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LIFESTYLE PROPERTIES DEVELOPMENT LIMITED

利福地產發展有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2183)

**(1) VERY SUBSTANTIAL ACQUISITION:
ACQUISITION OF 90% OF THE ISSUED SHARE CAPITAL OF
HONG KONG ZHONG SHENG PROPERTY INVESTMENT LIMITED
AND
(2) RESUMPTION OF TRADING**

THE AGREEMENT

The Board is pleased to announce that on 16 August 2017 (after trading hours), the Purchaser, (a direct wholly-owned subsidiary of the Company) and the Vendor entered into the Agreement, pursuant to which the Purchaser conditionally agreed to acquire, and the Vendor conditionally agreed to sell, the Sale Shares, representing 90% of the issued share capital of the Target Company for the Consideration of RMB549,400,000 (equivalent to approximately HK\$642,798,000). The Purchaser also conditionally agreed to procure the Lender (a wholly-owned subsidiary of the Purchaser) to provide to the NewCo (a wholly-owned subsidiary to be established in the PRC by the Target Company) the Loan in the principal amount of RMB890,600,000 (equivalent to approximately HK\$1,042,002,000). The Loan shall be solely used for satisfying the consideration of the ProjectCo Acquisition.

The Total Commitment (being the aggregate amount of the Consideration and the Loan) will be financed by the internal resources of the Company and the revolving facility to be provided by Mr. Lin Rongbin, the controlling Shareholder and an executive Director.

Upon Completion, the Target Company will become a subsidiary of the Company, and the financial statements of the Target Group will be consolidated into the financial statements of the Group.

LISTING RULES IMPLICATIONS

As one of the percentage ratios (as defined under Chapter 14 of the Listing Rules) in respect of the Acquisition exceeds 100%, the Acquisition constitutes a very substantial acquisition for the Company under Chapter 14 of the Listing Rules and therefore is subject to reporting, announcement and Shareholders' approval requirements.

The EGM will be convened and held for the purpose of considering and, if thought fit, approving the resolution(s) in respect of the Agreement and the transactions contemplated thereunder. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder has a material interest in the Acquisition and is required to abstain from voting on the relevant resolution(s) to be proposed at the EGM.

A circular containing, among others, (i) the details of the Agreement; (ii) the financial information of the Group; (iii) the financial information of the Target Group; (iv) the unaudited pro forma financial information of the Enlarged Group; (v) the valuation report on the Land; (vi) the notice of the EGM; and (vii) other information as required under the Listing Rules is expected to be despatched on or before 22 September 2017 after taking into account the estimated time required for the Company to prepare relevant information for inclusion in the circular.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:00 a.m. on 17 August 2017 pending the release of this announcement. The Company has applied to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on 18 August 2017.

INTRODUCTION

The Board is pleased to announce that on 16 August 2017 (after trading hours), the Purchaser (a direct wholly-owned subsidiary of the Company) and the Vendor entered into the Agreement, pursuant to which the Purchaser conditionally agreed to acquire, and the Vendor conditionally agreed to sell, the Sale Shares, representing 90% of the issued share capital of the Target Company for the Consideration of RMB549,400,000 (equivalent to approximately HK\$642,798,000). The Purchaser also conditionally agreed to procure the Lender (a wholly-owned subsidiary of the Purchaser) to provide to the NewCo (a wholly-owned subsidiary to be established in the PRC by the Target Company) the Loan in the principal amount of RMB890,600,000 (equivalent to approximately HK\$1,042,002,000). Principal terms of the Agreement are set out below.

THE AGREEMENT

Date:

16 August 2017

Parties:

- Purchaser : Sansheng Land Development Limited* (三盛置地發展有限公司), a direct wholly-owned subsidiary of the Company;
- Vendor : Mr. Wang Peng, who holds 100% of the issued share capital of the Target Company;
- Vendor's Guarantor : Mr. Wang Yan Ping, the father of Mr. Wang Peng, who guarantees the performance of the Vendor's obligations under the Agreement; and
- Purchaser's Guarantor : Mr. Lin Rongbin, the controlling Shareholder and an executive Director, who guarantees the performance of the Purchaser's obligations under the Agreement.

To the best of the Director's knowledge, information and belief, having made all reasonable enquiries, each of the Vendor and the Vendor's Guarantor are third parties independent of the Company and its connected persons.

Subject Matter

Pursuant to the Agreement, the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Sale Shares, being 90% of the issued share capital of the Target Company.

Further information on the Target Company and the Target Group is set out in the section headed "Information on the Target Group" below.

Consideration

Pursuant to the Agreement, the Consideration of RMB549,400,000 (equivalent to approximately HK\$642,798,000) shall be payable to the Vendor in cash by the Purchaser as follows:

- (a) as to RMB40,000,000 (or converted into HK\$ or US\$ equivalents according to the Agreed Exchange Rate) payable upon Completion;
- (b) as to RMB30,000,000 (or converted into HK\$ or US\$ equivalents according to the Agreed Exchange Rate) payable within five business days after the Land is delivered to the Purchaser with the Land levelled and the electricity, water supply and road connected (which are required to be done under the Agreement within 60 Business Days after all conditions precedent are fulfilled);
- (c) as to RMB200,000,000 (or converted into HK\$ or US\$ equivalents according to the Agreed Exchange Rate) payable within 45 calendar days upon Completion; and
- (d) the balance of the Consideration of approximately RMB279,400,000 (or converted into HK\$ or US\$ equivalents according to the Agreed Exchange Rate) together with an annual interest of 12% accrued from the 46th calendar day of Completion (the "**Interest**") payable within 90 calendar days upon Completion.

Other commitment

Pursuant to the Agreement, the Purchaser also agreed to procure the Lender (a wholly-owned subsidiary of the Purchaser) to provide to the NewCo (a wholly-owned subsidiary to be established by the Target Company upon Completion) the Loan of RMB890,600,000 (equivalent to approximately HK\$1,042,002,000) within two Business Days upon signing of the definitive agreement for the ProjectCo Acquisition. The Loan shall be solely used for satisfying the consideration of the ProjectCo Acquisition. Information of the NewCo and the ProjectCo are set out in the section headed “Information on the Target Group”.

Should the amount of the Loan be insufficient to satisfy the consideration of the ProjectCo Acquisition in full, the shortage shall be contributed by the Vendor. The Vendor also agreed to procure the Target Company to pledge the 100% equity interest in the NewCo and the 100% equity interest in the ProjectCo in favor of the Lender as security of the Loan.

Basis of the Consideration

The Total Commitment (being the aggregate amount of the Consideration and the Loan) of RMB1,440,000,000 (equivalent to approximately HK\$1,684,800,000) was determined after arms' length negotiation of the parties to the Agreement by reference to (i) the estimated gross floor area of the residential and commercial projects of approximately 490,000 sqm to be built on the Land according to allowed plot ratio and other development specifications of the Land as required by relevant government authority; (ii) the purchase price of the Land of approximately RMB3,200 per sqm calculated based on the Total Commitment over the estimated gross floor area of the projects; (iii) the prevailing market price of the residential and commercial land adjacent to the Land in Pingtan County ranging from RMB6,000 to RMB7,000 per sqm based on the comparable market transactions completed in the first half of 2017; and (iv) the prospects of the property market in Pingtan County, Fujian Province, the PRC as detailed in the section headed “Reasons and benefits of the Acquisition”. A valuation report of the Target Group will be prepared and included in the circular for Shareholders' information. The Directors estimate that the valuation of the Land will be approximately RMB1,600,000,000.

The Total Commitment will be financed by the internal resources of the Company and the revolving facility to be provided by Mr. Lin Rongbin, the controlling Shareholder and an executive Director.

Conditions precedent

Completion is subject to the fulfilment or waiver (as the case may be) of the following conditions:

- (i) the Target Company having set up the NewCo as a wholly-owned subsidiary with the scope of business of property investment and development and registered capital of RMB500,000,000;
- (ii) the NewCo and Funde having entered into the agreement in respect of the ProjectCo Acquisition;
- (iii) the ProjectCo Acquisition having been completed;

- (iv) the Vendor, Target Company, NewCo, and ProjectCo having obtained all necessary consents and approvals required (including but not limited to the filing procedures of the NewCo as a foreign invested enterprise, approval for investment repatriation, and other registration formalities required by the Department of Foreign Exchange in the PRC;
- (v) the Shareholders having approved the Agreement and the transactions contemplated thereunder; and
- (vi) the Purchaser having obtained all necessary approval from the Stock Exchange and having made all necessary disclosures as required under the Listing Rules.

If the conditions above have not been fulfilled or waived (as the case may be) within 90 calendar days of the date of the Agreement, the Purchaser may waive the conditions set out above except (v) and (vi).

Completion

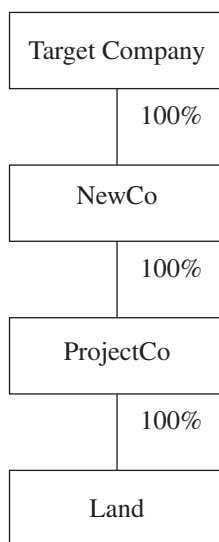
Completion shall take place on the 15th calendar day after all conditions precedent to the Agreement having been fulfilled or waived (as the case may be) by the Purchaser (or such other date as agreed by the parties to the Agreement).

Upon Completion, the Target Company will become a subsidiary of the Company, and the financial statements of the Target Group will be consolidated into the financial statements of the Group.

INFORMATION ON THE TARGET GROUP

Shareholding structure of the Target Group

Set out below is the shareholding structure of the Target Group immediately after Completion:



Information of the Target Company and the NewCo

The Target Company is a company incorporated in Hong Kong in 2017 with limited liability and is wholly-owned by the Vendor. The principal business of the Target Company is property investment and property management. As at the date of this announcement, the Target Company has not commenced any business operations.

As one of the conditions precedent to the Agreement, the Target Company shall establish a wholly-owned subsidiary, the NewCo, in the PRC with registered capital of RMB500,000,000. The scope of business of the NewCo will be property investment and property development. As at the date of this announcement, the NewCo has not been established.

Information of the ProjectCo

The ProjectCo was established in 2012 in the PRC, and its principal assets are the Land, being (i) a parcel of land with an area of approximately 75,500.41 sqm for residential or commercial use, the plot ratio of which shall not exceed 2.0; and (ii) a parcel of land with an area of approximately 122,122 sqm for residential and commercial use, the plot ratio of which shall not exceed 2.8. The Land is located in Pingtan County, Fujian Province, the PRC.

Upon its establishment, the NewCo will acquire the ProjectCo for an estimated consideration of RMB890,600,000 (equivalent to approximately HK\$1,042,002,000) from Funde (being the sole owner of the ProjectCo as at the date of the Agreement) (i.e. the ProjectCo Acquisition). The consideration of the ProjectCo Acquisition will be financed by the Loan provided by the Lender.

Financial information of the Target Group

The Target Company

Set out below is the summary of the key audited financial information of the Target Company for the period from the date of incorporation (i.e. 7 August 2017) to 10 August 2017 as prepared in accordance with the HKFRS:

<i>HK\$</i>	From the date of incorporation to 10 August 2017 <i>HK\$</i>
Loss before taxation	(13,100)
Loss after taxation	(13,100)
	As at 10 August 2017
Net assets	762,900

The Target Company has not commenced any operation since its incorporation. The loss of HK\$13,100 mainly represented its operating expenses.

The ProjectCo

As the ProjectCo has not commenced any operations for the two financial years ended 31 December 2016, no profit or loss was recorded. As at 31 December 2016, the unaudited net assets of the ProjectCo, which mainly consists of the purchase cost of the Land, amounted to approximately RMB300,210,000 (equivalent to approximately HK\$351,245,700).

REASONS AND BENEFITS OF THE ACQUISITION

The Company is an investment holding company and its subsidiaries are principally engaged in property development and property investment.

As disclosed in the composite document dated 10 May 2017 jointly issued by Mega Regal Limited (the “**Offeror**”) and the Company, the Offeror intends to continue the existing principal business of the Group. The Group currently holds investment properties in the PRC, and has taken part in their construction prior to leasing them out. The Group has also carried out value added work or activities on the properties in order to enhance their capital value. As the Land is expected to be developed into residential and commercial projects, the Acquisition will allow the Group to leverage its experience in property development with a view to enhancing its existing business.

The Land is located in Pingtan County, a member of the China (Fujian) Pilot Free Trade Zone and has been classified as a comprehensive experimental zone. The PRC government has been implementing more liberal measures to facilitate investment and trade, capital and personnel exchanges. Amid the development of the region, the property market of Pingtan is also growing at an increasing pace. The average sale price per sqm for residential units was recorded at RMB8,400 per sqm for 2016, representing approximately 10.5% year on year increase, in contrast to a decline of approximately 10.6% in the corresponding period in 2015. The property sales volume has remained steady for recent years, but has recorded a rapid year-on-year increase of approximately 81.7% in 2016 compared to approximately 0.1% in 2015. As part of the framework for developing the free trade zone, the Fujian government has also been promoting the tourism industry in Pingtan with plans to develop coastal resort areas and granting funds to support tourism projects, which are expected to encourage further investment incentive, creating a strong demand the property market.

Having considered the location of the Land, its development potential and recent comparable transactions in Pingtan County, the Directors consider that the Acquisition represents a prime opportunity for the Group to leverage the expertise of the Group’s management team and Mr. Lin’s strong presence in the Fujian property market, and thus enhancing long-term growth potential of the Group.

Having considered the above, the Board is of the view that the Agreement is entered into in the ordinary and usual course of business of the Group, on normal commercial terms, fair and reasonable and in the interest of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one of the percentage ratios (as defined under Chapter 14 of the Listing Rules) in respect of the Acquisition exceeds 100%, the Acquisition constitutes a very substantial acquisition for the Company under Chapter 14 of the Listing Rules and therefore is subject to reporting, announcement and Shareholders' approval requirements.

The EGM will be convened and held for the purpose of considering and, if thought fit, approving the resolution(s) in respect of the Agreement and the transactions contemplated thereunder. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder has a material interest in the Acquisition and is required to abstain from voting on the relevant resolution(s) to be proposed at the EGM.

A circular containing, among others, (i) the details of the Agreement; (ii) the financial information of the Group; (iii) the financial information of the Target Group; and (iv) the unaudited pro forma financial information of the Enlarged Group; (v) the valuation report on the Land; (vi) the notice of the EGM; and (vii) other information as required under the Listing Rules is expected to be despatched on or before 22 September 2017 after taking into account the estimated time required for the Company to prepare relevant information for inclusion in the circular.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:00 a.m. on 17 August 2017 pending the release of this announcement. The Company has applied to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on 18 August 2017.

DEFINITIONS

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

“Acquisition”	the proposed acquisition of 90% issued share capital of the Target Company by the Purchaser
“Agreed Exchange Rate”	the exchange rates of HK\$ and US\$ as published by the Bank of China on the day immediately before the payment date of the Consideration
“Agreement”	the agreement entered into amongst the Purchaser, the Purchaser's Guarantor, the Vendor and the Vendor's Guarantor in relation to the Acquisition
“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors

“Business Day”	a day (other than a Saturday, Sunday or public holiday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“Company”	Lifestyle Properties Development Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 2183)
“Completion”	completion of the Acquisition in accordance with the terms and conditions of the Agreement
“Consideration”	the consideration for the Sale Shares in the amount of RMB549,400,000 (equivalent to approximately HK\$642,798,000)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Enlarged Group”	the Group as enlarged by the Acquisition upon Completion
“EGM”	the extraordinary general meeting to be held and convened for the Shareholders to consider, and if thought fit, to approve the ordinary resolution in respect of the Agreement and the transactions contemplated thereunder
“Funde”	Shenzhen Funde Qianhai Foundation Investment Limited* (深圳市富德前海基礎設施投資控股有限公司), a company incorporated in the PRC with limited liability
“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
“Land”	a parcel of land of approximately 75,500.41 sqm and a parcel of land of approximately 122,122 sqm, both located at Pingtan County, Fujian Province, the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Lender”	Fuzhou Shangsheng Investment Co. Ltd* (福州上盛投資有限公司), a company incorporated in the PRC with limited liability and a direct wholly-owned subsidiary of the Purchaser

“Loan”	the loan facility in relation to the provision of loan to the NewCo by the Lender for the purpose of satisfying the consideration of the ProjectCo Acquisition
“NewCo”	a company to be incorporated in the PRC with limited liability by the Target Company
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“ProjectCo”	Pingtian Yanggong Guohang Land Limited* (平潭陽光國航置地有限公司), a company incorporated in the PRC with limited liability
“ProjectCo Acquisition”	the acquisition of the entire equity interest in the ProjectCo by the NewCo from Funde
“Purchaser”	Sansheng Land Development Limited*(三盛置地發展有限公司), a company incorporated in the PRC with limited liability
“Shareholders”	shareholders of the Company
“Sale Shares”	90% of the issued share capital of the Target Company
“sqm”	square metre
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Hong Kong Zhong Sheng Property Investment Limited (香港中盛置業投資有限公司), a company incorporated in Hong Kong with limited liability
“Total Commitment”	aggregate amount of the Consideration and the Loan
“US\$”	the United States dollar
“Vendor”	Mr. Wang Peng* (王鵬), being the sole shareholder and director of the Target Company

“%”

per cent

- * *The English translation of the Chinese names denoted in this announcement is for illustration purpose only. Shall there be any inconsistencies, the Chinese names prevail.*
- * *In this announcement, the translations of RMB into HK\$ are based on the exchange rates of RMB1.0 to HK\$1.17 for illustration purpose only. Such translations should not be construed as a representation that the relevant amounts have been, could have been, or could be converted at that or any other rate or at all.*

By order of the Board
LIFESTYLE PROPERTIES DEVELOPMENT LIMITED
Lin Rongbin
Chairman

Hong Kong, 17 August 2017

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Lin Rongbin and Ms. Cheng Xuan; two non-executive Directors, namely Mr. Xiao Zhong and Mr. Xu Jianwen; and three independent non-executive Directors, namely Mr. Pan Dexiang, Mr. Yuan Chun and Mr. Zhong Bin.