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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)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



英皇證券(香港)有限公司

Emperor Securities Limited

On 30 July 2020 (after the trading hours), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Placing Agent has conditionally agreed to place, on a best effort basis, a maximum of up to 1,070,840,000 Placing Shares to not less than six independent Places at the Placing Price of HK\$0.028 per Placing Share.

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the Completion Date, the Placing Shares representing approximately 20% of the existing issued share capital of the Company as at the date of this announcement and approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares.

The Placing Price of HK\$0.028 per Placing Share represents (i) a discount of approximately 17.65% to the closing price of HK\$0.034 per Share as quoted on the Stock Exchange on the Last Trading Day; and (ii) a discount of approximately 12.50% to the average closing price of HK\$0.032 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Placing Agreement.

The gross proceeds from the Placing will be approximately HK\$29.98 million and the net proceeds from the Placing (after deducting the placing commission for the Placing and other relevant expenses) will be approximately HK\$29.21 million. The Company intends to apply (i) approximately HK\$26 million or more of the net proceeds for expansion of existing business and/or acquisition of and/or investment in business(es) in relation to healthcare products and services business when opportunities arise; and (ii) the remaining proceeds, if any, for the general working capital of the Group.

The Placing is conditional upon, *inter alia*, the Stock Exchange granting the listing of, and permission to deal in, the Placing Shares.

As completion is subject to the satisfaction of the conditions in the Placing Agreement, the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

THE PLACING AGREEMENT

Date

30 July 2020 (after trading hours)

Issuer

The Company

Placing Agent

Emperor Securities Limited

The Placing Agent has conditionally agreed to place a maximum of up to 1,070,840,000 Placing Shares on a best effort basis and in consideration thereof, it will receive a placing commission of 2% on the gross proceeds of the Placing upon completion of the Placing. The Directors are of the view that the placing commission accords with the market rate and is fair and reasonable.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, the Placing Agent and its ultimate beneficial owners are Independent Third Parties.

Placees

The Placing Shares are to be placed to not less than six (6) Placees which will be professional, institutional and/or other investors, who and whose ultimate beneficial owners are Independent Third Parties.

Number of Placing Shares

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the Completion Date (save for the allotment and issue of the Placing Shares), the maximum number of 1,070,840,000 Placing Shares represents approximately 20% of the existing issued share capital of the Company and approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares.

Placing Price

The Placing Price of HK\$0.028 per Placing Share represents (i) a discount of approximately 17.65% to the closing price of HK\$0.034 per Share as quoted on the Stock Exchange on the Last Trading Day; and (ii) a discount of approximately 12.50% to the average closing price of HK\$0.032 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Placing Agreement.

The Placing Price was determined and negotiated on an arm's length basis between the Company and the Placing Agent with reference to the prevailing market price and conditions of the Shares. The Directors consider that the Placing Price is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

Ranking of Placing Shares

The Placing Shares, when issued and fully paid, will rank pari passu in all respects among themselves and with the other Shares in issue as at the date of allotment and issue of the Placing Shares.

General Mandate

Under the General Mandate, the Company is authorised to issue up to 1,070,857,060 Shares. Up to the date of this announcement, no Shares have been issued under the General Mandate. Thus the maximum number of new Shares which could be issued by the Company under the General Mandate is 1,070,857,060 Shares. As such, the General Mandate is sufficient for allotment and issue of the maximum of 1,070,840,000 Placing Shares. Accordingly, the issue of the Placing Shares is not subject to the approval of the Shareholders.

Conditions of the Placing

The Placing is conditional upon the following conditions being fulfilled:

- (i) the passing by the Board of resolution(s) to approve the Placing Agreement and the transactions contemplated hereunder; and

- (ii) the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Placing Shares with or without conditions.

If any of the above conditions is not fulfilled on or before 20 August 2020, or such later date as the Company and the Placing Agent may agree in writing, the Placing Agreement shall be terminated and all rights, obligations and liabilities of the parties hereunder in relation to the Placing shall cease and determine and that both parties shall be released from all their respective obligations pursuant to the Placing Agreement and neither party shall have any claim against the other party in respect of the Placing save for any antecedent breach.

Application for listing

Application will be made by the Company to the Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the Placing Shares.

Termination

Notwithstanding anything contained in the Placing Agreement, the Placing Agent may terminate the Placing Agreement without any liability to the Company, by notice in writing given to the Company at any time prior to 10:00 a.m. on the Completion Date upon the occurrence of the following events which, in the absolute opinion of the Placing Agent, has or may have a material adverse effect on the business or financial conditions or prospects of the Company or the Group taken as a whole or the success of the Placing or otherwise makes it inappropriate, inadvisable or inexpedient to proceed with the Placing on the terms and in the manner contemplated in the Placing Agreement if there develops, occurs or comes into force:

- (a) the occurrence of any event, development or change (whether or not local, national or international or forming part of a series of events, developments or changes occurring or continuing before, on and/or after the date hereof) and including an event or change in relation to or a development of an existing state of affairs of a political, military, industrial, financial, economic, fiscal, regulatory or other nature, resulting in a change in, or which may result in a change in, political, economic, fiscal, financial, regulatory or stock market conditions and which in the Placing Agent's absolute opinion would affect the success of the Placing; or
- (b) the imposition of any moratorium, suspension (for more than 7 trading consecutive days) or restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise and which in the Placing Agent's absolute opinion, would affect the success of the Placing; or

- (c) any new law or regulation or change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or any other jurisdiction relevant to the Group and if in the Placing Agent's absolute opinion any such new law or change may affect the business or financial prospects of the Group and/or the success of the Placing; or
- (d) any litigation or claim being instigated against any member of the Group or its senior management, which has or may affect the business or financial position of the Group and which in the Placing Agent's absolute opinion would affect the success of the Placing; or
- (e) any breach of any of the representations and warranties set out in the Placing Agreement comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date hereof and prior to the Completion Date which if it had occurred or arisen before the date hereof would have rendered any of such representations and warranties untrue or incorrect or there has been a breach by the Company of any other provision of Placing Agreement in a material respect which would affect the success of the Placing; or
- (f) there is any material change (whether or not forming part of a series of changes) in market conditions which in the absolute opinion of the Placing Agent would materially and prejudicially affect the Placing or makes it inadvisable or inexpedient for the Placing to proceed.

Upon the giving of notice by the Placing Agent to the Company pursuant to the Placing Agreement, all obligations of each of the parties under the Placing Agreement shall cease and determine and no party shall have any claim against any other party in respect of any matter arising out of or in connection with the Placing Agreement except for any antecedent breach of any obligation and liabilities under the Placing Agreement.

Completion of the Placing

Completion of the Placing will take place at 4:00 p.m. (Hong Kong time) within five (5) Business Days after the date on which all the conditions as set out in the paragraph headed "Conditions of the Placing" above are satisfied or such other date as the Company and the Placing Agent may agree in writing.

As completion of the Placing is subject to the satisfaction of a number of conditions under the Placing Agreement and the Placing is on a best effort basis, the Placing may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Company is an investment holding company and its subsidiaries are principally engaged in healthcare products and services business, money lending business and securities trading and investment business.

The gross proceeds from the Placing will be approximately HK\$29.98 million and the net proceeds from the Placing (after deducting the placing commission for the Placing and other relevant expenses) will be approximately HK\$29.21 million. The Company intends to apply (i) approximately HK\$26 million or more of the net proceeds for expansion of existing business and/or acquisition of and/or investment in business(es) in relation to healthcare products and services business when opportunities arise; and (ii) the remaining proceeds, if any, for the general working capital of the Group.

The Board is of the view that the Placing will enlarge the shareholder base and the capital base of the Company. In addition, the net proceeds of the Placing will strengthen the Group's financial position for its future development. Accordingly, the Board considers that the Placing is in the interests of the Company and the Shareholders as a whole.

EFFECT ON SHAREHOLDING STRUCTURE

The changes of the shareholding structure of the Company as a result of the Placing are as follows:

| Name of Shareholders | As at the date of this announcement | | Immediately upon completion of the Placing | |
|---|-------------------------------------|----------------------|--|----------------------|
| | <i>Number of Shares</i> | <i>Approximate %</i> | <i>Number of Shares</i> | <i>Approximate %</i> |
| Substantial Shareholder: | | | | |
| Powerful Software Limited (<i>Note</i>) | 1,541,063,057 | 28.78 | 1,541,063,057 | 23.98 |
| 王泉森 | 1,425,020,398 | 26.61 | 1,425,020,398 | 22.18 |
| Public Shareholders: | | | | |
| Places | — | — | 1,070,840,000 | 16.67 |
| Others | 2,388,201,845 | 44.61 | 2,388,201,845 | 37.17 |
| Total | 5,354,285,300 | 100.00 | 6,425,125,300 | 100.00 |

Note:

These interests are held by Powerful Software Limited which is owned as to 65% and 35% by Merry Cycle Enterprises Limited and Gorgeous Moment Holdings Limited respectively.

Merry Cycle Enterprises Limited is wholly-owned by Mr. Hua Yunbo while Gorgeous Moment Holdings Limited is wholly-owned by Ms. Shan Hua. Mr. Hua Yunbo and Ms. Shan Hua are therefore deemed to be interested in all the shares of the Company held by Powerful Software Limited for the purpose of the SFO. Mr. Hua Yunbo was an executive Director of the Company until his resignation with effect from 17 January 2020. Ms. Shan Hua is a non-executive Director of the Company.

FUND RAISING ACTIVITY OF THE COMPANY IN THE PAST TWELVE MONTHS

The Company has not conducted any equity fund raising activity in the 12 months immediately preceding the date of this announcement.

Change in use of proceeds of 2017 Placing

Reference is made to the announcements of the Company dated 15 August 2017 and 6 September 2017 and the annual report of the Group for the financial year ended 31 March 2020 (“**2020 Annual Report**”). The Board wishes to update the market in relation to the use of proceeds from the 2017 Placing. Completion of 2017 Placing took place on 6 September 2017.

The net proceeds from the 2017 Placing were approximately HK\$83 million and remain unutilised as at the date of this announcement. Among which HK\$60 million was intended to be used for enhancement of the Group’s healthcare business in relation to two applications for In Vitro Diagnostic Reagents Registration related to human genetic testing with CFDA. As disclosed in the 2020 Annual Report, the intended applications have not yet been launched. The Board resolved to reallocate the net proceeds of HK\$60 million as to (i) approximately HK\$50 million for the capital contribution of setting up a wholly-own subsidiary in Beijing, details of which were disclosed in the voluntary announcement of the Company dated 26 June 2020; and (ii) approximately HK\$10 million for the general working capital of the Group.

The remaining HK\$23 million of the net proceeds from the 2017 Placing was intended to be utilized for two potential investments in the healthcare industry. As disclosed in the 2020 Annual Report, approximately HK\$17 million will be utilized as the capital contribution to Yangzhou Yicai Sunshine Technology Co., Ltd* (揚州醫采陽光科技有限公司), a non-wholly owned subsidiary of the Group acquired in 2019 and approximately HK\$6 million will be utilized as capital contribution to the joint venture company to be established, details of which are disclosed in the announcement of the Company on 26 June 2020.

* *For identification purpose only.*

The Board considers that the change in use of proceeds is in line with the business strategy of the Group and is in the best interest of the Company and the Shareholders as a whole. The Company estimates that the proceeds of the 2017 Placing will be utilized in coming two to four months.

DEFINITIONS

In this announcement, the following terms shall have the meanings ascribed to them below unless the context otherwise requires:

| | |
|-----------------------|--|
| “2017 Placing” | the placing of 478,000,000 new shares under the general mandate which was completed on 6 September 2017, details of which were disclosed in the announcements of the Company dated 15 August 2017 and 6 September 2017 |
| “Board” | board of Directors |
| “Business Day(s)” | any day (other than a Saturday or Sunday or days on which a tropical cyclone warning No. 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which banks in Hong Kong are open for general banking business |
| “CFDA” | China Food and Drug Administration |
| “Company” | Life Healthcare Group Limited, a company incorporated in Cayman Islands with limited liability whose issued Shares are listed on the Main Board of the Stock Exchange (Stock Code: 928) |
| “Completion Date” | means a day within five (5) Business Days after the date on which all the conditions of the Placing are satisfied (or such other date as the Company and the Placing Agent may agree in writing) and on which completion of the Placing will take place |
| “connected person(s)” | has the meaning ascribed thereto in the Listing Rules |
| “Director(s)” | director(s) of the Company |
| “General Mandate” | the mandate granted to the Directors by the Shareholders at the annual general meeting of the Company held on 31 October 2019 to allot, issue and deal with up to 20% of the issued Shares as at the date thereof |
| “Group” | the Company and its subsidiaries |

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|--------------------------------|---|
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “Hong Kong” | Hong Kong Special Administrative Region of the People’s Republic of China |
| “Independent Third Party(ies)” | any persons or company(ies) and their respective ultimate beneficial owners, to the best of the Director’s knowledge, information and belief having made all reasonable enquiries, are not connected persons of the Company and are third parties independent of the Company and its connected persons in accordance with the Listing Rules |
| “Last Trading Day” | 30 July 2020, being the last trading day for the Shares prior to this announcement |
| “Listing Committee” | has the meaning ascribed to it under the Listing Rules |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Placee(s)” | institutional, professional and/or other investors, who are Independent Third Parties with whom the Placing Agent or its sub-agent(s) procure(s) to subscribe for any of the Placing Shares pursuant to the Placing Agreement |
| “Placing” | the placing of a maximum of up to 1,070,840,000 new Shares by the Placing Agent on a best effort basis pursuant to the terms of the Placing Agreement |
| “Placing Agent” | Emperor Securities Limited, a licensed corporation to carry on business in type 1 regulated activity (dealing in securities) and type 4 regulated activity (advising on securities) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) |
| “Placing Agreement” | the placing agreement dated 30 July 2020 entered into between the Company and the Placing Agent in relation to the Placing |
| “Placing Price” | HK\$0.028 per Placing Share |
| “Placing Shares” | a maximum of up to 1,070,840,000 new Shares to be allotted and issued under the Placing Agreement |
| “SFO” | the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) |

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| “Share(s)” | ordinary share(s) at par value of HK\$0.01 each in the issued share capital of the Company |
| “Shareholder(s)” | holder(s) of the Share(s) |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “%” | per cent. |

By order of the Board
Life Healthcare Group Limited
Xu Xueping
Executive Director

Hong Kong, 30 July 2020

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

Executive Directors:

Mr. Xu Xueping (*Chairman*)

Mr. Man Wai Lun

Mr. Yang Zhiying

Independent Non-executive Directors:

Mr. Liu Xinghua

Mr. Zheng Chunlei

Mr. Cheng Chun Man

Non-executive Director:

Ms. Shan Hua