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LIFE HEALTHCARE GROUP LIMITED

蓮和醫療健康集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 928)

DISCLOSEABLE TRANSACTION ACQUISITION OF INTEREST IN DISINFECTION, STERILISATION AND CLEANING PROJECTS

THE ACQUISITION

The Board announces that on 30 March 2021, LHCS, a wholly-owned subsidiary of the Company entered into the Agreement with the Vendor pursuant to which the Vendor agreed to sell the Sale Shares, representing the entire issued share capital of the Target Company, to LHCS for a consideration of HK\$63,962,500.

The Target Company is a holding company incorporated in Hong Kong. Upon completion of the reorganisation of the Target Group, it will directly or indirectly hold 25% interests in the Operating Company, which is involved in the development of disinfection, sterilisation and cleaning projects and their operations.

LISTING RULES IMPLICATIONS

As certain applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Acquisition is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

THE ACQUISITION

On 30 March 2021, LHCS, a wholly-owned subsidiary of the Company entered into the Agreement with the Vendor in respect of the Acquisition. The salient terms of the Agreement are summarized below:

Subject matter

The Vendor agreed to sell the Sale Shares, represents the entire issued share capital of the Target Company, to LHCS.

Consideration

The consideration for the Acquisition is HK\$63,962,500 and was determined by the parties after arm's length negotiations with reference to the valuation of the business of the Operating Company as of 31 December 2020 according to the valuation conducted by independent valuers.

LHCS shall pay the Vendor the amount of HK\$57,120,000 as deposit within 3 business days of the signing of the Agreement. The deposit will be used to discharge the consideration at completion. If the conditions to the Agreement are not satisfied within 90 days of the signing of the Agreement, the Vendor shall within 3 business days return the deposit in full to the Company and pay a penalty equivalent to 30% of the deposit to the Company. LHCS shall pay the Vendor the remaining amount of the consideration of HK\$6,842,500 within 3 business days upon the Target Group achieved the performance undertaking pursuant to the Agreement. If the Target Group fails to achieve the performance undertaking, LHCS is not obliged to pay the remaining amount of the consideration.

Conditions

Completion of the Acquisition is conditional upon the satisfaction of the following conditions:

- (a) the Vendor having completed the reorganisation of the Target Group within 90 days of the signing of the Agreement such that the Target Company will directly or indirectly hold 25% interests in the Operating Company;
- (b) LHCS being satisfied with the due diligence results of the Target Group and the Operating Company;
- (c) the Vendor having provided LHCS with the audited financial statements of the post-reorganisation Target Group and the Operating Company;
- (d) the Company having completed its disclosure obligations in respect of the Acquisition in accordance with the Listing Rules;

- (e) the warranties of the Vendor under the Agreement remaining true, accurate and without material omission, and that the Vendor has not been in breach of its obligations under the Agreement on the date of the Agreement and at completion;
- (f) there has not been any material adverse effect on the Target Company prior to completion.

If any of the above conditions cannot be satisfied within 90 days of the date of the Agreement, either party may terminate the Agreement by written notice to the other party.

Performance undertaking

The Vendor warrants that the Target Group will achieve a consolidated net profit after tax of RMB5,370,000 in the first year after completion. The Vendor shall make up any shortfall to LHCS if the consolidated net profit after tax of the Target Group has fallen short of the performance undertaking target.

INFORMATION ON THE TARGET GROUP

The Target Company is a holding company incorporated in Hong Kong. Upon completion of the reorganisation, it will directly or indirectly hold 25% interests in the Operating Company. As at the date of this announcement, the shareholders of the Operating Company are Ning Tao, who owns 77% equity interests, Huang He who owns 20% equity interests and 山東國泰節水發展有限公司 (Shandong Guotai Jieshui Development Company Limited*) who owns 3% equity interests. The Operating Company is engaged in the development of disinfection, sterilisation and cleaning projects and their operations.

The unaudited net deficit of the Target Group was approximately HK\$17,700 as at 31 December 2020. The unaudited consolidated financial results of the Target Group for the two years immediately preceding the date of the Agreement are as follows:

	For the year ended	
	31 December	
	2019	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net loss before tax	8	10
Net loss after tax	8	10

Upon completion of the Acquisition, the Target Company will become a wholly-owned subsidiary of the Company. The Target Company will in turn directly or indirectly hold 25% interests in the Operating Company, the Operating Company will not be consolidated into the financial statements of the Group.

REASONS FOR THE ACQUISITION

The entering of the Agreement will enable the Group to have the opportunity to exploit medical big health businesses such as civil disinfection and sterilisation and medical disinfection, sterilization and cleansing business, which will enhance the diversity of the Group's business, thereby improving the overall performance of the Group's healthcare services business.

As the Acquisition is being carried out after arm's length negotiation and on normal commercial terms, the Directors (including the independent non-executive Directors) are of the view that the terms of the Agreement were normal commercial terms, fair and reasonable, and the Acquisition is in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE PARTIES

LHCS

The Group is principally engaged in the healthcare products and services business. LHCS is a wholly-owned subsidiary of the Company principally engaged in corporate administrative services.

The Vendor

The Vendor is an individual who is independent of and not connected with the Company and its connected persons.

The Operating Company

The Operating Company is a limited liability company established in the PRC. To the best of the Directors' knowledge, as at the date of this announcement, the ultimate beneficial owner of the Operating Company is Ning Tao, who owns 77% equity interests in the Operating Company.

To the best knowledge of the Directors, having made reasonable enquiry, the Operating Company and its ultimate beneficial owners are independent of and not connected with the Company and its connected persons.

LISTING RULES IMPLICATIONS

As certain applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Acquisition is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

Unless the context otherwise requires, capitalised terms used in this announcement shall have the meaning ascribed to them below:

“Acquisition”	the acquisition of the Sale Shares by the Company;
“Agreement”	the sale and purchase agreement dated 30 March 2021 between LHCS and the Vendor;
“Board”	the board of Directors;
“Company”	Life Healthcare Group 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;
“connected person”	has the meaning ascribed to it under the Listing Rules;
“Directors”	directors of the Company;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	Hong Kong Special Administrative Region;
“LHCS”	Life Healthcare Corporate Services Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Operating Company”	北京億頓數字科技有限公司 (Beijing Yidun Digital Technology Co., Ltd.*), a limited liability company established in the PRC;
“PRC”	the People’s Republic of China;
“RMB”	Renminbi, the lawful currency of the PRC;
“Sale Shares”	10,000 ordinary shares in the issued share capital of the Target Company, being all the issued shares of the Target Company as at the date of this announcement;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

“Target Company”	Zhufu Company Limited (鑄福有限公司), a company incorporated in Hong Kong with limited liability;
“Target Group”	the Target Company and its subsidiaries;
“Vendor”	唐明鋒 (Tang Mingfeng*); and
“%”	per cent.

* *English translation of the Chinese name(s) is for identification purpose only and should not be regarded as the official English name(s) of such Chinese name(s)*

By order of the Board
Life Healthcare Group Limited
Xu Xueping
Chairman

Hong Kong, 30 March 2021

As at the date of this announcement, the Board comprises:

Executive Directors:

Mr. Xu Xueping (*Chairman*)

Mr. Man Wai Lun

Non-executive Director:

Ms. Fu Xiaoji

Independent Non-executive Directors:

Mr. Liu Xinghua

Mr. Cheng Chun Man

Ms. Zheng Xin