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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

On 18 December 2018, the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Company agreed to place, through the Placing Agent, up to 1,070,857,060 and not less than 500,000,000 new Shares to placees at the Placing Price of HK\$0.12 per Share. The Placing Shares represent approximately 20% of the existing issued share capital of the Company and approximately 16.67% of the Company's issued share capital as enlarged by the issue of the Placing Shares.

The Placing is conditional upon (1) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Placing Shares and (2) the Placing Agreement not having been terminated in accordance with its terms.

Shareholders and potential investors should note that the Placing is subject to the satisfaction of the conditions to the Placing Agreement and may or may not proceed to Completion. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

The Placing Agreement

Date: 18 December 2018

Parties

- (a) the Company
- (b) the Placing Agent

To the best knowledge of the Directors, the Placing Agent and its ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons.

Placing Shares

The Placing Agent has conditionally agreed with the Company to place up to 1,070,857,060 and not less than 500,000,000 new Shares to not less than six independent individuals, corporate and/or institutional placees. It is not expected that the Placing Agent or any placees will become a substantial shareholder (as defined in the Listing Rules) of the Company as a result of the Placing.

The Placing Shares represent (i) approximately 20% of the existing issued share capital of the Company, and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the issue of the Placing Shares.

Based on the closing price of the Shares of HK\$0.11 per Share on 18 December 2018, the date of the Placing Agreement, the Placing Shares have a market value of approximately HK\$117,794,277 and an aggregate nominal value of HK\$10,708,570.6. After deducting expenses relating to the Placing, the net price per Placing Share is approximately HK\$0.116.

Placing Price

The Placing Price of HK\$0.12 per Share was arrived at after arm's length negotiation between the Company and the Placing Agent with reference to the prevailing market price of the Shares.

The Placing Price represents:

- (i) a premium of approximately 9.09% to the closing price of HK\$0.11 per Share as quoted on the Stock Exchange on 18 December 2018, the date the Placing Agreement;
- (ii) a discount of approximately 12.67% to the average closing price of HK\$0.1374 per Share as quoted on the Stock Exchange for the last five trading days up to and including 17 December 2018, the date immediately preceding the date of the Placing Agreement; and
- (iii) a discount of approximately 14.47% to the average closing price of HK\$0.1403 per Share as quoted on the Stock Exchange for the last ten trading days up to and including 17 December 2018.

Given that the Placing Price was set with reference to the market price of the Shares, the Directors consider that the Placing Price is fair and reasonable under the present market conditions. The Directors are also of the view that the Placing is in the interest of the Company and the Shareholders as a whole.

Conditions of the Placing Agreement

Completion of the Placing is conditional upon (1) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Placing Shares and (2) the Placing Agreement not having been terminated in accordance with its terms.

If the conditions to the Placing are not fulfilled on or before 31 December 2018 (or such later date as may be agreed between the parties), the Placing Agreement and all rights and obligations thereunder will cease and terminate.

The Company shall have the absolute right and discretion to terminate the Placing Agreement by notice in writing to the Placing Agent at any time up to 8:00 a.m. on the Completion Date if the aggregate Placing Price for the Placing Shares placed by the Placing Agent is less than HK\$120,000,000.

General Mandate to issue Shares

The Placing Shares will be issued under the general mandate (“General Mandate”) granted by the Shareholders to the Directors pursuant to the resolution passed at the annual general meeting of the Company held on 7 September 2018. On the date of the annual general meeting, the Company had 5,354,285,300 Shares in issue, and the General Mandate was to allot and issue up to 1,070,857,060 Shares, representing 20% of the number of Shares in issue as at the date of the passing of the resolution.

As at the date of this announcement, no Shares have been issued under the General Mandate, and the Company has not carried out any buy-back of Shares in the 30 days immediately preceding the date of the Placing Agreement.

On the assumption of that the Placing Shares can be placed in full, the Company will not have any unused General Mandate to issue Shares upon Completion.

An application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

Ranking of the Placing Shares

The Placing Shares, when issued and fully paid, will rank pari passu in all respects with the Shares in issue on the completion date of the Placing, including the right to any dividends or distribution declared on or after the date of completion of the Placing.

Completion of the Placing

Completion of the Placing is expected to take place on the second Business Day (or such other time or date as the Company and the Placing Agent may agree in writing) after the conditions to the Placing have been satisfied.

FORCE MAJEURE

The Placing Agent may, in its reasonable opinion, after consultation with the Company, terminate the Placing Agreement by notice in writing to the Company at any time up to 6:00 p.m. on the day immediately preceding the Completion Date if:

- (1) there is any change in national, international, financial, exchange control, political, economic conditions in Hong Kong which in the reasonable opinion of the Placing Agent would be materially adverse in the consummation of the Placing; or
- (2) there is any breach of the Warranties and such breach is considered by the Placing Agent on reasonable grounds to be material in the context of the Placing; or
- (3) there is any material change (whether or not forming part of a series of changes) in market conditions which in the reasonable opinion of the Placing Agent would materially and adversely affect the Placing or makes it inadvisable or inexpedient for the Placing to proceed; or
- (4) any statement contained in the Previous Announcements has become or been discovered to be untrue, incorrect or misleading in any material respect which in the reasonable opinion of the Placing Agent would be materially adverse in the consummation of the Placing.

EFFECT ON THE SHAREHOLDING OF THE COMPANY FOLLOWING COMPLETION OF THE PLACING

Assuming there is no change to the issued share capital of the Company between the date of the Placing Agreement and Completion, the effect on the shareholding structure of the Company as a result of the Placing will be as follows:

Shareholders	Shareholding as at the date of this announcement		Shareholding after completion of the Placing	
	Shares	% of shareholding	Shares	% of shareholding
Wang Quansen	1,230,901,800	22.99%	1,230,901,800	19.16%
Powerful Software Limited (Note)	<u>909,376,000</u>	<u>16.98%</u>	<u>909,376,000</u>	<u>14.15%</u>
Sub-total	2,140,277,800	39.97%	2,140,277,800	33.31%
the placees	—	—	1,070,857,060	16.67%
Other public shareholders	<u>3,214,007,500</u>	<u>60.03%</u>	<u>3,214,007,500</u>	<u>50.02%</u>
Total	<u><u>5,354,285,300</u></u>	<u><u>100.00%</u></u>	<u><u>6,425,142,360</u></u>	<u><u>100.00%</u></u>

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.

CAPITAL-RAISING ACTIVITIES IN THE PAST 12 MONTHS

The Company has not carried out any capital raising activities in the 12 months immediately preceding the date of this announcement.

REASONS FOR THE PLACING AND USE OF PROCEEDS

On the assumption that the Placing Shares have been placed in full, the net proceeds from the Placing is expected to be approximately HK\$123.9 million and is intended to be used as to HK\$70,000,000 for future acquisitions, and the balance as to approximately HK\$53,900,000 for general working capital of the Group.

GENERAL

The Group is principally engaged in, among others, healthcare services business, money lending business, securities trading and investment business.

Shareholders and potential investors should note that the Placing is subject to the satisfaction of the conditions to the Placing Agreement and may or may not proceed to Completion. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

“Board”	the board of Directors;
“Business Day”	any day (excluding Saturday and Sunday) on which banks are generally open for business in Hong Kong;
“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;
“Completion”	Completion of the Placing pursuant to the Placing Agreement;
“Completion Date”	the date on which Completion takes place;
“connected persons”	has the meaning ascribed thereto under the Listing Rules;
“Director(s)”	director(s) of the Company from time to time;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China;

“Listing Committee”	has the meaning ascribed to such term in the Listing Rules;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Placing”	the placing of the Placing Shares pursuant to the terms of the Placing Agreement;
“Placing Agent”	CNI Securities Group Limited;
“Placing Agreement”	a conditional placing agreement entered into between the Company and the Placing Agent dated 18 December 2018 in relation to the Placing;
“Placing Price”	HK\$0.12 per Placing Share;
“Placing Shares”	up to 1,070,857,060 Shares to be placed pursuant to the terms of the Placing Agreement;
“Previous Announcements”	all announcements, circulars, interim and annual reports issued by the Company since the publication of the announcement of the Company relating to the annual results of the Company for the year ended 31 March 2018;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share(s)”	ordinary share(s) of HK\$0.01 each in the capital of the Company;
“Shareholder(s)”	holder(s) of the Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Warranties”	the representations, warranties and undertakings set out in the Placing Agreement; and
“%”	per cent.

By order of the Board
Life Healthcare Group Limited
Ng Kung Poon
Executive Director

18 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*)

Mr. Ng Kung Poon

Mr. Chung Yuk Lun

Independent Non-executive Directors:

Mr. Liu Xinghua

Mr. Zhou Jian

Mr. Zheng Chunlei

Ms. Zhang Xuyang

Non-executive Director:

Dr. Feng Xiaogang