

# LIFESTYLE CHINA GROUP LIMITED

## 利福中國集團有限公司

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2136)**

*Executive Directors:*

Mr. Lau Luen Hung, Thomas  
*(Chairman and Chief Executive Officer)*

Mr. Lau Kam Sen  
Ms. Lau Kam Shim

*Non-executive Director:*

Ms. Chan Chor Ling, Amy

*Independent Non-executive Directors:*

Ms. Cheung Mei Han  
Mr. Cheung Yuet Man, Raymond  
Mr. Lam Kwong Wai

*Registered Office:*

Cricket Square  
Hutchins Drive  
PO Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

*Head office and principal place of  
business in Hong Kong:*

20th Floor, East Point Centre  
555 Hennessy Road  
Causeway Bay, Hong Kong

28 January 2025

*To the Shareholders*

Dear Sir or Madam,

**(1) PROPOSED PRIVATISATION OF  
LIFESTYLE CHINA GROUP LIMITED  
BY FORTUNE SPIRIT GROUP LIMITED  
BY WAY OF A SCHEME OF ARRANGEMENT UNDER  
SECTION 86 OF THE COMPANIES ACT  
AND  
(2) PROPOSED WITHDRAWAL OF LISTING OF  
LIFESTYLE CHINA GROUP LIMITED**

### 1. INTRODUCTION

Reference are made to the Announcement and the Amended Proposal Announcement. On 2 December 2024, 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 Companies Act.

On 16 January 2025, the Offeror and the Company jointly issued the Amended Proposal Announcement in relation to, among other things, the proposed increase in the Original Cancellation Price from HK\$0.913 to the Revised Cancellation Price of HK\$0.980 per Scheme Share (representing an increase of approximately 7.3% over the Original Cancellation Price) and the request of the Offeror to the Company to put forward the Amended Proposal to the Scheme Shareholders.

The purpose of this Scheme Document is to provide you with further information regarding the Amended Proposal and the Scheme, and to give you notices of the Court Meeting and the General Meeting, together with the forms of proxy in relation thereto. Your attention is also drawn to (i) the letter from the Independent Board Committee set out in Part V of this Scheme Document; (ii) the letter from the Independent Financial Adviser set out in Part VI of this Scheme Document; (iii) the Explanatory Memorandum set out in Part VII of this Scheme Document; and (iv) the terms of the Scheme set out in Appendix IV of this Scheme Document.

## **2. TERMS OF THE AMENDED PROPOSAL**

### **The Scheme**

Subject to the Conditions described in the sections headed “Conditions of the Amended Proposal and the Scheme” in the Part VII — Explanatory Memorandum of this Scheme Document being fulfilled or waived, as applicable, the proposed privatisation of the Company will be implemented by way of the Scheme between the Company and the Scheme Shareholders.

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

- (a) all the 367,408,208 Scheme Shares (representing 25.09% of the issued 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 Revised Cancellation Price in cash for each Scheme Share cancelled and extinguished;
- (b) upon the cancellation and extinguishment of the Scheme Shares, the issued share capital of the Company will be maintained at the amount immediately prior to the cancellation and extinguishment of the Scheme Shares by the contemporaneous allotment and issuance to the Offeror 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 cancellation and extinguishment of the Scheme Shares will be applied in paying up in full at par the new Shares so allotted and issued to the Offeror, who shall be the sole holder of all such new Shares; and
- (c) the Company will make an application for the withdrawal of the listing of the Shares on the Stock Exchange in accordance with Rule 6.15(2) of the Listing Rules and such withdrawal is expected to take with effect as soon as practicable after the Effective Date.

### **Revised Cancellation Price**

Under the Amended 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 Revised Cancellation Price of HK\$0.980 in cash for each Scheme Share cancelled and extinguished.

In compliance with Rule 20.1(a) of the Takeovers Code, upon the Scheme becoming effective, the Revised Cancellation Price of HK\$0.980 per Scheme Share will be paid to the Scheme Shareholders whose names appear on the register of members of the Company on the Scheme Record Date as soon as possible but in any event no later than seven (7) business days after the Effective Date.

Settlement of the Revised Cancellation Price to which any Scheme Shareholder is entitled under the Scheme will be implemented in full in accordance with the terms of the Scheme without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Scheme Shareholder.

Your attention is drawn to the section headed “2. Terms of the Amended Proposal — The Scheme” in Part VII — Explanatory Memorandum of this Scheme Document.

### **Highest and lowest prices**

Your attention is drawn to the section headed “2. Terms of the Amended Proposal — Highest and lowest prices” in Part VII — Explanatory Memorandum of this Scheme Document.

## **3. CONDITIONS OF THE AMENDED PROPOSAL AND THE SCHEME**

The Amended Proposal and the Scheme will only become effective and binding on the Company and all of the Scheme Shareholders if the Conditions set out in the section headed “3. Conditions of the Amended Proposal and the Scheme” in Part VII — Explanatory Memorandum of this Scheme Document are fulfilled or waived (as applicable).

When all of the Conditions are fulfilled or waived (as applicable), the Scheme will become effective and binding on the Offeror, the Company and all Scheme Shareholders.

**Warning: Shareholders and potential investors should be aware that the implementation of the Amended Proposal and the Scheme is subject to the Conditions being fulfilled or (where applicable) waived. Accordingly, the Amended Proposal may or may not be implemented and the Scheme may or may not become effective. Shareholders and potential investors are advised to 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, bank manager, solicitor or other professional advisers.**

#### **4. CONFIRMATION OF FINANCIAL RESOURCES**

The Offeror has appointed Quam Capital as its financial adviser in connection with the Amended Proposal.

Your attention is drawn to the section headed “4. Confirmation of Financial Resources” in Part VII — Explanatory Memorandum of this Scheme Document.

#### **5. SHAREHOLDING STRUCTURE OF THE COMPANY**

Your attention is drawn to the section headed “6. Shareholding Structure of the Company” in Part VII — Explanatory Memorandum of this Scheme Document.

#### **6. INFORMATION ON THE GROUP**

Your attention is drawn to the section headed “7. Information on the Group” in Part VII — Explanatory Memorandum of this Scheme Document.

#### **7. INFORMATION ON THE OFFEROR**

Your attention is drawn to the section headed “8. Information on the Offeror” in Part VII — Explanatory Memorandum of this Scheme Document.

#### **8. THE INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

The Independent Board Committee, comprising the non-executive Director and all independent non-executive Directors pursuant to Rule 2.8 of the Takeovers Code, namely, Ms. Chan Chor Ling, Amy, Ms. Cheung Mei Han, Mr. Cheung Yuet Man, Raymond and Mr. Lam Kwong Wai, has been established by the Board to make recommendations to the Independent Shareholders as to whether the Amended Proposal and the Scheme are, or are not, fair and reasonable, and whether to vote in favour of the Scheme at the Court Meeting and the resolutions in connection with the implementation of the Amended Proposal at the General Meeting. As at the Latest Practicable Date, 297,000 Shares (representing approximately 0.02% of the issued share capital of the Company) were held by Ms. Chan Chor Ling, Amy.

The Board, with the approval of the Independent Board Committee, has appointed Somerley as the Independent Financial Adviser to advise the Independent Board Committee in connection with the Amended Proposal (including the Scheme) pursuant to Rule 2.1 of the Takeovers Code.

The Independent Financial Adviser has advised the Independent Board Committee that it considers that the Amended Proposal and the Scheme are fair and reasonable so far as the Independent Shareholders are concerned, and accordingly, it advises the Independent Board Committee to recommend to the Independent Shareholders to vote in favour of the relevant resolution(s) to be proposed at the Court Meeting and the General Meeting to approve and implement the Amended Proposal and the Scheme.

The full text of the letter from the Independent Financial Adviser is set out in Part VI of this Scheme Document.

The Independent Board Committee, having been so advised, considers that the Amended Proposal and the Scheme are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the relevant resolution(s) to be proposed at the Court Meeting and the General Meeting to approve and implement the Amended Proposal and the Scheme.

The full text of the letter from the Independent Board Committee in relation to its recommendations with respect to the Amended Proposal and the Scheme is set out in Part V of this Scheme Document.

## **9. REASONS FOR AND BENEFITS OF THE AMENDED PROPOSAL**

Your attention is drawn to the section headed “12. Reasons for and Benefits of the Amended Proposal” in Part VII — Explanatory Memorandum of this Scheme Document.

## **10. INTENTION OF THE OFFEROR WITH REGARD TO THE GROUP**

Your attention is drawn to the section headed “9. Intention of the Offeror with regard to the Group” in Part VII — Explanatory Memorandum of this Scheme Document.

The Board is pleased to note that, as at the Latest Practicable Date, the Offeror intends to continue the existing businesses of the Group, which principally comprise of operation of department stores and other related retailing businesses and property investment in the PRC. 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),

as a result of the implementation of the Amended Proposal and the Scheme.

The Board is also pleased to note that, after completion of the Amended Proposal, the Offeror will continue to review and consider the strategy of the Group under part of the Group’s usual and ordinary course of business and may, from time to time, explore and implement business and operational initiatives with the objective of aiming to enhance the business operations of the Group as and when such opportunities arise.

## **11. ACTIONS TO BE TAKEN**

Your attention is drawn to Part II — Actions to be Taken of this Scheme Document.

## 12. THE COURT MEETING AND GENERAL MEETING

In accordance with the directions of the Grand Court, the Court Meeting will be held at Multi-function Room, 18/F, Tower I, The Twins, 12 Concorde Road, Kai Tak, Kowloon, Hong Kong on Thursday, 20 February 2025 at 10:30 a.m.. The General Meeting will be held at Multi-function Room, 18/F, Tower I, The Twins, 12 Concorde Road, Kai Tak, Kowloon, Hong Kong on Thursday, 20 February 2025 at 11:00 a.m. (or as soon thereafter as the Court Meeting shall have been concluded or adjourned).

For the purpose of exercising your right to vote at the Court Meeting and/or the General Meeting, you are requested to read carefully the section headed “14. The Court Meeting and General Meeting” in Part VII — Explanatory Memorandum of this Scheme Document, Part II — Actions to be Taken of this Scheme Document, the notice of the Court Meeting in Appendix V of this Scheme Document and the notice of the General Meeting in Appendix VI of this Scheme Document.

Only Scheme Shareholders as at the Meeting Record Date may attend and vote at the Court Meeting to approve the Scheme.

As the Offeror and the Offeror Concert Parties Not Subject to the Scheme are not Scheme Shareholders, they will not vote on the Scheme at the Court Meeting. Each of the Offeror Concert Parties will, and has undertaken to the Grand Court to, 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 have undertaken 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.

The Offeror Concert Parties Subject to the Scheme, being Ms. Lau and Ms. Lau’s SPV Entities, who in aggregate held 32,424,000 Shares, representing approximately 2.22% of the total issued Shares as at the Latest Practicable Date, will abstain from voting on the Scheme at the Court Meeting.

As at the Latest Practicable Date, Ms. Chan Chor Ling, Amy, being a Director, intends to accept and vote for the Amended Proposal and the Scheme in respect of her own beneficial interest in the Shares.

All Shareholders as at the Meeting Record Date will be entitled to attend the General Meeting and to vote on the special resolution (i) to approve and give effect to any reduction of the issued share capital associated with cancellation and extinguishment of the Scheme Shares; and (ii) to approve the simultaneous maintenance of the share capital of the Company at the amount immediately prior to the cancellation of the Scheme Shares by the allotment and issue to the Offeror of such number of new Shares as is equal to the number of Scheme Shares cancelled as a result of the Scheme; and (iii) to approve the application of the credit arising in the Company’s books of accounts as a result of the cancellation and extinguishment of the Scheme Shares in paying up in full at par value the new Shares issued to the Offeror; and (iv) to authorise the Directors to take certain actions to implement the Amended Proposal.

The Offeror Concert Parties 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 (i) to approve and give effect to any reduction of the issued share capital associated with cancellation and extinguishment of the Scheme Shares; and (ii) to approve the simultaneous maintenance of the share capital of the Company at the amount immediately prior to the cancellation of the Scheme Shares by the allotment and issue to the Offeror of such number of new Shares as is equal to the number of Scheme Shares cancelled as a result of the Scheme; and (iii) to approve the application of the credit arising in the Company's books of accounts as a result of the cancellation and extinguishment of the Scheme Shares in paying up in full at par value the new Shares issued to the Offeror; and (iv) to authorise the Directors to take certain actions to implement the Amended Proposal.

### **13. WITHDRAWAL OF LISTING OF 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, with effect immediately from 4:00 p.m. on Tuesday, 4 March 2025 subject to the Scheme becoming effective.

The Shareholders will be notified by way of an announcement of the exact dates of the last day for dealing in the Shares on the Stock Exchange and the day on which the Scheme and the withdrawal of the listing of the Shares on the Stock Exchange will become effective.

### **14. IF THE SCHEME IS NOT APPROVED OR THE AMENDED PROPOSAL LAPSES**

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

If the Scheme is not approved or the Amended Proposal otherwise lapses, no Scheme Shares will be cancelled or extinguished, the shareholding structure of the Company as at the Latest Practicable Date will not change (assuming that there is no other change in the shareholding structure of the Company from the Latest Practicable Date up to the date on which the Scheme is not approved or the Amended Proposal lapses) as a result of the Amended Proposal, and the Company will continue to have sufficient public float as required by the Listing Rules.

If the Scheme is not approved or the Amended 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 any person who acted in concert with it in the course of the Amended Proposal (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 Amended Proposal otherwise lapses, announce an offer or possible offer for the Company except with the consent of the Executive.

## **15. REGISTRATION AND PAYMENT**

Your attention is drawn to the section headed “17. Registration and Payment” in Part VII — Explanatory Memorandum of this Scheme Document.

## **16. OVERSEAS SCHEME SHAREHOLDERS**

Your attention is drawn to the section headed “18. Overseas Scheme Shareholders” in Part VII — Explanatory Memorandum of this Scheme Document.

## **17. TAXATION ADVICE**

Your attention is drawn to the section headed “19. Taxation Advice” in Part VII — Explanatory Memorandum of this Scheme Document.

## **18. COSTS OF THE SCHEME**

Your attention is drawn to the section headed “20. Costs of the Scheme” in Part VII — Explanatory Memorandum of this Scheme Document.

## **19. GENERAL**

Mr. Lau, Ms. Lau Kam Shim (the daughter of Mr. Lau) and Mr. Lau Kam Sen (the son of Mr. Lau), each of whom is an executive Director, are members of the Offeror Concert Parties and are considered to be interested in the Amended Proposal and therefore they have not participated, and will abstain from voting, in any vote of the Board in relation to the Amended Proposal and the Scheme.

The Directors (including members of the Independent Board Committee whose views are set out in the letter from the Independent Board Committee in Part V of this Scheme Document) believe that the Amended Proposal and the Scheme are fair and reasonable so far as the Independent Shareholders are concerned.

## **20. RECOMMENDATIONS**

Your attention is drawn to the recommendations of the Independent Board Committee in respect of the Amended Proposal and the Scheme as set out in the letter from the Independent Board Committee to the Independent Shareholders in Part V of this Scheme Document.

Your attention is also drawn to the recommendations of the Independent Financial Adviser in respect of the Amended Proposal and the Scheme as set out in Part VI of this Scheme Document. We would advise you to read this letter carefully before you take any action in respect of the Amended Proposal and the Scheme.



## 21. FURTHER INFORMATION

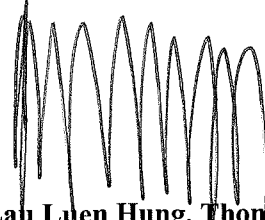
You are urged to read carefully:

- (a) the letter from the Independent Board Committee to the Independent Shareholders set out in Part V of this Scheme Document;
- (b) the letter from the Independent Financial Adviser to the Independent Board Committee set out in Part VI of this Scheme Document;
- (c) the Explanatory Memorandum set out in Part VII of this Scheme Document;
- (d) the appendices of this Scheme Document, including the Scheme set out in Appendix IV to this Scheme Document;
- (e) the notice of the Court Meeting set out in Appendix V to this Scheme Document; and
- (f) the notice of the General Meeting set out in Appendix VI to this Scheme Document.

In addition, a **PINK** form of proxy in respect of the Court Meeting and a **WHITE** form of proxy in respect of the General Meeting are enclosed with this Scheme Document.

On behalf of the Board

**Lifestyle China Group Limited**

A handwritten signature in black ink, consisting of a series of vertical, slightly curved strokes that resemble the letters 'L', 'L', 'H', 'T'.

**Lau Luen Hung, Thomas**

*Chairman*