules) for the Acquisition is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Acquisition”	the acquisitions made by the Group of a total of 59,704 Target Shares at a consideration of HK\$500,000,000 pursuant to the Investment Agreement;
“Agreement Date”	13 August 2020;
“Board”	the board of Directors;
“China Evergrande Group”	China Evergrande Group 中國恒大集團, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange (stock code: 3333);
“Company”	Lifestyle International Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange (stock code 1212);
“Completion”	completion of the Acquisition at 11:00 a.m. on 20 August 2020 (or such other date and time as the parties may agree);
“Directors”	the directors of the Company;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Independent Third Party(ies)”	third party(ies) independent of the Company and its connected persons (as defined in the Listing Rules);

“Investment Agreement”	the conditional investment agreement dated the Agreement Date and entered by Vendor, China Evergrande Group and Purchaser in respect of 59,704 Target Shares;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Lock-up Period”	the period commencing from the Agreement Date and expiring on the last date of (i) in case no QIPO occurs, the 18-month period from the Agreement Date or; (ii) in case QIPO occurs during the 18-month period referred to in (i), the six month period from the date of QIPO listing;
“PRC”	the People’s Republic of China, excluding, for the purposes of this announcement, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
“Pre-IPO Placing”	the sale of 2,806,115 Target Shares by Vendor to 14 investors, including Purchaser;
“Purchaser”	Treasure Pitcher Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company;
“QIPO”	an initial public offering and listing of the shares of Target where the price per share as at such listing is not lower than the price per share in connection with the Pre-IPO Placing (as proportionally adjusted for share splits, combinations, capitalization issue and similar events (if any));
“RMB”	Renminbi, the lawful currency of the PRC;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Target”	Mangrove 3, Ltd., a company incorporated in the Cayman Islands with limited liability;
“Target Shares”	ordinary shares of US\$0.0001 in the share capital of Target;
“US\$”	United States dollars, the lawful currency of the United States of America;
“Vendor”	CEG Holdings (BVI) Limited, a company incorporated in the British Virgin Islands with limited liability;

“Warrantors” China Evergrande Group, Vendor and Target; and
“%” per cent.

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

Hong Kong, 14 August 2020

As at the date of this announcement, the Board comprises Mr. Lau Kam Sen and Ms. Lau Kam Shim as executive directors; Mr. Lau Luen Hung, Thomas, Mr. Doo Wai Hoi, William and Ms. Lau Yuk Wai, Amy as non-executive directors; and 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.