

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this joint announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this joint announcement.*

*This joint announcement appears for information purposes only and is not intended to and does not constitute any offer or invitation to acquire, purchase or subscribe for any securities of the Company, the Offeror or any other entity, nor is it a solicitation of any vote or approval in any jurisdiction. This joint announcement is not for release, publication or distribution, in whole or in part, in any jurisdiction where to do so would constitute a violation of the relevant laws or regulations of such jurisdiction.*

**Emerald Energy Holdings Limited**  
*(incorporated in the British Virgin Islands  
with limited liability)*

  
**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)*

## **JOINT ANNOUNCEMENT**

**(1) PROPOSAL FOR THE PRIVATISATION OF  
THE COMPANY BY THE OFFEROR  
BY WAY OF A SCHEME OF ARRANGEMENT  
UNDER SECTION 86 OF THE CAYMAN COMPANIES ACT**

**(2) PROPOSED WITHDRAWAL OF LISTING OF THE  
SHARES OF THE COMPANY**

**AND**

**(3) RESUMPTION OF TRADING IN SHARES AND THE BONDS**

**Financial Adviser to the Offeror**



## **INTRODUCTION**

The Offeror and the Company jointly announce that on 1 August 2022, the Offeror requested the Board to put forward the Proposal to the Scheme Shareholders for the privatisation of the Company by way of the Scheme, being a scheme of arrangement under section 86 of the Cayman Companies Act involving (i) the cancellation and extinguishment of the Scheme Shares and, in consideration therefor, the payment to the Scheme Shareholders as at the Scheme Record Date of the Cancellation Price in cash for each Scheme Share cancelled and extinguished; (ii) the restoration of the issued share capital of the Company to the amount immediately before the cancellation and extinguishment of the Scheme Shares by the allotment and issuance of new Shares in the same number as the number of Scheme Shares (which were cancelled and extinguished) to the Offeror credited as fully paid out of the credit arising in the Company's books of account as a result of the issued share capital reduction referred to in (i) above; and (iii) the withdrawal of the listing of the Shares on the Stock Exchange.

## **TERMS OF THE PROPOSAL**

Under the Proposal, if the Scheme is approved and implemented, the Scheme Shares will be cancelled and extinguished and, in consideration therefor, each Scheme Shareholder as at the Scheme Record Date will be entitled to receive the Cancellation Price of HK\$5.00 in cash for each Scheme Share cancelled and extinguished.

The Proposal and the Scheme will become effective and binding on the Company and all Shareholders, subject to the fulfilment or waiver (as applicable) of the Conditions as described in the section headed "Terms of the Proposal – Conditions of the Proposal" of this joint announcement on or before the Long Stop Date, failing which the Scheme will not become effective and the Proposal will lapse.

## **TOTAL CONSIDERATION AND FINANCIAL RESOURCES**

On the basis of the Cancellation Price of HK\$5.00 per Scheme Share and 376,818,208 Scheme Shares in issue as at the date of this joint announcement and assuming no further Shares will be issued on or before the Scheme Record Date, the maximum amount of cash required to effect the Proposal would be approximately HK\$1,884,091,040.00.

The Offeror's payment obligations to the Scheme Shareholders as at the Scheme Record Date in respect of the Cancellation Price in cash pursuant to and in accordance with the Scheme shall be fulfilled by the Offeror. The Offeror intends to finance the cash required for the Proposal through a non-revolving facility made available to the Offeror by JPMSG during the Certain Funds Period.

DBSAC is satisfied that sufficient financial resources are, and will remain, available to the Offeror to satisfy its obligations in respect of the full implementation of the Proposal in accordance with its terms.

**The Cancellation Price will not be increased and the Offeror does not reserve the right to do so.**

## **SHAREHOLDING STRUCTURE OF THE COMPANY**

As at the date of this joint announcement, the Company has 1,501,916,000 Shares in issue. The Offeror confirms that, as at the date of this joint announcement:

- (a) the Offeror does not beneficially own, control or have direction over any Shares;
- (b) the Offeror Concert Parties (other than members of DBS Group) beneficially own, control or have direction over 1,148,807,292 Shares, representing approximately 76.49% of the issued Shares;
- (c) the Offeror Concert Parties Not Subject to the Scheme beneficially own, control or have direction over 1,125,097,792 Shares, representing approximately 74.91% of the issued Shares;
- (d) the Offeror Concert Parties Subject to the Scheme (other than members of DBS Group) beneficially own, control or have direction over 23,709,500 Shares, representing approximately 1.58% of the issued Shares;
- (e) the Scheme Shareholders hold 376,818,208 Shares, representing approximately 25.09% of the issued Shares; and
- (f) the Independent Shareholders hold 353,108,708 Shares, representing approximately 23.51% of the issued Shares

As at the date of this joint announcement, the Company has no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) other than its 1,501,916,000 issued Shares.

## **INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

The Independent Board Committee has been established to advise the Independent Shareholders as to whether the terms of the Proposal and the Scheme are fair and reasonable, and whether to vote in favour of the Scheme at the Court Meeting and the Proposal at the General Meeting.

An Independent Financial Adviser will also be appointed with the approval of the Independent Board Committee to advise the Independent Board Committee in connection with the Proposal and the Scheme. A further announcement will be made after the appointment of the Independent Financial Adviser.

## **WITHDRAWAL OF LISTING OF THE SHARES**

Upon the Scheme becoming effective, all Scheme Shares will be cancelled and extinguished (with the equivalent number of new Shares being allotted and issued as fully paid to the Offeror) and the share certificates for the Scheme Shares cancelled and extinguished will thereafter cease to have effect as documents or evidence of title. The Company will make an application for the listing of the Shares to be withdrawn from the Stock Exchange in accordance with Rule 6.15(2) of the Listing Rules, as soon as practicable after the Effective Date.

It is the intention of the Offeror that the Bonds shall remain listed on the Stock Exchange and be repaid at maturity in accordance with their respective terms.

### **IF THE SCHEME IS NOT APPROVED OR THE PROPOSAL LAPSES**

If the Scheme is not approved or does not become effective, or the Proposal otherwise lapses, the listing of the Shares on the Stock Exchange will not be withdrawn.

If the Scheme is not approved or the Proposal otherwise lapses, there are restrictions under Rule 31.1 of the Takeovers Code on making subsequent offers, to the effect that, neither the Offeror nor the Offeror Concert Parties, nor any person who is subsequently acting in concert with any of them, may within 12 months from the date on which the Scheme is not approved or the Proposal otherwise lapses announce an offer or possible offer for the Company, except with the consent of the Executive.

### **DESPATCH OF THE SCHEME DOCUMENT**

The Scheme Document including, among other things, further details of the Proposal and the Scheme, an explanatory statement as required under the rules of the Grand Court, the expected timetable relating to the Proposal, the recommendations of the Independent Board Committee, the letter of advice from the Independent Financial Adviser and notices of the Court Meeting and the General Meeting will be despatched to the Shareholders as soon as practicable and in compliance with the requirements of the Takeovers Code, the Listing Rules, the rules of the Grand Court and other applicable laws and regulations.

### **RESUMPTION OF TRADING IN SHARES AND BONDS**

At the request of the Company, trading in the Shares and the Bonds on the Stock Exchange was halted from 9:00 a.m. on 5 August 2022 pending the issuance of this joint announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares and the Bonds on the Stock Exchange with effect from 9:00 a.m. on 8 August 2022.

### **WARNINGS**

**Shareholders and/or potential investors should be aware that the implementation of the Proposal and the Scheme is subject to the Conditions being fulfilled or waived, as applicable, and therefore the Proposal may or may not be implemented and the Scheme may or may not become effective. Shareholders and/or potential investors should therefore exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, licensed securities dealer, registered institution in securities, bank manager, solicitor or other professional advisers.**

**This joint announcement is not intended to and does not constitute any offer or invitation to purchase or subscribe for any securities of the Company or the Offeror or the solicitation of any vote or approval in any jurisdiction pursuant to the Proposal or otherwise, nor shall there be any sale, issuance or transfer of securities of the Company in any jurisdiction in contravention of applicable law. The Proposal will be made solely through the Scheme Document, which will contain the full terms and conditions of the Proposal, including details of how to vote on the Proposal. Any**

**approval or other response to the Proposal should be made only on the basis of information in the Scheme Document.**

**The availability of the Proposal to persons who are not resident in Hong Kong may be affected by the laws of the relevant jurisdictions in which they are located or of which they are citizens. Persons who are not so resident in Hong Kong should inform themselves about, and observe, any applicable legal or regulatory requirements of their jurisdictions. Further details in relation to overseas shareholders will be contained in the Scheme Document.**

## ***Notice to US investors***

*The Proposal is being made to cancel the securities of a Cayman company by means of a scheme of arrangement provided for under the Cayman Companies Act and is subject to Cayman Islands and Hong Kong disclosure requirements which are different from those of the United States.*

*A transaction effected by means of a scheme of arrangement is not subject to the tender offer rules of the US Securities Exchange Act of 1934, as amended. Accordingly, the Proposal is subject to the requirements and practices applicable in the Cayman Islands and Hong Kong to schemes of arrangement which differ from the requirements of the US tender offer rules.*

*The receipt of cash pursuant to the Proposal by a US holder of the Scheme Shares as consideration for the cancellation of the relevant Scheme Shares pursuant to the Scheme may be a taxable transaction for US federal income tax purposes and under applicable US state and local, as well as foreign and other tax laws. US holders of the Scheme Shares are urged to consult their independent professional advisers immediately regarding the tax consequences of the Proposal applicable to them.*

*It may be difficult for US holders of the Scheme Shares to enforce their rights and claims arising out of the US federal securities laws, since the Offeror and the Company are located in a country other than the United States, and some or all of their officers and directors may be residents of a country other than the United States. US holders of the Scheme Shares may not be able to sue a non-US company or its officers or directors in a non-US court for violations of the US securities laws. Further, it may be difficult to compel a non-US company and its affiliates to subject themselves to a US court's judgement.*

## INTRODUCTION

On 1 August 2022, the Offeror requested the Board to put forward the Proposal to the Scheme Shareholders for the privatisation of the Company by way of a scheme of arrangement under section 86 of the Cayman Companies Act.

If the Proposal is approved and implemented, under the Scheme:

- (a) all the Scheme Shares held by the Scheme Shareholders will be cancelled and extinguished on the Effective Date in exchange for the payment by the Offeror to each Scheme Shareholder as at the Scheme Record Date of the Cancellation Price in cash for each Scheme Share cancelled and extinguished;
- (b) the issued share capital of the Company will, on the Effective Date, be reduced by cancelling and extinguishing the Scheme Shares. Upon such reduction, the issued share capital of the Company will be restored to the amount immediately before the cancellation and extinguishment of the Scheme Shares by the allotment and issuance to the Offeror, credited as fully paid, of the same number of new Shares as the number of Scheme Shares cancelled and extinguished, and the credit arising in the Company's books of account as a result of the capital reduction will be applied in paying up in full at par the new Shares so allotted and issued to the Offeror; and
- (c) the withdrawal of the listing of the Shares on the Stock Exchange is expected to take place as soon as practicable after the Effective Date.

## TERMS OF THE PROPOSAL

### Cancellation Price

Under the Proposal, if the Scheme is approved and implemented, the Scheme Shares will be cancelled and extinguished and, in consideration therefor, each Scheme Shareholder as at the Scheme Record Date will be entitled to receive the Cancellation Price of HK\$5.00 in cash for each Scheme Share cancelled and extinguished.

**The Cancellation Price will not be increased and the Offeror does not reserve the right to do so.**

The total consideration payable to the Scheme Shareholders for the Scheme Shares cancelled and extinguished will be paid by the Offeror.

The Company (a) has not announced or declared any dividend, distribution or return of capital which has not been made or which remains unpaid; and (b) does not intend to announce, declare, make or pay any dividend, distribution or return of capital on or before the Effective Date.

## Comparison of value

The Cancellation Price of HK\$5.00 per Scheme Share represents:

- (a) a premium of approximately 62.34% over the closing price of HK\$3.080 per Share as quoted on the Stock Exchange on the Last Trading Date;
- (b) a premium of approximately 75.93% over the average closing price of approximately HK\$2.842 per Share as quoted on the Stock Exchange for the 5 trading days up to and including the Last Trading Date;
- (c) a premium of approximately 81.88% over the average closing price of approximately HK\$2.749 per Share as quoted on the Stock Exchange for the 10 trading days up to and including the Last Trading Date;
- (d) a premium of approximately 70.11% over the average closing price of approximately HK\$2.939 per Share as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Date;
- (e) a premium of approximately 58.66% over the average closing price of approximately HK\$3.151 per Share as quoted on the Stock Exchange for the 60 trading days up to and including the Last Trading Date;
- (f) a premium of approximately 48.08% over the average closing price of approximately HK\$3.376 per Share as quoted on the Stock Exchange for the 90 trading days up to and including the Last Trading Date;
- (g) a premium of approximately 38.72% over the average closing price of approximately HK\$3.604 per Share as quoted on the Stock Exchange for the 120 trading days up to and including the Last Trading Date;
- (h) a premium of approximately 30.01% over the average closing price of approximately HK\$3.846 per Share as quoted on the Stock Exchange for the 180 trading days up to and including the Last Trading Date;
- (i) a premium of approximately 182.92% over the audited consolidated net asset value attributable to the Shareholders per Share of approximately HK\$1.767 as at 31 December 2021; and
- (j) a premium of approximately 287.54% over the unaudited consolidated net asset value attributable to the Shareholders per Share of approximately HK\$1.290 as at 30 June 2022.

The Cancellation Price has been determined after taking into account, among others, the recently traded prices of the Shares on the Stock Exchange and the publicly available financial information of the Company as at 31 December 2021 and 30 June 2022, and with reference to pricing premium for privatisation transactions in Hong Kong for the past 24 months.



## **Highest and lowest prices**

During the six-month period ended on and including the Last Trading Date, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$4.550 on 23 February 2022 and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$2.620 on 27 July 2022.

## **Total consideration and financial resources**

On the basis of the Cancellation Price of HK\$5.00 per Scheme Share and 376,818,208 Scheme Shares in issue as at the date of this joint announcement and assuming no further Shares will be issued on or before the Scheme Record Date, the maximum amount of cash required to effect the Proposal would be approximately HK\$1,884,091,040.00.

The Offeror's payment obligations to the Scheme Shareholders as at the Scheme Record Date in respect of the Cancellation Price in cash pursuant to and in accordance with the Scheme shall be fulfilled by the Offeror. The Offeror intends to finance the cash required for the Proposal through a non-revolving facility made available to the Offeror by JPMSG during the Certain Funds Period.

DBSAC is satisfied that sufficient financial resources are, and will remain, available to the Offeror to satisfy its obligations in respect of the full implementation of the Proposal in accordance with its terms.

## **Conditions of the Proposal**

The Proposal and the Scheme will become effective and binding on the Company and all Shareholders, subject to the fulfilment or waiver (as applicable) of the following Conditions:

- (a) the approval of the Scheme (by way of poll) at the Court Meeting by Scheme Shareholders representing not less than 75% in value of the Scheme Shares present and voting in person or by proxy at the Court Meeting in accordance with the requirements of section 86 of the Cayman Companies Act as at the date of the Court Meeting;
- (b) the approval of the Scheme (by way of poll) at the Court Meeting by Independent Shareholders holding at least 75% of the votes attaching to the Scheme Shares held by Independent Shareholders that are cast either in person or by proxy at the Court Meeting and the number of votes cast by Independent Shareholders present and voting either in person or by proxy at the Court Meeting against the resolution to approve the Scheme at the Court Meeting is not more than 10% of the votes attaching to all Scheme Shares held by the Independent Shareholders;
- (c) the passing of a special resolution by a majority of at least 75% of the votes cast by the Shareholders present and voting in person or by proxy at the General Meeting to approve and give effect to (i) the reduction of the issued share capital of the Company by cancelling and extinguishing the Scheme Shares; (ii) the increase of the issued share capital of the Company to the amount prior to the cancellation of the Scheme Shares by issuing to the Offeror such number of new Shares as is equal to the number of Scheme Shares cancelled as a result of the Scheme; and (iii) the application of the credit arising in the Company's books of accounts as a result of such issued share capital reduction in paying up in full at par value the new Shares issued to the Offeror, credited as fully paid;

- (d) the Grand Court's sanction of the Scheme (with or without modification) under section 86 of the Companies Act and its confirmation of the reduction of the issued share capital of the Company involved in the Scheme, and the delivery to the Registrar of Companies in the Cayman Islands of a copy of the order of, and minutes approved by, the Grand Court for registration;
- (e) all authorisations, approvals, permissions, waivers and consents and all registrations and filings (including without limitation any which are required or desirable under or in connection with any applicable laws or regulations or any licences, permits or contractual obligations of the Company) in connection with the Proposal or its implementation in accordance with its terms having been obtained (or, as the case may be, completed) and remaining in full force and effect without modification;
- (f) no government, governmental, quasi-governmental, statutory or regulatory body, court or agency in any jurisdiction having taken or instituted any action, proceeding, suit, investigation or enquiry (or enacted or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order), in each case, which would make the Proposal or its implementation in accordance with its terms void, unenforceable, illegal or impracticable (or which would impose any material conditions or obligations with respect to the Proposal or its implementation in accordance with its terms);
- (g) all necessary legal or regulatory obligations in all relevant jurisdictions having been complied with and no legal or regulatory requirement having been imposed which is not expressly provided for, or is in addition to the requirements expressly provided for, in the relevant laws or regulations in connection with the Proposal or its implementation in accordance with its terms;
- (h) the implementation of the Proposal not resulting in, and no event or circumstance having occurred or arisen which would or might be expected to result in:
  - (i) any indebtedness (actual or contingent) of any member of the Group being or becoming repayable (or capable of being declared repayable) immediately or prior to its stated maturity or repayment date;
  - (ii) any agreement, arrangement, licence, permit or instrument to which any member of the Group is a party or by or to which any such member or any of its assets may be bound, entitled or subject (or any of the rights, liabilities, obligations or interests of any member of the Group thereunder) being terminated or adversely modified (or any material obligation or liability on the part of any member of the Group arising in relation thereto); or
  - (iii) the creation or enforcement of any security interest over the whole or any part of the business, property or assets of any member of the Group or any such security (whenever arising) becoming enforceable,

in each case, which is material in the context of the Group as a whole or in the context of the Proposal or its implementation in accordance with its terms.

The Offeror reserves the right to waive all or any of the Conditions (except for the Conditions in paragraphs (a) to (d) above) in whole or in part. The Company does not have the right to waive any of the Conditions. All of the above Conditions will have to be fulfilled or waived, as applicable, on or before the Long Stop Date, failing which the Scheme will not become effective and the Proposal will lapse. Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror may only invoke any or all of the Conditions as a basis for not proceeding with the Proposal or the Scheme if the circumstances which give rise to the right to invoke such Condition are of material significance to the Offeror in the context of the Proposal or the Scheme.

With reference to Condition in paragraph (a) above, the Cayman Islands has gazetted the Companies (Amendment) Act 2021 (the “Amendment Act”) on 16 December 2021. Pursuant to the Amendment Act, a new section 86(2A) of the Companies Act will apply to members’ schemes (such as the Scheme) and will provide that:

“If seventy-five per cent in value of the members or class of members, as the case may be, present and voting either in person or by proxy at the meeting, agree to any compromise or arrangement, the compromise or arrangement shall, if sanctioned by the Court, be binding on all the members or class of members, as the case may be, and also on the company or, where a company is in the course of being wound up, on the liquidator and contributories of the company.”

Pursuant to the Companies (Amendment) Act 2021 (Commencement) Order 2022 gazetted on 29 July 2022 (the “Commencement Order”), the Amendment Act shall come into effect on 31 August 2022, including the new section 86(2A) of the Companies Act in the form described above. Accordingly, the Scheme will only require the approval of not less than 75% in value of the Scheme Shareholders present and voting either in person or by proxy at the Court Meeting which is to be held after 31 August 2022, and the requirement to obtain the approval of the majority in number of Scheme Shareholders present and voting either in person or by proxy at the Court Meeting which is to be held after 31 August 2022 will not be required.

With reference to the Condition in paragraph (e), as at the date of this joint announcement, the Offeror is not aware of any requirement for such authorisations, approvals, permissions, waivers, consents, registrations or filings other than those set out in the Conditions in paragraphs (a) to (d). With reference to the Condition in paragraph (f), as at the date of this joint announcement, the Offeror is not aware of any such action, proceeding, suit, investigation, enquiry, statute, regulation, demand or order. With reference to the Condition in paragraph (g), as at the date of this joint announcement, the Offeror is not aware of any such non-compliance or regulatory requirement other than those set out in the Conditions in paragraphs (a) to (e). With reference to the Condition in paragraph (h), as at the date of this joint announcement, save for consent from majority lenders of an existing banking facility on, amongst other things, the arrangement of the Scheme and the delisting of Shares, and the change of the shareholding structure and board composition, the Offeror considers there is no such other consent required. The Offeror will assist the Company to and the Company will liaise with the agent of the lenders to resolve such potential event or circumstance under paragraph (h)(i) as soon as practicable and an offer for banking facilities in replacement of such existing facilities has been received by the Company.

If approved, the Scheme will be binding on the Company and all the Scheme Shareholders, irrespective of whether or not they attended or voted at the Court Meeting or the General Meeting.

**Warning: Shareholders and/or potential investors should be aware that the implementation of the Proposal and the Scheme is subject to the Conditions being fulfilled or waived, as applicable, and therefore the Proposal may or may not be implemented and the Scheme may or may not become effective. Shareholders and/or potential investors should therefore exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, licensed securities dealer, registered institution in securities, bank manager, solicitor or other professional advisers.**

## **ARRANGEMENTS MATERIAL TO THE PROPOSAL**

As at the date of this joint announcement:

- (a) the Company has no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) other than its issued Shares of 1,501,916,000 Shares;
- (b) save for the 1,148,807,292 Shares, representing approximately 76.49% of the issued Shares, held by the Offeror Concert Parties (other than members of DBS Group), neither the Offeror nor the Offeror Concert Parties owns, controls or directs any existing holding of voting rights and rights over the Shares;
- (c) save for the Proposal, there is no arrangement (whether by way of option, indemnity or otherwise) of the kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the Shares or the shares of the Offeror between the Offeror or the Offeror Concert Parties and any other person which might be material to the Proposal;
- (d) there is no agreement or arrangement to which the Offeror or the Offeror Concert Parties is a party which relates to circumstances in which it may or may not invoke or seek to invoke a Condition; and
- (e) neither the Offeror nor the Offeror Concert Parties has received any irrevocable commitment to vote for or against the Proposal.

There were no dealings in the Shares and other relevant securities of the Company by the Offeror or the Offeror Concert Parties (other than members of the DBS Group) during the six months period immediately prior to and up to the date of this joint announcement.

## SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this joint announcement, the Company has 1,501,916,000 Shares in issue. Save for Mr. Lau, Ms. Lau Yuk Wai, Amy, Mr. Lau Kam Sen and Ms. Lau Kam Shim (whose interests are as set out in Notes (1), (2) and (4) in the shareholding table below), none of the Directors beneficially has any interests in the Shares.

The Offeror confirms that, as at the date of this joint announcement:

- (a) the Offeror does not beneficially own, control or have direction over any Shares;
- (b) the Offeror Concert Parties (other than members of DBS Group) beneficially own, control or have direction over 1,148,807,292 Shares (representing approximately 76.49% of the issued Shares);
- (c) the Offeror Concert Parties Not Subject to the Scheme beneficially own, control or have direction over 1,125,097,792 Shares, representing approximately 74.91% of the issued Shares;
- (d) the Offeror Concert Parties Subject to the Scheme (other than members of DBS Group) beneficially own, control or have direction over 23,709,500 Shares, representing approximately 1.58% of the issued Shares;
- (e) the Scheme Shareholders hold 376,818,208 Shares, representing approximately 25.09% of the issued Shares;
- (f) the Independent Shareholders hold 353,108,708 Shares, representing approximately 23.51% of the issued Shares;
- (g) there are no convertible securities, warrants or options in respect of the Shares held, controlled or directed by the Offeror and the Offeror Concert Parties;
- (h) neither the Offeror nor the Offeror Concert Parties (other than members of DBS Group) has entered into any outstanding derivative in respect of the securities in the Company;
- (i) neither the Offeror nor the Offeror Concert Parties (other than members of DBS Group) has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
- (j) there is no understanding, arrangement or agreement or special deal (as defined under Rule 25 of the Takeovers Code) between (1) any shareholder of the Company; and (2) either (a) the Offeror and the Offeror Concert Parties; or (b) the Company, its subsidiaries or associated companies; and
- (k) other than the Cancellation Price for each Scheme Share cancelled payable under the Scheme, the Offeror or the Offeror Concert Parties have not paid or will not pay any other consideration, compensations or benefits in whatever form to the Scheme Shareholders or persons acting in concert with them in relation to the Scheme Shares.

For the avoidance of doubt, the Scheme Shares comprise the Shares beneficially owned, controlled or directed by the Offeror Concert Parties Subject to the Scheme and the Independent Shareholders.

As at the date of this joint announcement, the Company has no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) other than its issued Shares of 1,501,916,000 Shares.

Assuming there is no other change in shareholding of the Company before completion of the Proposal, the table below sets out the shareholding structure of the Company as at the date of this joint announcement and immediately upon completion of the Proposal:

<u>Shareholder</u>	<u>As at the date of this joint announcement</u>		<u>Immediately upon the completion of the Proposal</u>	
	<u>Number of Shares</u>	<u>Approximate % of the issued Shares</u>	<u>Number of Shares</u>	<u>Approximate % of the issued Shares</u>
<b>(A) Offeror</b> <sup>(Note (1))</sup>	-	-	376,818,208	25.09
<b>(B) Offeror Concert Parties Not Subject to the Scheme</b>				
Mr. Lau	113,403,292	7.55	113,403,292	7.55
Mr. Lau's SPV Entities <sup>(Note (2))</sup>	1,011,694,500	67.36	1,011,694,500	67.36
<b>(C) Offeror Concert Parties Subject to the Scheme</b> <sup>(Note (3))</sup>				
The Trust <sup>(Note (4))</sup>	951,000	0.06	-	-
Ms. Lau <sup>(Note (5))</sup>	20,408,000	1.36	-	-
Ms. Lau's SPV Entity <sup>(Note (5))</sup>	1,600,000	0.11	-	-
Ms. Chan <sup>(Note (6))</sup>	750,500	0.05	-	-
<b>Sub-total for (A)+(B)+(C)</b>	1,148,807,292	76.49	1,501,916,000	100.00
<b>(D) Independent Shareholders</b>	353,108,708	23.51	-	-
<b>TOTAL (A) + (B) + (C) + (D)</b>	<b><u>1,501,916,000</u></b>	<b><u>100.00</u></b>	<b><u>1,501,916,000</u></b>	<b><u>100.00</u></b>
<b>(E) Scheme Shareholders: =(C) + (D)</b> <sup>(Note (7))</sup>	376,818,208	25.09	-	-

- Note (1) : The Offeror is wholly-owned by Mr. Lau. Upon the Scheme becoming effective, the share capital of the Company will be reduced by cancelling and extinguishing the Scheme Shares. Upon such reduction, the share capital of the Company will be restored to its former amount by the allotment and issuance to the Offeror, credited as fully paid, of the same number of the Shares as the number of Scheme Shares cancelled and extinguished, and the credit arising in the Company's books of account as a result of the capital reduction will be applied in paying up in full at par the new Shares so allotted and issued to the Offeror.*
- Note (2) : These shares are held as to 471,694,500 Shares (representing approximately 31.41% of the issued Shares) by Dynamic Castle, which is wholly-owned by Mr. Lau and 540,000,000 Shares (representing approximately 35.95% of the issued Shares) by United Goal, which is ultimately owned as to 80% by Mr. Lau and 20% by certain family members of Mr. Lau Luen Hung, Joseph, the elder brother of Mr. Lau.*
- Note (3) : DBSAC is the financial adviser of the Offeror. Accordingly, DBSAC and the relevant member of the DBS Group which hold the Shares (except in respect of Shares held by exempt principal traders or exempt fund managers, in each case recognized by the Executive as such for the purposes of the Takeovers Code and also excluding Shares held on behalf of non-discretionary clients of the DBS Group) are presumed to be acting in concert with the Offeror in accordance with class 5 of the definition of "acting in concert" in the Takeovers Code. Details of holdings, borrowings or lendings of, and dealings in, Shares (or options, rights over Shares, warrants or derivatives in respect of them) by other parts of the DBS Group will be obtained as soon as possible after the date of this announcement in accordance with Note 1 to Rule 3.5 of the Takeovers Code. A further announcement will be made jointly by the Offeror and the Company if the holdings, borrowings, lendings, or dealings of the other parts of the DBS Group are significant and in any event, such information will be disclosed in the Scheme Document. The statements in this announcement as to the holdings, borrowings or lendings of, or their dealings in, Shares (or rights, rights over Shares, warrants or derivatives in respect of them) by persons acting in concert with the Offeror are subject to the holdings, borrowings, lendings, or dealings (if any) of such members of the DBS Group. Any dealings in Shares during the six months prior to and up to the date of this announcement by the DBS Group will be disclosed in the Scheme Document.*
- Exempt principal traders which are connected for the sole reason that they are under the same control as DBSAC are not presumed to be acting in concert with the Offeror. However, Shares held by members of the DBS Group acting in the capacity of exempt principal traders shall not be voted at the Court Meeting and the General Meeting in accordance with the requirements of Rule 35.4 of the Takeovers Code unless the Executive allows such Shares to be so voted. Shares held by such exempt principal traders may, subject to consent of the Executive, be allowed to be voted at the Court Meeting and the General Meeting if (i) the relevant connected exempt principal trader holds the Shares as a simple custodian for and on behalf of non-discretionary clients, and (ii) there are contractual arrangements in place between the relevant connected exempt principal trader and its clients that strictly prohibit the relevant connected exempt principal trader from exercising any voting discretion over the relevant Shares, and all voting instructions shall originate from the client only (if no instructions are given, then no votes shall be cast for the relevant Shares held by the relevant connected exempt principal trader). For this purpose, where applicable, a written confirmation of the matters set out in points (i) and (ii) above and whether the relevant underlying clients are entitled to vote in the context of the Proposal will be submitted to the Executive.*
- Note (4) : These Shares are held by a trust for an estate in which certain family members of Mr. Lau have interest. Mr. Lau and Ms. Lau Yuk Wai, Amy are the trustees of the trust and each of Mr. Lau Kam Sen, Ms. Lau Kam Shim and Ms. Lau Yuk Wai, Amy is a beneficiary under the Trust.*
- Note (5) : Ms. Lau is a younger sister of Mr. Lau.*
- Note (6) : Ms. Chan is the spouse of Mr. Lau Luen Hung, Joseph, the elder brother of Mr. Lau.*
- Note (7) : Scheme Shares shall include any Shares held by Independent Shareholders, the DBS Group, the Trust, Ms. Lau and Ms. Lau's SPV Entity, Ms. Chan and exclude all Shares held by Offeror Concert Parties Not Subject to the Scheme.*

All Scheme Shareholder will be entitled to attend and vote on the Scheme at the Court Meeting. Each of the Offeror Concert Parties will procure that any Shares in respect of which they are beneficially interested will not be represented or voted at the Court Meeting.

The Offeror and each of the Offeror Concert Parties will undertake to the Grand Court to be bound by the terms of the Scheme and to execute and do and procure to be executed and done all such documents and things as may be necessary or desirable to be executed or done by each of them for the purposes of giving effect to the Scheme.

All Shareholders will be entitled to vote on the special resolution to be proposed at the General Meeting to approve and give effect to the reduction of share capital and the implementation of the Proposal. Offeror Concert Parties (except members of the DBS Group) have indicated that, if the Scheme is approved at the Court Meeting, they will vote in favour of the special resolution to be proposed at the General Meeting to approve and give effect to the reduction of share capital and implementation of the Proposal.

Upon the Scheme becoming effective, the Offeror and the Offeror Concert Parties Not Subject to the Scheme will hold all the issued Shares of the Company.

#### **FINANCIAL ADVISER TO THE OFFEROR, INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

The Offeror has appointed DBSAC as its financial adviser in connection with the Proposal.

The Independent Board Committee has been established to advise the Independent Shareholders as to whether the terms of the Proposal and the Scheme are fair and reasonable, and whether to vote in favour of the Scheme at the Court Meeting and the Proposal at the General Meeting. Mr. Lau and Ms. Lau Yuk Wai, Amy, who are non-executive Directors, are not considered to be independent for the purpose of making a recommendation to the Independent Shareholders as they are Offeror Concert Parties (Mr. Lau is the sole shareholder and a director of the Offeror and a trustee of the Trust while Ms. Lau Yuk Wai, Amy is a beneficiary and a trustee of the Trust), and are therefore not included as members of the Independent Board Committee.

An Independent Financial Adviser will be appointed with the Independent Board Committee's approval to advise the Independent Board Committee in connection with the Proposal and the Scheme. A further announcement will be made after the appointment of the Independent Financial Adviser.

#### **REASONS FOR AND BENEFITS OF THE PROPOSAL**

The retail environment in Hong Kong has been experiencing a downturn since the beginning of the social unrest in mid-2019, with the subsequent outbreak of the Covid-19 pandemic in early 2020 further exacerbating an already dire business landscape. These two factors contributed to a dramatic reduction of mainland Chinese shoppers that previously comprised a sizable share of the retail business in Hong Kong. Additionally, the Covid-19 pandemic has accelerated a transformation of the business landscape including the rapid rise of e-commerce, adding further pressure on the brick and mortar retailers. The financial and operating performance of the Group has been adversely affected by the absence of tourist spending and weak local consumer sentiment due to Covid-19 containment measures including the continued enforcement of stringent travel restrictions as well as an uncertain economic environment.



Turnover of the Group, a leading physical department store operator in Hong Kong, has been in a declining trend since 2019, with low visibility of any signs of recovery. The Group has continued its efforts in optimizing operations and implementing promotions to stimulate local sales and leverage upon the consumption voucher scheme launched by the Hong Kong government. Despite the Group's total gross sale proceeds managed to increase by 9.9% in 2021 compared with that in 2020, it represented only 53.3% of the total gross sale proceeds recorded in 2018.

As mentioned in the Company's interim results announcement for the six months ended 30 June 2022:

- Management maintains a pessimistic view of Hong Kong's retail sector for the second half of 2022 as the recent rebound in local Covid-19 infections poses challenges to the recovery of Hong Kong's economy and clouds the prospect of the long-awaited border reopening. Moreover, the worsening global economic outlook in the wake of intensifying geopolitical tensions and continuous supply chain disruptions, coupled with tightening monetary policies by various governments to tame soaring inflation, would further undermine business confidence and consumer spending.
- China, the world's second largest economy, has recorded subdued growth for the first half of 2022, as it focused on fighting Covid-19 outbreaks across the country with mass testing and renewed travel restrictions. The new outbreaks have raised concerns of a return to strict measures and lockdowns that would severely disrupt the manufacturing sector, supply chain and daily economic activities, which could in turn adversely impact the growth outlook of the global economy.
- The Hong Kong government will hand out the second part of consumption vouchers in the second half of the year and it is also hoped that the government would roll-out other stimulus measures to support domestic demand and rejuvenate the local economy. However, the long-term economic impact of Covid-19 pandemic and uncertainties over its lingering development is set to weigh upon consumer sentiment. Even with the eventual reopening of borders with mainland China at some stage, a full recovery of the retail industry back to pre-pandemic levels remains formidable in the foreseeable future, as the pandemic may have significantly altered the retailing landscape and consumer behavior.

To enhance its leadership position and presence in the local retail market, the Group will need to continue making additional investment and leverage on its brand equity and management expertise. For this purpose, the Group has budgeted some HK\$14 billion for the development of a green field retailing complex in the Kai Tak area in Kowloon, Hong Kong (the "Project"). The construction work of the Project has progressed as planned and the retail complex is expected to commence commercial operation by end 2023. While the Offeror is confident of the long-term future of Hong Kong, given (a) the current challenging retailing environment and the uncertainties posed by the Covid-19 pandemic on the reopening of cross-border travel with mainland China; and (b) the execution risks associated with the leasing works and the eventual take-up rate of the floor space; time and patience will inevitably be required to ramp-up the foot traffic and therefore the operating performance of the Project in the initial few years could be disappointing and should not be overestimated.

In view of the challenging retail operating environment, the Group has been making investments in the United Kingdom, including a commercial property in London and equity interests in certain companies listed on the London Stock Exchange in the property investment and development sector, in the last two years and the Offeror believes that the Group may need to further diversify its business model and asset base to generate different sources of revenue. These potential new investments may or may not be in line with the Group's retail business with a focus in Hong Kong.

The Company was listed on the Hong Kong Stock Exchange in 2004 and has been generating returns to shareholders through the payment of cash dividends. The annual total cash dividend payout ratio of the Company from 2005 through 2019 has been in the range of 33.6% to 63.3% of its respective annual net profits. In addition, there was distribution of shares in Lifestyle Properties Development Limited and Lifestyle China Group Limited in 2013 and 2016 respectively upon the spin-off and separate listing of both companies. However, since the Covid-19 outbreak in early 2020, the Board has not recommended the payment of dividend to prioritize cash preservation for the long-term financial health of the Group which included the dropping of the final dividend for the year 2019. Looking ahead, it is uncertain and difficult to predict when the Company can resume dividend payment and, if so, at a dividend payout ratio comparable to those in the past.

Following the Company's announcement on 28 July 2022 of the HK\$475 million loss incurred for the six months ended 30 June 2022, the Offeror expects that investors' interest in the Company would remain muted and trading in the Shares would continue to be thin and the price performance could remain relatively weak. As a result, it does not appear that the Company would be able to utilize its listing status to raise funds from the equity market in the near term. Given that the Offeror believes it is unlikely to see any significant improvement in the trading volume and price performance of the Shares in the near term, the Proposal would allow the Company to reduce the administrative costs and management resources associated with maintaining its public listed status. The Proposal could also provide more flexibilities to the Group as a privately-owned entity in formulating and implementing its long-term strategies or to pursue other business opportunities, without subjecting itself to regulatory restrictions and compliance obligations arising from being listed on the Stock Exchange and without having to focus on the short-term market reactions.

The Cancellation Price of HK\$5.00 for each Scheme Share represents a premium of approximately 62.34% over the closing price of HK\$3.080 per Share as quoted on the Stock Exchange on the Last Trading Date, and a premium of approximately 81.88% and 70.11% over the average closing prices of approximately HK\$2.749 and HK\$2.939 per Share for the 10 and 30 trading days up to and including the Last Trading Date, respectively. The Proposal has taken into account the weak performance and thin liquidity of the Shares with average daily trading volume at about 428,877 Shares for the past 12 months up to and including the Last Trading Date, representing less than 0.03% of the total issued Shares as at the Last Trading Date. This low trading volume could make it difficult for the Shareholders to monetise their investments in the open market. The Proposal provides the Scheme Shareholders with an opportunity to fully realise the value of their investment and interest in the Company at a premium over the market price of the Shares.

## INTENTION OF THE OFFEROR IN RESPECT OF THE GROUP

The Offeror intends to continue the existing business of the Group, which principally comprises of operation of department stores, property development and investment in Hong Kong. The Offeror does not have any plan to make any material change to:

- (a) the existing principal businesses of the Group, including any major redeployment of the fixed assets of the Group; or
- (b) the continued employment of the employees of the Group (other than in the ordinary course of business).

After completion of the Proposal and subject to compliance with the relevant obligations of the Company and its subsidiaries under certain existing facilities, Mr. Lau plans to diversify the business model of the Group and make new investments when opportunities arise.

## INFORMATION ON THE OFFEROR

The Offeror is a company incorporated in the British Virgin Islands with limited liability and is directly wholly-owned by Mr. Lau. The Offeror is an investment holding company. The directors of the Offeror are Mr. Lau, a non-executive director of the Company, and Ms. Lau Kam Shim and Mr. Lau Kam Sen, executive directors of the Company.

## INFORMATION ON THE COMPANY

The Company is an exempted company incorporated in the Cayman Islands with limited liability and is listed on the main board of the Stock Exchange. The Group is principally engaged in the operation of department stores, property development and investment in Hong Kong.

Set out below is the financial information of the Group for the two years ended 31 December 2021 and the 6 months ended 30 June 2022, and as at 31 December 2020 and 2021 and 30 June 2022, as extracted from the annual report of the Company for the year ended 31 December 2021 and the interim results announcement for the six months ended 30 June 2022:

	<b>For the year ended 31 December</b>		<i>HK\$'000</i>
	<b>2020</b>	<b>2021</b>	<b>For the six months ended 30 June 2022</b>
	<b>(audited)</b>	<b>(audited)</b>	<b>(unaudited)</b>
Revenue	1,993,024	2,289,573	927,009
Gross profit	1,473,637	1,674,128	670,927
(Loss)/profit before taxation	246,963	(1,173,144)	(379,284)
(Loss)/profit for the period attributable to owners of the Company	138,510	(1,305,000)	(475,428)

  

	<b>As at 31 December</b>		<b>As at</b>
	<b>2020</b>	<b>2021</b>	<b>30 June 2022</b>
	<b>(audited)</b>	<b>(audited)</b>	<b>(unaudited)</b>
Current assets	9,660,947	5,507,484	5,845,134
Non-current assets	16,116,829	17,475,701	17,684,430
Current liabilities	10,825,582	9,010,160	7,821,213
Non-current liabilities	11,107,070	11,318,716	13,770,596
Net assets attributable to owners of the Company	3,845,124	2,654,309	1,937,755

## **WITHDRAWAL OF LISTING OF THE SHARES**

Upon the Scheme becoming effective, all Scheme Shares will be cancelled and extinguished (with the equivalent number of new Shares being issued as fully paid to the Offeror) and the share certificates for the Scheme Shares cancelled and extinguished will thereafter cease to have effect as documents or evidence of title. The Company will make an application for the listing of the Shares to be withdrawn from the Stock Exchange in accordance with Rule 6.15(2) of the Listing Rules, as soon as practicable after the Effective Date.

Scheme Shareholders will be notified by way of an announcement of the exact dates of the last day for dealing in the Shares and the day on which the Scheme and the withdrawal of the listing of the Shares on the Stock Exchange will become effective. A detailed timetable of the implementation of the Proposal will be included in the Scheme Document.

It is the intention of the Offeror that the Bonds will remain listed on the Stock Exchange and be repaid at maturity in accordance with their respective terms. The Company, as the guarantor, will comply with all requirements of the Listing Rules in connection with the Bonds.

## **IF THE SCHEME IS NOT APPROVED OR THE PROPOSAL LAPSES**

Subject to the requirements of the Takeovers Code, the Proposal will lapse if any of the Conditions has not been fulfilled or waived, as applicable, on or before the Long Stop Date. If the Scheme is not approved or does not become effective, or the Proposal otherwise lapses, the listing of the Shares on the Stock Exchange will not be withdrawn.

**If the Scheme is not approved or the Proposal otherwise lapses, there are restrictions under Rule 31.1 of the Takeovers Code on making subsequent offers, to the effect that neither the Offeror nor the Offeror Concert Parties (nor any person who is subsequently acting in concert with any of them) may, within 12 months from the date on which the Scheme is not approved or the Proposal otherwise lapses, announce an offer or possible offer for the Company, except with the consent of the Executive.**

## **OVERSEAS SHAREHOLDERS**

The making of the Proposal to, and the acceptance of the Proposal by, the Scheme Shareholders who are not resident in Hong Kong may be affected by the applicable laws of the relevant jurisdictions in which such Scheme Shareholders are located. Any Scheme Shareholders who are not resident in Hong Kong should inform themselves about and observe any applicable legal or regulatory requirements in their own jurisdictions.

It is the responsibility of any overseas Scheme Shareholders wishing to take any action in relation to the Proposal to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, the compliance with the necessary formalities and the payment of any issue, transfer or other taxes due from the Scheme Shareholders in such jurisdiction.

Any acceptance by such Scheme Shareholders will be deemed to constitute a representation and warranty from such persons to the Offeror and the Company and their respective advisers, including DBSAC, the exclusive financial adviser to the Offeror, that those laws and regulatory requirements have been complied with. If you are in doubt as to your position, you should consult your professional advisers.

In the event that the receipt of the Scheme Document by overseas Scheme Shareholders is prohibited by any relevant law or regulation or may only be effected after compliance with conditions or requirements that the directors of the Offeror or the Company regard as unduly onerous or burdensome (or otherwise not in the best interests of the Offeror or the Company or their respective shareholders), the Scheme Document may not be despatched to such overseas Scheme Shareholders. For that purpose, the Company will apply for a waiver pursuant to Note 3 to Rule 8 of the Takeovers Code at such time. Any such waiver will only be granted if the Executive is satisfied that it would be unduly burdensome to despatch the Scheme Document to such overseas Scheme Shareholders. In granting the waiver, the Executive will be concerned to see that all material information in the Scheme Document is made available to such Scheme Shareholders. If any such waiver is granted by the Executive, the Offeror and the Company reserve the right to make arrangements in respect of the Scheme Shareholders not resident in Hong Kong in relation to the Proposal. Such arrangements may include notifying any matter in connection with the Scheme or Proposal to the Scheme Shareholders having a registered overseas address by announcement or by advertisement in a newspaper which may or may not be circulated in the jurisdiction within which such Scheme Shareholders are resident. The notice will be deemed to have been sufficiently given despite any failure by such Scheme Shareholders to receive or see that notice.

## **TAXATION ADVICE**

Scheme Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Proposal. It is emphasised that none of the Offeror, the Company, DBSAC or any of their respective directors, officers or associates or any other person involved in the Proposal accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Proposal.

## **DESPATCH OF THE SCHEME DOCUMENT**

The Scheme Document including, among other things, further details of the Proposal and the Scheme, an explanatory statement as required under the rules of the Grand Court, the expected timetable relating to the Proposal, the recommendations of the Independent Board Committee, the letter of advice from the Independent Financial Adviser and notices of the Court Meeting and the General Meeting will be despatched to the Shareholders as soon as practicable and in compliance with the requirements of the Takeovers Code, the Listing Rules, the rules of the Grand Court and other applicable laws and regulations.

The Scheme Document will contain important information and the Shareholders are urged to read the Scheme Document carefully before casting any vote at (or providing any proxy in respect of) the Court Meeting or the General Meeting.

## DISCLOSURE OF DEALINGS

Associates (as defined in the Takeovers Code) of the Offeror and the Company (including persons holding 5% or more of a class of relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Offeror and the Company) are reminded to disclose their dealings in the relevant securities of the Company. In accordance with Rule 3.8 of the Takeovers Code, reproduced below is the full text of Note 11 to Rule 22 of the Takeovers Code:

*“Responsibilities of stockbrokers, banks and other intermediaries*

*Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates of an offeror or the offeree company and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than \$1 million.*

*This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.*

*Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”*

## RESUMPTION OF TRADING IN SHARES AND BONDS

At the request of the Company, trading in the Shares and the Bonds on the Stock Exchange was halted from 9:00 a.m. on 5 August 2022 pending the issuance of this joint announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares and the Bonds on the Stock Exchange with effect from 9:00 a.m. on 8 August 2022.

## DEFINITIONS

In this joint announcement, the following terms have the meanings set out below, unless the context requires otherwise:

“2022 Bonds”	the 4.25% guaranteed bonds due 2022 issued by LS Finance (2022) Limited, a wholly-owned subsidiary of the Company (stock code: 4571);
“acting in concert”	has the meaning ascribed to it in the Takeovers Code, and “persons acting in concert” and “concert parties” shall be construed accordingly;
“Board”	the board of Directors;

“Bonds”	means the following debt securities currently listed on the Stock Exchange which are unconditionally and irrevocably guaranteed by the Company:
	<ul style="list-style-type: none"> <li>(a) the 2022 Bonds;</li> <li>(b) the 4.875% guaranteed bonds due 2024 (stock code: 4471) and the 4.8% guaranteed bonds due 2026 (stock code: 40731) issued by LS Finance (2017) Limited, a wholly-owned subsidiary of the Company; and</li> <li>(c) the 4.50% guaranteed bonds due 2025 issued by LS Finance (2025) Limited, a wholly-owned subsidiary of the Company (stock code: 5535);</li> </ul>
“Cancellation Price”	the cancellation price of HK\$5.00 per Scheme Share cancelled and extinguished, payable in cash by the Offeror to the Scheme Shareholders pursuant to the Scheme;
“Cayman Companies Act”	the Companies Act (2022 Revision) of the Cayman Islands, as consolidated and revised from time to time;
“Certain Funds Period”	from and including the date of the Facility Agreement to and including the earliest of: (i) the date of expiry of such period within which the Scheme Document is required to be despatched to the Shareholders in compliance with the requirements of the Takeovers Code and applicable laws and regulations (or any extension granted by the Executive) ; (ii) the date falling six (6) months and seven (7) Business Days after the date of the Facility Agreement (or such later date as JPMSG may agree in writing); (iii) the date on which the Scheme lapses; (iv) the date on which the Scheme is withdrawn; (v) (if the Scheme becomes effective) the date from which no further payments to the Scheme Shareholders are required under the Scheme; (vi) seven (7) Business Days after the Scheme becomes effective; (vii) (if the requisite approval as set out under paragraphs (a) and (b) of the Conditions is not obtained at the Court Meeting) the date on which the Court Meeting is duly convened; (viii) (if the requisite resolution as set out under paragraph (c) of the Conditions is not passed at the General Meeting) the date on which the General Meeting is duly convened; and (ix) the date on which the non-revolving loan is made available to the Offeror pursuant to the Facility Agreement; and “Business Days in this definition shall mean a day (other than a Saturday or Sunday) on which banks are open for general business in Hong Kong and Singapore;
“Company”	Lifestyle International Holdings Limited, an exempted 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);

“Conditions”	the conditions to the Proposal as set out in the section headed “Terms of the Proposal – Conditions of the Proposal” above;
“Court Meeting”	a meeting of the Scheme Shareholders to be convened at the direction of the Grand Court at which the Scheme will be voted upon;
“DBSAC”	DBS Asia Capital Limited, a licensed corporation under the SFO to carry on Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities, and the exclusive financial adviser to the Offeror in connection with the Proposal;
“DBS Group”	DBS Group Holdings Limited and its subsidiaries from time to time, including but not limited to DBSAC;
“Directors”	the directors of the Company;
“Dynamic Castle”	Dynamic Castle Limited, a company incorporated in the British Virgin Islands with limited liability which is wholly-owned by Mr. Lau;
“Effective Date”	the date on which the Scheme becomes effective in accordance with the Cayman Companies Act;
“Executive”	the Executive Director of the Corporate Finance Division of SFC or any delegate of the Executive Director;
“Facility Agreement”	a facility agreement dated 5 August 2022 entered into between, among other parties, the Offeror and JPMSG, pursuant to which JPMSG will extend a non-revolving facility to the Offeror to finance the Proposal;
“General Meeting”	an extraordinary general meeting of the Company to be held as soon as practicable after the conclusion or adjournment of the Court Meeting convened on the same day and place for the Shareholders to consider and, if thought fit, approve, among others, (i) the reduction of the share capital of the Company by cancelling and extinguishing the Scheme Shares; and (ii) restoration of the issued share capital of the Company to the amount immediately before the cancellation and extinguishment of the Scheme Shares by the allotment and issuance of the same number of new Shares as the number of the Scheme Shares cancelled and extinguished, credited as fully paid at par, to the Offeror;
“Grand Court”	the Grand Court of the Cayman Islands;
“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 Board Committee”	an independent board committee of the Directors comprising Mr. Doo Wai Hoi, William, a non-executive Director of the Company and Mr. Lam Siu Lun, Simon, Mr. Shek Lai Him, Abraham, Mr. Hui Chiu Chung and Mr. Ip Yuk Keung, all being the Independent Non-executive Directors of the Company;
“Independent Financial Adviser”	the independent financial adviser to the Independent Board Committee to be appointed to advise the Independent Board Committee in connection with the Proposal and the Scheme;
“Independent Shareholders”	the Shareholders other than the Offeror and the Offeror Concert Parties;
“JPMSG”	JPMorgan Chase Bank, N.A., Singapore Branch;
“Last Trading Date”	4 August 2022, being the last day on which the Shares were traded on the Stock Exchange prior to the publication of this joint announcement;
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Long Stop Date”	means 3 February 2023, or such other date as may be agreed between the Offeror and the Company or, to the extent applicable, as the Executive may consent and the Grand Court may direct;
“Ms. Chan”	Ms. Chan Hoi Wan, the spouse of Mr. Lau Luen Hung, Joseph, the elder brother of Mr. Lau;
“Mr. Lau”	Mr. Lau Luen Hung, Thomas, a non-executive Director and the Chairman of the Company and the sole shareholder and the ultimate beneficial owner of the Offeror;
“Mr. Lau’s SPV Entities”	United Goal and Dynamic Castle;
“Offeror”	Emerald Energy Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, which is wholly-owned by Mr. Lau;
“Ms. Lau”	Ms. Lau Yuk Chun, Mary, a younger sister of Mr. Lau;
“Ms. Lau’s SPV Entity”	Chaker Investment Limited, a company incorporated in the British Virgin Islands with limited liability which is wholly-owned by Ms. Lau;

“Offeror Concert Parties”	persons acting, or presumed to be acting, in concert with the Offering (including but not limited to the Offeror Concert Parties Subject to the Scheme and the Offeror Concert Parties Not Subject to the Scheme);
“Offeror Concert Parties Not Subject to the Scheme”	Mr. Lau; and Mr. Lau’s SPV Entities;
“Offeror Concert Parties Subject to the Scheme”	Ms. Lau, Ms. Lau’s SPV Entity, the Trust, Ms. Chan and the DBS Group (excluding members of the DBS Group which are exempt principal traders or exempted fund managers, in each case recognized by the Executive as such for the purposes of the Takeovers Code);
“PRC”	the People’s Republic of China (for the purpose of this joint announcement, excluding the Macao Special Administrative Region of the PRC, Hong Kong and Taiwan);
“Proposal”	the proposal for the privatisation of the Company by the Offeror by way of the Scheme and the withdrawal of listing of the Shares from the Stock Exchange;
“Registrar of Companies”	the Registrar of Companies appointed under the Cayman Companies Act;
“Scheme”	the scheme of arrangement to be proposed under section 86 of the Cayman Companies Act for the implementation of the Proposal;
“Scheme Document”	the composite scheme document of the Offeror and the Company containing, among other things, further details of the Proposal and the Scheme together with the additional information specified in the section headed “Despatch of the Scheme Document” above;
“Scheme Record Date”	the record date to be announced for determining the entitlements of the Scheme Shareholders to the Cancellation Price under the Scheme;
“Scheme Shareholders”	registered holders of the Scheme Shares;
“Scheme Shares”	the Shares in issue on the Scheme Record Date other than those held by the Offeror Concert Parties Not Subject to the Scheme;
“SFC”	the Securities and Futures Commission of Hong Kong;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Shareholders”	holders of the Shares;

“Shares”	the ordinary shares with nominal value of HK\$0.005 each of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers;
“Trust”	a trust for an estate in which certain family members of Mr. Lau have an interest. Mr. Lau and Ms. Lau Yuk Wai, Amy, a non-executive director of the Company, are two of the trustees of such trust and each of Mr. Lau Kam Sen and Ms. Lau Kam Shim (being children of Mr. Lau and executive directors of the Company) and Ms. Lau Yuk Wai, Amy (being a younger sister of Mr. Lau), is a beneficiary of such trust;
“United Goal”	United Goal Resources Limited, a company incorporated in the British Virgin Islands with limited liability, which is ultimately owned as to 80% by Mr. Lau through his controlled corporations and as to 20% by certain family members of Mr. Lau Luen Hung, Joseph, the elder brother of Mr. Lau; and
“United States” or “US”	United States of America.

By order of the board of directors of  
**Emerald Energy Holdings Limited**  
**Lau Luen Hung, Thomas**  
*Director*

By order of the board of directors of  
**Lifestyle International Holdings Limited**  
**Lau Kam Shim**  
*Executive Director*

Hong Kong, 5 August 2022

*As at the date of this joint announcement, the directors of the Offeror are Mr. Lau Luen Hung, Thomas, Ms. Lau Kam Shim and Mr. Lau Kam Sen.*

*The directors of the Offeror jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than any information relating to the Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the Directors in their capacity as Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement the omission of which would make any statements in this joint announcement misleading.*

*As at the date of this joint 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, Mr. Shek Lai Him, Abraham, Mr. Hui Chiu Chung and Mr. Ip Yuk Keung as independent non-executive directors.*

*The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than any information relating to the Offeror) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the directors of the Offeror in their capacity as directors of the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement the omission of which would make any statements in this joint announcement misleading.*