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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)

CONNECTED TRANSACTION TENANCY AGREEMENT

On 13 August 2021, the Tenant, an indirect wholly-owned subsidiary of the Company, entered into the Tenancy Agreement with the Landlord for the leasing of the Premises.

As at the date of this announcement, the Landlord is a connected person of the Company by virtue of being an associate of Mr. Lau (a non-executive Director and controlling shareholder of the Company). Accordingly, the entering into of the Tenancy Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Pursuant to HKFRS 16, a right-of-use asset will be recognized in respect of the lease under the Tenancy Agreement, and that the transaction contemplated under the Tenancy Agreement will be accounted for as an acquisition of right-of-use asset with an estimated value of approximately HK\$12,652,000, which will constitute a one-off connected transaction of the Company under Chapter 14A of the Listing Rules.

As one of the applicable percentage ratios (as defined in the Listing Rules) in respect of the estimated value of the right-of-use asset to be recognized by the Group in connection with the Tenancy Agreement on a standalone basis, or when aggregating with the Previous Tenancy Agreement, exceeds 0.1% but is less than 5%, the transaction contemplated under the Tenancy Agreement is subject to the reporting and announcement requirements but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

THE TENANCY AGREEMENT

On 13 August 2021, the Tenant, an indirect wholly-owned subsidiary of the Company, entered into the Tenancy Agreement with the Landlord for the leasing of the Premises.

The principal terms of the Tenancy Agreement are summarized as follows:

Date:	13 August 2021
Parties:	The Landlord and the Tenant
Term:	Two years commencing from 16 August 2021 to 15 August 2023 (both days inclusive) (with an option to renew the Tenancy Agreement for a further term of one year)
Premises leased:	The Premises, with a gross floor area of approximately 24,412 square feet
Usage:	Godown and carparks purpose
Rent:	HK\$537,064 per month (exclusive of management fee and other outgoings)
Management Fee:	HK\$33,753 per month
Payment terms:	The monthly rent and management fee shall be payable in advance on the 1st day of each calendar month
Deposit:	HK\$1,435,990 (in respect of rent, management fee and other outgoings)

REASONS FOR AND BENEFITS OF THE TENANCY AGREEMENT

To cope with the Group's business expansion and therefore the needs for extra storage space, in particular, for the facilitation and preparation of the future opening and operation of the Group's Kai Tak Project, the Group considers to lease additional storage space at a location that is logistically convenient. Given the advantageous location of the Premises, which is in the same building as the leased premises under the Previous Tenancy Agreement and that the layout and fixtures of the Premises are of a nature and type suitable for the intended storage use of the Group, the lease of the Premises is considered to be appropriate and beneficial to the Group as it should provide operational efficiency when used together with the premises under the Previous Tenancy Agreement.

The terms of the Tenancy Agreement, including but not limited to the rental rate, were arrived at after arm's length negotiation between the parties, having considered, among others, the location advantage of the Premises and the prevailing market rates of nearby properties comparable to the Premises.

The Board, including the independent non-executive Directors, is of the view that (i) the terms of the Tenancy Agreement are fair and reasonable; (ii) the transaction under the Tenancy Agreement is conducted on normal commercial terms and in the ordinary and usual course of business of the Group; and (iii) the entering into of the Tenancy Agreement and the transaction thereunder are in the interests of the Group and the Shareholders as a whole.

INFORMATION ABOUT THE PARTIES

The Group is principally engaged in the operation of department stores, property development and investment in Hong Kong. The Tenant is a wholly-owned subsidiary of the Group and its principal business activities is the operation of department stores in Hong Kong.

The Landlord is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in property investment. The Landlord is indirectly wholly-owned by Mr. Lau.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, the Landlord is a connected person of the Company by virtue of being an associate of Mr. Lau (a non-executive Director and controlling shareholder of the Company). Accordingly, the entering into of the Tenancy Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Pursuant to HKFRS 16, a right-of-use asset will be recognized in respect of the lease under the Tenancy Agreement, and that the transaction contemplated under the Tenancy Agreement will be accounted for as an acquisition of right-of-use asset with an estimated value of approximately HK\$12,652,000, which will constitute a one-off connected transaction of the Company under Chapter 14A of the Listing Rules.

Given that the Tenancy Agreement and the Previous Tenancy Agreement were entered into within a 12-month period with the same landlord, the transaction contemplated thereunder shall be aggregated with the Previous Tenancy Agreement for the purpose of Chapter 14A of the Listing Rules. As one of the applicable percentage ratios (as defined in the Listing Rules) in respect of the estimated value of the right-of-use asset to be recognized by the Group in connection with the Tenancy Agreement on a standalone basis, or when aggregating with the Previous Tenancy Agreement, exceeds 0.1% but is less than 5%, the transaction contemplated under the Tenancy Agreement is subject to the reporting and announcement requirements but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

In view of Mr. Lau's interest in the Landlord, Mr. Lau, Mr. Lau Kam Sen (the son of Mr. Lau), Ms. Lau Kam Shim (the daughter of Mr. Lau) and Ms. Lau Yuk Wai, Amy (sister of Mr. Lau), all being directors of the Company, have abstained from voting on the relevant board resolutions of the Company in relation to the Tenancy Agreement and the transactions contemplated under the Tenancy Agreement.

DEFINITIONS

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

“associate”	has the meaning ascribed thereto under the Listing Rules;
“Board”	the board of directors of the Company;
“Company”	Lifestyle International Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the main board of the Stock Exchange (stock code: 1212);
“connected person”	has the meaning ascribed thereto under the Listing Rules;
“controlling shareholder”	has the meaning ascribed thereto under the Listing Rules;
“Directors”	the directors of the Company;
“Group”	the Company and its subsidiaries;
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants;
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Landlord”	Bonnion Investments Ltd., a company incorporated in the British Virgin Islands with limited liability and is indirectly wholly-owned by Mr. Lau;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Mr. Lau”	Mr. Lau Luen Hung, Thomas, a non-executive Director and chairman of the Board and controlling shareholder of the Company;
“Premises”	Unit A, Private Carpark No.“P1” and Lorry Carpark No.“L1” on the Ground Floor, Gemstar Tower, No. 23 Man Lok Street, Hung Hom, Kowloon;

“Previous Tenancy Agreement”	the tenancy agreement dated 30 October 2020 entered into between the Tenant and the Landlord in relation to the premises at Unit B, Private Carpark Spaces No.“P2” and Lorry Carpark Spaces No.“L2” on the Ground Floor, Gemstar Tower, No. 23 Man Lok Street, Hung Hom, Kowloon with a gross floor area of approximately 22,011 square feet for a term of 18 months from 1 November 2020 to 30 April 2022 (both days inclusive);
“Share(s)”	the share(s) of the Company;
“Shareholder(s)”	holder(s) of the Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Tenancy Agreement”	the tenancy agreement dated 13 August 2021 entered into between the Tenant and the Landlord for the lease of the Premises;
“Tenant”	Sogo Hong Kong Company Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company; and
“%”	per cent.

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

Hong Kong, 13 August 2021

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.