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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 DISPOSAL OF SUBSIDIARIES

THE DISPOSAL

On 28 April 2020, Dining Concepts Italian, Dining Concepts Casual and the Purchaser entered into the Sale and Purchase Agreement, pursuant to which the Purchaser agreed to acquire (i) the Most Glory Shares and the benefit of and interest in the Most Glory Loan from Dining Concepts Italian; (ii) the Success Glory Shares and the benefit of and interest in the Success Glory Loan from Dining Concepts Italian; and (iii) the New Era Shares and the benefit of and interest in the New Era Loan from Dining Concepts Casual, at an aggregate consideration of HK\$2,000,000. The relevant Sale Shares in respect of each of the Target Companies represent the total issued share capital of the relevant Target Company.

Upon Completion, the Company will cease to hold any interest in the Target Companies, and each of the Target Companies will cease to be a subsidiary of the Company and the financial results of the Target Companies will no longer be consolidated into the consolidated financial statements 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 Disposal are more than 5% but all of them are less than 25%, the Disposal constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

Reference is made to the announcement of the Company dated 23 April 2020 in relation to the memorandum of understanding in relation to the possible disposal of the Target Companies. On 28 April 2020, the Vendors (each an indirect wholly-owned subsidiary of the Company) and the Purchaser entered into the Sale and Purchase Agreement in relation to the Disposal.

THE SALE AND PURCHASE AGREEMENT

Date

28 April 2020

Parties

- (i) Dining Concepts Italian (as vendor);
- (ii) Dining Concepts Casual (as vendor); and
- (iii) the Purchaser

Subject Matter

Pursuant to the Sale and Purchase Agreement,

- (i) the Purchaser agreed to acquire from Dining Concepts Italian:
 - (a) the Most Glory Shares, representing all the issued shares of Most Glory, and the benefit of and interest in the Most Glory Loan; and
 - (b) the Success Glory Shares, representing all the issued shares of Success Glory, and the benefit of and interest in the Success Glory Loan; and
- (ii) the Purchaser agreed to acquire from Dining Concepts Casual the New Era Shares, representing all the issued shares of New Era, and the benefit of and interest in the New Era Loan.

Pursuant to the Sale and Purchase Agreement, none of the Vendors shall be obliged to complete the sale and purchase of any Sale Share or the assignment of any Intercompany Loan unless the sale and purchases of all of the Sale Shares and the assignment of the Intercompany Loans are completed simultaneously.

Consideration

The aggregate consideration for the Disposal is HK\$2,000,000, which shall be satisfied by the Purchaser to the Vendors in cash at Completion.

Basis for determination of the consideration for the Disposal

The consideration for the Disposal was arrived at after arm's length negotiation between the Vendors and the Purchaser with reference to, among other things:

- (i) the unaudited net liabilities of Most Glory in the amount of approximately HK\$31,173,000 as at 31 March 2020;
- (ii) the unaudited net liabilities of Success Glory in the amount of approximately HK\$10,960,000 as at 31 March 2020;
- (iii) the unaudited net liabilities of New Era in the amount of approximately HK\$1,749,000 as at 31 March 2020;
- (iv) the assignment of the Intercompany Loans in the aggregate amount of approximately HK\$45,862,000; and
- (v) the reasons and benefits as set out in the paragraph headed "Reasons for and benefits of the Sale and Purchase Agreement and the transactions contemplated thereunder" in this announcement.

Taking into consideration of the above, the Directors are of the view that the consideration for the Disposal and the terms and conditions of the Disposal are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Completion

Pursuant to the terms of the Sale and Purchase Agreement, Completion shall take place on 5 May 2020 (or such other date as agreed by the parties in writing).

INFORMATION ON THE TARGET COMPANIES

Each of the Target Companies is a company incorporated in Hong Kong with limited liability and is an indirect wholly-owned subsidiary of the Company as at the date of this announcement. Each of the Target Companies is principally engaged in the operation of Italian and Western restaurants in Hong Kong.

Financial information of the Target Companies

Set out below is certain financial information of each of the Target Companies, as extracted from the audited financial statements of the relevant Target Company for the financial year ended 31 March 2019 and the unaudited financial statements of the relevant Target Company for the financial year ended 31 March 2020 which were prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRS**”):

Most Glory

	For the year ended 31 March	
	2019	2020
	<i>HK\$</i>	<i>HK\$</i>
	<i>(Audited)</i>	<i>(Unaudited)</i>
Net (loss) before taxation	(3,381,000)	(14,412,000)
Net (loss) after taxation	(3,381,000)	(14,412,000)

Based on the unaudited financial statements of Most Glory as at 31 March 2020 prepared in accordance with HKFRS, the unaudited net liability value of Most Glory as at 31 March 2020 amounted to approximately HK\$31,173,000.

Success Glory

	For the year ended 31 March	
	2019	2020
	<i>HK\$</i>	<i>HK\$</i>
	<i>(Audited)</i>	<i>(Unaudited)</i>
Net (loss) before taxation	(2,123,000)	(2,542,000)
Net (loss) after taxation	(2,123,000)	(2,542,000)

Based on the unaudited financial statements of Success Glory as at 31 March 2020 prepared in accordance with HKFRS, the unaudited net liability value of Success Glory as at 31 March 2020 amounted to approximately HK\$10,960,000.

	For the year ended 31 March	
	2019	2020
	<i>HK\$</i>	<i>HK\$</i>
	<i>(Audited)</i>	<i>(Unaudited)</i>
Net profit (loss) before taxation	504,000	(2,022,000)
Net profit (loss) after taxation	500,000	(2,018,000)

Based on the unaudited financial statements of New Era as at 31 March 2020 prepared in accordance with HKFRS, the unaudited net liability value of New Era as at 31 March 2020 amounted to approximately HK\$1,749,000.

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 (i) operation of restaurants; (ii) interior design and fitting-out business; and (iii) provision of consulting services in relation to organic vegetables research and development, plantation and sales.

INFORMATION ON THE PARTIES

The Vendors

Each of the Vendors is a company established in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company as at the date of this announcement.

Each of the Vendors is principally engaged in investment holding.

The Purchaser

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as of the date of this announcement, (i) the Purchaser is a company established in Hong Kong with limited liability and is an investment holding company; (ii) each of the Purchaser and its ultimate beneficial owners is a third party independent of the Company and its connected persons; (iii) the shareholders of the Purchaser are Minrish Limited ("**Minrish**"), Ideal Winner Investments Limited ("**Ideal Winner**") and Flat Cap Holdings Limited ("**Flat Cap**"), each being interested in approximately 33.33% of the entire issued share capital of the Purchaser; (iv) the ultimate beneficial owner of Ideal Winner is Ms. Shalu Anil

Dayaram, being a former Director who resigned with effect from 12 December 2018 and has more than 15 years of experience in the food and beverage industry; (v) the ultimate beneficial owners of Minrish are Rajesh Prishotam Mirpuri and Seema Rajesh Mirpuri, being investors in the food and beverage industry; and (vi) the ultimate beneficial owners of Flat Cap are Neeraj Budhwani, Whan Andrew Mearthur, Truman Matthew William and Wang Anthon, being investors in the food and beverage industry.

REASONS FOR AND BENEFITS OF THE SALE AND PURCHASE AGREEMENT AND THE TRANSACTIONS CONTEMPLATED THEREUNDER

The Company noticed that the restaurants under the Target Companies as a whole suffered net loss for both financial years ended 31 March 2018 and 2019, and their operating results had further deteriorated since the third quarter of 2019 as compared to the first half of 2019 due to the unexpected political activities in Hong Kong arising from the anti-extradition bill protests since June 2019 and the recent outbreak of the coronavirus (COVID-19) pandemic (the “**Pandemic**”). The management also noted that even if the Company chooses to close or suspend operations of restaurants under the Target Companies to save costs, the Target Group would still incur costs arising from its existing contractual obligations such as rental expenses.

In order to minimize the negative impact of the Pandemic on the operation and financial performance of the Group, the Company intends to further reduce costs and streamline its operations given the Target Companies as a whole are not profit making and to alleviate cash outflow pressure by disposing the Target Companies to the Purchaser such that the Group can focus its available financial resources on the development of its other existing restaurants and businesses. The Company is also of the view that the net proceeds from the Disposal may be applied to support the business operations and development of the existing business of the Group.

In view of the above, the Directors consider that the terms of the Disposal are on normal commercial terms and fair and reasonable, and the Disposal and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECT OF THE DISPOSAL

Upon Completion, the Company will cease to hold any interest in the Target Companies, and each of the Target Companies will cease to be a subsidiary of the Company and the financial results of the Target Companies will no longer be consolidated into the consolidated financial statements of the Company.

The Company expects that after deducting the relevant costs and expenses incurred in connection with the Disposal, the net proceeds for the Disposal will be approximately HK\$1,998,000 and the Company intends to apply the net proceeds for business operations and development of the existing business of the Group.

Subject to final audit, it is expected that the Company will record a net gain on the Disposal of approximately HK\$18,000, which is calculated by reference to the difference between (i) the aggregate consideration for the Disposal of HK\$2,000,000, and (ii) the aggregate net liability value of the Target Companies of HK\$43,882,000 as set out in the unaudited financial statements of the each of the Target Companies as at 31 March 2020 minus the assignment of the Intercompany Loans owing by the Target Companies to the Vendors in an aggregate amount of approximately HK\$45,862,000, and deducting the relevant costs and expenses incurred in connection with the Disposal.

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 Disposal are more than 5% but all of them are less than 25%, the Disposal constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

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 sale and purchase of the Sale Shares pursuant to the Sale and Purchase Agreement
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules

“Dining Concept Casual”	Dining Concepts (Casual) Limited, a company established in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company
“Dining Concept Italian”	Dining Concepts (Italian) Limited, a company established in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Shares and the assignment of the Intercompany Loans by the relevant Vendors to the Purchaser contemplated under the Sale and Purchase Agreement
“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 PRC
“Intercompany Loans”	the Most Glory Loan, the Success Glory Loan and the New Era Loan
“Most Glory”	Most Glory Holdings Limited (至威集團有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company as at the date of this announcement
“Most Glory Loan”	the aggregate amount outstanding and owing by Most Glory to Dining Concepts Italian as at Completion in the amount of approximately HK\$28,702,000
“Most Glory Shares”	10,000 ordinary shares in the capital of Most Glory, representing its entire issued share capital held by Dining Concepts Italian

“New Era”	New Era Worldwide Limited (新昇環球有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company as at the date of this announcement
“New Era Loan”	the aggregate amount outstanding and owing by New Era to Dining Concepts Casual as at Completion in the amount of approximately HK\$5,888,000
“New Era Shares”	10,000 ordinary shares in the capital of New Era, representing its entire issued share capital held by Dining Concepts Casual
“Purchaser”	Ace Strength Limited (必勢有限公司), a company incorporated in Hong Kong with limited liability
“PRC”	the People’s Republic of China
“Sale and Purchase Agreement”	the sale and purchase agreement dated 28 April 2020 entered into among the Vendors and the Purchaser in relation to the Disposal
“Sale Shares”	the Most Glory Shares, the Success Glory Shares and the New Era Shares
“Share(s)”	ordinary share(s) of US\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Success Glory”	Success Glory Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company as at the date of this announcement
“Success Glory Loan”	the aggregate amount outstanding and owing by Success Glory to Dining Concepts Italian as at Completion in the amount of approximately HK\$11,272,000
“Success Glory Shares”	10,000 ordinary shares in the capital of Success Glory, representing its entire issued share capital held by Dining Concepts Italian
“Target Companies”	Most Glory, New Era and Success Glory

“US\$”	United States dollars, the lawful currency of the United States
“Vendors”	Dining Concepts Casual and Dining Concepts Italian
“%”	per cent.

* *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, 29 April 2020

As at the date of this announcement, the board of Directors comprises Mr. James Fu Bin Lu (Chairman and Chief Executive Officer) and Mr. Long Hai as executive Directors; Mr. Li Lun as non-executive Director; and Mr. Lu Cheng, Mr. Shi Kangping and Mr. Kim Jin Tae 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 for at least 7 days from the date of its publication. This announcement will also be published on the Company’s website at www.lifeconcepts.com.