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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)

VOLUNTARY ANNOUNCEMENT DISPOSAL OF NON-WHOLLY OWNED SUBSIDIARIES

On 3 December 2018, the Group entered into the Agreements in relation to the disposal of two non-wholly owned subsidiaries of the Company. The principal terms of the Agreements are set out below.

THE AGREEMENTS

On 3 December 2018, the First Vendor, entered into a share transfer agreement with, among others, the Second Vendor and the Purchaser to dispose the First Vendor's 60% equity interest and the Second Vendor's 40% equity interest in the First Target Company. As consideration, the Purchaser shall repay all the amount due to the Group by the First Target Company in the aggregate amount of RMB16,505,265.04 within 30 days of signing of the First Agreement. On the same day, the Third Vendor, entered into a share transfer agreement with, among others, the Purchaser to dispose its 70% equity interest in the Second Target Company. As consideration, the Purchaser shall repay all the amount due to the Group by the Second Target Company in the aggregate amount of RMB3,169,230.95 within 30 days of signing of the Second Agreement.

EFFECTS OF THE DISPOSALS

Upon completion of the Disposals, the Group will not hold any shares in each of the First Target Company and the Second Target Company. Accordingly, each of the First Target Company and the Second Target Company will cease to be a subsidiary of the Company and their financial results will no longer be consolidated into the Group's financial statements.

Based on the management accounts of the First Target Company and the Second Target Company as at 30 November 2018, the Group expects to record a gain upon completion of the Disposals of approximately RMB10 million.

Shareholders should note that the financial impact set out above is for illustrative purpose only, which will have to be ascertained with reference to the carrying value of the subject sale interest under the First Agreement and the Second Agreement, and the intercompany balance between the Group, the First Target Company and the Second Target Company upon completion and the actual costs and expenses associated with the Disposals.

REASONS FOR AND BENEFITS OF THE DISPOSALS

The First Target Company and the Second Target Company are principally engaged in healthcare services business and both of them have a Practice License of Medical Institution* (醫療機構執業許可證). Taking into consideration of the operation status of the First Target Company and the Second Target Company, the Disposals are being carried out to reduce costs and eliminate overlap structure and increase the efficiency of the healthcare services business of the Group.

The Board considers that the Disposals would be in the interests of the shareholders of the Company as a whole. After completion of the Disposals, the Company will continue to operate and focus on its principal businesses in the healthcare services business through Guangzhou Life Healthcare Clinical Laboratory Limited* (廣州蓮和醫學檢驗實驗室有限公司), a wholly-owned subsidiary, which have a Practice License of Medical Institution* (醫療機構執業許可證) and thus can provide healthcare services to the clients nationwide, and the Third Vendor, a research and development centre, which organises and performs core technologies research and exploitations. The net proceeds from the Disposals will be used for the general working capital of the Group.

The consideration under each of the Agreements was arrived at after arm's length negotiations and has been determined with reference to (i) the repayment obligations on the part of the First Target Company and the Second Target Company; and (ii) the net liability position of the First Target Company and the Second Target Company.

The Directors consider that the terms and conditions of the Agreements (including the repayment obligations) are fair and reasonable and normal commercial terms and that the entering into of the Agreements is in the interest of the Company and the Shareholders as a whole.

INFORMATION ON THE PARTIES

(1) The Group, the First Vendor and the Third Vendor

The Company is an investment holding company. The Group is principally engaged in (i) healthcare services business; (ii) money lending business; and (iii) securities trading and investments business.

Each of the First Vendor and the Third Vendor is a wholly controlled or owned subsidiary of the Company as at the date of this announcement. They are principally engaged in healthcare services business.

(2) The Second Vendor

The Second Vendor is a company which specializes in research and development of genetic testing technologies, and in particular non-invasive cancer screening and diagnosis.

To the best of knowledge, information and belief of the Directors, except for its interest in 40% of the First Target Company and the Group holds 30% equity interest in the Second Vendor, the Second Vendor and its ultimate beneficial owners are independent of the Company and connected persons of the Company.

(3) The Purchaser

The Purchaser is principally engaged in healthcare services business.

To the best of knowledge, information and belief of the Directors, having made all reasonable enquiry, the Purchaser and its ultimate beneficial owners are third party independent of the Company and connected persons of the Company.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios in respect of the Disposals (including the repayment obligations) are less than 5%, the transactions contemplated under the Agreements, when aggregated, does not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules. This announcement is being made by the Company on a voluntary basis to keep the shareholders and investors informed about the development of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the meanings set opposite them below:

“Agreements”	the First Agreement and the Second Agreement
“Board”	the board of Directors
“Company”	Life Healthcare Group Limited (蓮和醫療健康集團有限公司), a company incorporated in the Cayman Islands with limited liability, the securities of which are listed on the main board of the Stock Exchange (Stock Code: 928)
“connected person”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposals”	the disposal of the First Target Company under the First Agreement and the disposal of 70% of the Second Target Company under the Second Agreement

“First Agreement”	the agreement dated 3 December 2018 entered into by, among others, the Purchaser, the First Vendor and the Second Vendor in relation to the sale of the First Target Company
“First Target Company”	Hangzhou Life Healthcare Clinical Laboratory Limited* (杭州蓮和醫學檢驗所有限公司), a company established in the PRC with limited liability
“First Vendor”	Life Healthcare (Beijing) Company Limited* (蓮和(北京)醫療科技有限公司), a company established in the PRC with limited liability, in which the Group has effective control by virtue of certain structured contracts as at the date of this announcement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Purchaser”	Lianhe (Gui'an New District) Medical Technology Company Limited* (蓮和(貴安新區)醫療科技有限公司), a company established in the PRC with limited liability
“RMB”	Renminbi, the lawful currency of the PRC
“Second Agreement”	the agreement dated 3 December 2018 entered into by, among others, the Purchaser and the Third Vendor in relation to the sale of 70% of the Second Target Company
“Second Target Company”	Tianjin Life Healthcare Clinical Laboratory Limited* (天津蓮和醫學檢驗所有限公司), a company established in the PRC with limited liability
“Second Vendor”	Guangzhou Manrui Biotech Company Limited* (廣州漫瑞生物信息技術有限公司), a company established in the PRC with limited liability
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Third Vendor”	Beijing Life Healthcare Clinical Laboratory Limited* (北京蓮和醫學檢驗所有限公司), a company established in the PRC with limited liability and a wholly owned subsidiary of the Company as at the date of this announcement

“%” per cent.

* *for identification purposes only*

By order of the Board
Life Healthcare Group Limited
Shan Hua
Executive Director

Hong Kong, 3 December 2018

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

Executive Directors:

Mr. Hua Yunbo (*Chairman and President*)

Ms. Shan Hua (*Chief Executive Officer*)

Non-executive Director:

Dr. Feng Xiaogang

Independent non-executive Directors:

Mr. Liu Xinghua

Mr. Zhou Jian

Mr. Zheng Chunlei

Ms. Zhang Xuyang