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## **LIFE CONCEPTS**

### **Life Concepts Holdings Limited**

**生活概念控股有限公司**

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

**(Stock Code: 8056)**

### **DISCLOSEABLE TRANSACTION IN RELATION TO THE SUBSCRIPTION OF 70% EQUITY INTEREST IN SHANGHAI AIE AGRICULTURE TECHNOLOGY COMPANY LIMITED**

#### **THE INVESTMENT AGREEMENT**

On 23 August 2019, the Investor (a wholly-owned subsidiary of the Company), the Founders, the Original Shareholders and the Target Company entered with an Investment Agreement, pursuant to which the Investor conditionally agreed to subscribe for 70% of the equity interest of the Target Company by way of capital injection in the amount of up to RMB28,000,000 (equivalent to approximately HK\$31,818,182), of which (i) RMB2,333,333 (equivalent to approximately HK\$2,651,515) shall be contributed to the registered capital of the Target Company, and (ii) the remaining RMB25,666,667 (equivalent to approximately HK\$29,166,667) shall be regarded as additional paid-in capital of the Target Company.

As at the date of this announcement, the registered capital of the Target Company is RMB1,000,000 (equivalent to approximately HK\$1,136,364) and the Target Company is owned as to 95% by Shanghai Aie Cooperative and 5% by Mr. Hou Yazhou. Upon Completion, the registered capital of the Target Company will be increased to RMB3,333,333 (equivalent to approximately HK\$3,787,878) and the Target Company will be owned as to 70% by the Investor, 25% by Mr. Hou Xiaoba and 5% by Mr. Song.

## **GEM LISTING RULES IMPLICATIONS**

As certain of the applicable percentage ratios (as defined under Rule 19.07 of the GEM Listing Rules) in relation to the Subscription are more than 5% but all of them are less than 25%, the Subscription constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

**As Completion is conditional upon fulfilment of the conditions set out under the paragraph headed “Conditions precedent” in this announcement, the Subscription may or may not proceed. Shareholders and potential investors of the Company should exercise caution when dealing in the Shares.**

The Board is pleased to announce that, on 23 August 2019, the Investor (a wholly-owned subsidiary of the Company), the Founders, the Original Shareholders and the Target Company entered with an Investment Agreement, pursuant to which the Investor conditionally agreed to subscribe for 70% of the equity interest of the Target Company by way of capital injection in the amount of RMB28,000,000 (equivalent to approximately HK\$31,818,182). Details of the Investment Agreement are set out below:

### **THE INVESTMENT AGREEMENT**

#### **Date**

23 August 2019

#### **Parties**

- (i) The Investor;
- (ii) Shanghai Aie Cooperative;
- (iii) the Target Company;
- (iv) Mr. Hou Yazhou;
- (v) Mr. Hou Xiaoba; and
- (vi) Mr. Song.

## **Subject Matter**

Pursuant to the Investment Agreement, the Investor conditionally agreed to subscribe for 70% of the equity interest of the Target Company by way of capital injection in the amount of RMB28,000,000 (equivalent to approximately HK\$31,818,182), of which (i) RMB2,333,333 (equivalent to approximately HK\$2,651,515) shall be contributed to the registered capital of the Target Company, and (ii) the remaining RMB25,666,667 (equivalent to approximately HK\$29,166,667) shall be regarded as additional paid-in capital of the Target Company.

## **Subscription Price**

The subscription price for the Subscription (the “**Subscription Price**”), being RMB28,000,000 (equivalent to approximately HK\$31,818,182), was determined based on arm’s length negotiations among the Parties with reference to, among other things:

- (i) the unaudited net asset value of the Target Company of approximately RMB13,100,000 as at 31 December 2018;
- (ii) the aggregate appraised value of the patents owned by the Target Company and the Transferring Patent of approximately RMB13,100,000 as at 31 July 2019 based on a valuation report relating to such patents dated 8 August 2019 issued by an independent valuer; and
- (iii) the reason and benefits as set out in the paragraph headed “Reasons for and benefits of the Investment Agreement and the transactions contemplated thereunder” below.

The Subscription Price will be payable in cash and will be funded by the Company from its internal cash resources. The Subscription Price shall be applied towards the development of the Target Company’s principal businesses and for general corporate purposes.

## **Conditions precedent**

Completion is conditional upon fulfilment or waiver by the Investor (as the case may be) of the following conditions precedent:

- (i) transaction documents in respect of the Subscription having been executed by the relevant Parties and such transaction documents remaining valid;

- (ii) completion of the Restructuring; and
- (iii) filings in relation to the change of shareholding of the Target Company pursuant to the Subscription having been completed and the new business licence of the Target Company having been obtained by the Target Company.

The Investor may waive the conditions precedent above in writing.

If all of the conditions precedent are not fulfilled or otherwise waived (as the case may be) within 2 months from the date of the Investment Agreement, the Investor shall be entitled to terminate the Investment Agreement by written notice to the Original Shareholders.

### **Restructuring**

Pursuant to the Investment Agreement, the Original Shareholders and the Founders agree to complete certain equity restructuring in respect of the Target Company prior to the Subscription. As at the date of this announcement, the Target Company is owned as to 95% by Shanghai Aie Cooperative and 5% by Mr. Hou Yazhou. Upon completion of the Restructuring and immediately prior to Completion, the Target Company will be owned as to 83.3% by Mr. Hou Xiaoba and 16.7% by Mr. Song and the Founders will cease to be shareholders of the Target Company.

Pursuant to the Investment Agreement, the Parties also agreed that (i) capital contribution by Mr. Hou Xiaoba and Mr. Song into the Target Company will be made by way of the transfer of a patent on certain organic vegetables cultivation technology currently owned by Mr. Hou Xiaoba (the “**Transferring Patent**”) to the Target Company; and (ii) Mr. Hou Xiaoba shall also transfer four other patents owned by him in respect of certain systems and technologies for cultivation of vegetables to the Target Company at the total consideration of RMB6 million.

Pursuant to the Investment Agreement, the Original Shareholders shall complete the Restructuring to the satisfaction of the Parties within 30 days from the date of the Investment Agreement.

### **Completion**

Provided that all conditions precedent under the paragraph headed “Conditions precedent” above have been fulfilled or waived by the Investor in writing (as the case may be), the Target Company may by notice in writing request the Investor to settle of all or part of the Subscription Price pursuant to the Investment Agreement. Within 30 days upon receipt of such request from the Target Company, the Investor shall settle the requested sum, until the entire amount of the Subscription Price is settled in full.

As at the date of this announcement, the registered capital of the Target Company is RMB1,000,000 (equivalent to approximately HK\$1,136,364). Upon Completion, the registered capital of the Target Company will be increased to RMB3,333,333 (equivalent to approximately HK\$3,787,878) and the Target Company will be owned as to 70% by the Investor, 25% by Mr. Hou Xiaoba and 5% by Mr. Song.

Upon Completion, the Target Company will become an indirect non-wholly owned subsidiary of the Company and the financial information of the Target Company will be consolidated into the consolidated financial statements of the Group.

### **Anti-dilution adjustment**

Pursuant to the Investment Agreement, if the Target Company issues any shares or other equity securities (including without limitation, convertible bonds) (the “**New Issue**”) after Completion and the subscription price per each RMB1 of the registered capital under such New Issue is lower than that in respect of the aggregate capital contribution made by the Investor (the “**Existing Investor Per-Unit Subscription Price**”), the subscription price per each RMB1 of the registered capital held by the Investor shall be adjusted based on the following formula (the “**Adjusted Investor Per-Unit Subscription Price**”):

$$[(A + B) / (A + C)] \times D$$

where:

A = the amount of registered capital prior to the New Issue;

B = the additional amount of registered capital which would be held by the Investor assuming that the subscription price of the New Issue equals to that the Subscription Per-Unit Subscription Price;

C = the additional amount of registered capital pursuant to the New Issue; and

D = the Existing Investor Per-Unit Subscription Price.

The Investor is entitled to adjust its relevant equity interest in the Target Company based on the Adjusted Investor Per-Unit Subscription Price. The Company may not conduct the New Issue until the above anti-dilution adjustment has been completed.

## **Transfer of shares and right of first refusal**

Within two years from the date of Completion, the Original Shareholders shall not, directly or indirectly, transfer any equity interest in the Target Company to any person, or create any charge or other encumbrances thereon, without the prior written consent of the Investor, save for (i) transfers by the Original Shareholders to their affiliates; (ii) transfers pursuant to the anti-dilution adjustment set out above or (iii) transfers pursuant to any share incentive scheme approved by the shareholders of the Target Company.

Where a shareholder of the Target Company proposes to transfer any of its equity interest in the Target Company to any party other than a shareholder of the Target Company (the “**Prospective Transferee**”), the other shareholders of the Target Company shall have a right of first refusal to such transfer based on the same terms offered by the Prospective Transferee. If one or more of the other shareholders exercise their right of first refusal to participate in the transfer, such shareholders shall first attempt to agree on their purchase portion, and in the event that such shareholders are unable to reach such an agreement, the shareholders shall be entitled to participate in the transfer on pro-rata basis based on their relevant percentage interest in the Target Company.

## **Board composition and management of the Target Company**

The board of directors of the Target Company shall comprise three directors, including two directors to be appointed by the Investor and one director to be appointed by the Original Shareholders. The chairman of the Target Company shall be appointed by the Investor.

The Target Company shall have one supervisor, who shall be appointed by the Investor. The general manager of the Target Company shall be nominated by the Original Shareholders and appointed by the board of directors of the Target Company.

## **INFORMATION ON THE TARGET COMPANY**

The Target Company is a company established in the PRC with limited liability, which is owned as to 95% by Shanghai Aie Cooperative and 5% by Mr. Hou Yazhou as at the date of this announcement. The Target Company is mainly engaged in research and development, cultivation and sales of organic vegetables. The Target Company currently owns three patents in relation to organic vegetables cultivation and planting systems.

Certain financial information of the Target Company based on the unaudited financial statements of the Target Company, prepared in accordance with the PRC Small Enterprise Accounting Standards, is set out below:-

	<b>For the year ended 31 December</b>			
	<b>2017</b>		<b>2018</b>	
	<i>equivalent</i>		<i>equivalent</i>	
	<i>RMB</i>	<i>HK\$</i>	<i>RMB</i>	<i>HK\$</i>
Net profit / loss before taxation ( <i>Note</i> )	0	0	0	0
Net profit / loss after taxation ( <i>Note</i> )	0	0	0	0

	<b>As at 31 December 2018</b>	
	<i>RMB</i>	<i>equivalent HK\$</i>
Net asset value	13,100,000	14,886,364

*Note:* The Target Company was established on 1 June 2017. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, the Target Company has not commenced its operations in the sales and cultivation of organic vegetables and the parties intend that the Target Company will commence such operations after the date of the Investment Agreement.

As at 30 June 2019, the net asset value of the Target Company based on the unaudited management accounts of the Target Company was RMB13,100,000 (equivalent to HK\$14,886,364).

## **REASONS FOR AND BENEFITS OF THE INVESTMENT AGREEMENT AND THE TRANSACTIONS CONTEMPLATED THEREUNDER**

As stated in the annual report of the Company for the year ended 31 March 2019, after the detailed review of the business operations and financial position of the Group, the Company has identified a number of action items to diversify and refine the businesses with a view to reposition its operational sphere and increase its sources of income, including optimization of various supply chain components, geographical expansion into the PRC and investment in businesses with a view to generate synergy for the Group. The Subscription is one of the initiatives of the Company to diversify its businesses into the upstream supply chain operations and gain wider exposure in the PRC markets. As the Target Company engages in the research and development, cultivation and sales of organic vegetables, the investment in the Target Company will facilitate a stable and seamless supply of reliable, fresh and high-quality organic vegetables straight from the fields for the Group's daily operations, which is in line with the Company's objectives to deliver

the best dining experiences to all diners at the Group's restaurants. The Company considers that the Subscription will benefit the Company's business operations in the long-term and also enhance our corporate profile, reputation and competitiveness of the Group.

In view of the above, the Directors consider that the Subscription is made on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **INFORMATION ON THE GROUP**

The Company was incorporated in the Cayman Islands with limited liability, the shares of which are listed on the GEM (stock code: 8056). The Group is principally engaged in the operation of restaurants serving a variety of cuisines, including Asian, Western and Italian.

The Investor is a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company, and it is principally engaged in investment holding.

## **INFORMATION ON THE OTHER PARTIES**

### **The Founders**

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Mr. Hou Yazhou, being one of the Founders of the Target Company, is independent of the Company and the connected persons of the Company.

Shanghai Aie Cooperative is a farmers specialty cooperative established in the PRC. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, (i) Shanghai Aie Cooperative and its ultimate beneficial owner(s) are independent of the Company and the connected persons of the Company; and (ii) Shanghai Aie Cooperative is principally engaged in research and development, cultivation and sales of organic vegetables.

### **The Original Shareholders**

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of Mr. Hou Xiaoba and Mr. Song is independent of the Company and the connected persons of the Company.



## GEM LISTING RULES IMPLICATIONS

As certain of the applicable percentage ratios (as defined under Rule 19.07 of the GEM Listing Rules) in relation to the Subscription are more than 5% but all of them are less than 25%, the Subscription constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

**As Completion is conditional upon fulfilment of the conditions set out under the paragraph headed “Conditions precedent” in this announcement, the Subscription may or may not proceed. Shareholders and potential investors of the Company should exercise caution when dealing in the Shares.**

## DEFINITIONS

Unless the context otherwise requires, the following terms shall have the meanings set out below:

“Board”	the board of Directors
“Company”	Life Concepts Holdings Limited (生活概念控股有限公司) (formerly known as Dining Concepts Holdings Limited 飲食概念控股有限公司), a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the GEM (Stock Code: 8056)
“Completion”	completion of the Subscription pursuant to the Investment Agreement
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“Founders”	Shanghai Aie Cooperative and Mr. Hou Yazhou
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“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 People’s Republic of China
“Investment Agreement”	the investment agreement dated 23 August 2019 entered into by and among the Investor, the Target Company, the Founders and the Original Shareholders in relation to the Subscription
“Investor”	Ningbo Meishan Bonded Port Area Jiema Investment Company Limited* (寧波梅山保稅港區傑馬投資有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company
“Mr. Hou Xiaoba”	侯小八 (Hou Xiaoba*), a resident of the PRC
“Mr. Hou Yazhou”	侯亞洲 (Hou Yazhou*), a resident of the PRC
“Mr. Song”	宋祺(Song Qi*), a resident of the PRC
“Original Shareholders”	Mr. Hou Xiaoba and Mr. Song
“Parties”	the parties to the Investment Agreement, namely, the Investor, the Target Company, the Founders and the Original Shareholders
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Restructuring”	the proposed restructuring of the Target Company contemplated under the Investment Agreement, details as set out in the section headed “Restructuring” of this announcement
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai Aie Cooperative”	Shanghai Aie Vegetables Cultivation Specialty Cooperative* (上海愛娥蔬菜種植專業合作社), a farmers specialty cooperative established in the PRC
“Share(s)”	ordinary share(s) of US0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of 75% equity interest in the Target Company by the Investor pursuant to the terms of the Investment Agreement
“Target Company”	Shanghai Aie Agriculture Technology Company Limited * (上海愛娥農業科技有限責任公司), a company established in the PRC with limited liability, which is owned as to 95% by Shanghai Aie Cooperative and 5% by Mr. Hou Yazhou as at the date of this announcement
“Transferring Patent”	has the meaning given to it in the section headed “Restructuring” in this announcement
“%”	per cent.

*In this announcement, for illustration purposes only, RMB has been converted into HK\$ at the rate of RMB0.88 : HK\$1. No representation is made that any amounts of RMB or HK\$ have been, could have been or could be converted at the above rate or at any other rate or at all.*

*\* The English transliteration of the Chinese name(s) in this announcement, where indicated, is included for information purpose only, and should not be regarded as the official English name(s) of such Chinese name(s).*

By order of the Board  
**Life Concepts Holdings Limited**  
**James Fu Bin LU**  
*Chairman, Executive Director and  
Chief Executive Officer*

Hong Kong, 23 August 2019

*As at the date of this announcement, the board of Directors comprises Mr. James Fu Bin Lu (Chairman and Chief Executive Officer), Mr. Sandeep Sekhri and Mr. Long Hai as executive Directors; Mr. Li Lun as non-executive Director; and Mr. Lu Cheng, Mr. Fei Dingan and Mr. Shi Kangping as independent non-executive Directors.*

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

*This announcement will remain on the “Latest Listed Company Information” page of the GEM website at [www.hkgem.com](http://www.hkgem.com) for at least 7 days from the day of its publication. This announcement will also be published on the Company’s website at [www.lifeconcepts.com](http://www.lifeconcepts.com).*