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LIFESTYLE INTERNATIONAL HOLDINGS LIMITED

利福國際集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1212)

ANNOUNCEMENT

POSSIBLE SPIN-OFF OF PROPERTY INVESTMENT AND DEVELOPMENT BUSINESS

AND

UPDATE ON CONDITIONS OF A PARCEL OF LAND IN SHENYANG

Possible Spin-off

Lifestyle International Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) is exploring the possibility of a separate listing on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) by way of a spin-off of its property investment and development business with main focus on properties in Hong Kong and the People’s Republic of China (“**PRC**”) which are not being, or intended to be, used in the operation of or related to its core department store business. The unaudited adjusted net asset value of the proposed spun-off group accounted for approximately 18% of the unaudited consolidated net asset value of the Company as at June 30, 2012. It is intended that the Company will remain the holding company of the proposed spun-off group following the separate listing of the proposed spun-off group.

A spin-off proposal has been submitted by the Company to the Stock Exchange for its consideration and approval pursuant to Practice Note 15 of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

As the spin-off proposal is at its early stage, no application for such listing has yet been made and approval by the relevant regulatory authority has yet to be obtained, the proposed spin-off and listing may or may not materialize. Shareholders and potential investors are advised to exercise caution when dealings in the securities of the Company.

The above is made pursuant to Rule 13.09(1) of the Listing Rules.

Update on Conditions of a Parcel of Land in Shenyang

The Company would like to update shareholders and potential investors on the recent development of a parcel of land of the Group in Shenyang.

Amongst the to be spun-off assets mentioned under the above proposed spin-off is a parcel of land of 31,376 square meters adjacent to the Group's department store site located in Shenhe District, Shenyang in the PRC (the "**Plot**") which land use right was awarded to the Group through a tender. It is intended that the Plot will be for commercial building development use. The land premium was fully paid on February 22, 2010 but the Group has yet to apply for the land use right certificate and development has not yet been commenced. It was the Group's understanding that the Plot was subject to a 30-metre height limit during the process the contract for the grant of land use right dated December 28, 2011 was concluded.

The Group has however learnt in around late August 2012 that a 15-metre height limit to the Plot may have been imposed, which the Group suspects to have followed a change of the city planning relating to protection of historical architectural sites. The Group has therefore been seeking clarification of, and assistance in dealing with, the situation through the district government. As of the date of this announcement, the Company has not received any response or feedback and therefore unable to verify the news about the change of the city planning and its implications to the Plot. As this matter is still at a preliminary stage and given the counter party is the government and involves a number of different departments/bureaux, the directors of the Company are not in a position to assess with certainty the development, impact and outcome. Accordingly there can be no assurance that a 30-metre height limit will still be applicable to the Plot or that had the 15-metre height limit been confirmed, an agreed resolution could be achieved or that the Company would be successful in obtaining a reasonable remedy and/or financial compensation without undue delay.

As at June 30, 2012, the Plot was classified as investment property with an unaudited book value of approximately HK\$850 million and accounting for approximately 4% and 10% respectively of the unaudited consolidated total assets and the unaudited consolidated net assets of the Group. Depending on the development and outcome of this matter, the valuation of the Plot may need to be revisited. Given the Plot is not intended for the Group's department store use, it is not expected that the continuing core department store operations of the Group will be materially and adversely affected.

Further announcement will be made in due course in accordance with the requirement of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

By Order of the Board
Lifestyle International Holdings Limited
Lau Luen Hung, Thomas
Managing Director

Hong Kong, October 9, 2012

As at the date of this announcement, the Board comprises two executive Directors, namely, Mr. Lau Luen-hung, Thomas and Mr. Doo Wai-hoi, William; four non-executive Directors, namely Dato' Dr. Cheng Yu-tung, Dr. Cheng Kar-shun, Henry, Mr. Lau Luen-hung, Joseph and Ms. Lau Yuk-wai, Amy; and four independent non-executive Directors, namely, Mr. Lam Siu-lun, Simon, Mr. Cheung Yuet-man, Raymond, The Hon. Shek Lai-him, Abraham and Mr. Hui Chiu-chung, Stephen.