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# THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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If you are in any doubt as to any aspect of this Prospectus or as to the action to be taken, you should consult your licensed securities dealer or other registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Life Concepts Holdings Limited, you should at once hand the Prospectus Documents to the purchaser(s) or transferee(s) or to the bank manager, licensed securities dealer, registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

A copy of each of the Prospectus Documents, together with copies of the documents specified in the paragraph headed "15. Documents delivered to the Registrar of Companies" in Appendix III to this Prospectus, has been registered with the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Law of Hong Kong). The Registrar of Companies in Hong Kong, the Stock Exchange and the SFC take no responsibility for the contents of any of these documents. You should read the whole of the Prospectus Documents including the discussions of certain risks and other factors as set out in the paragraph headed "Warning of the Risks of Dealing in Shares and nil-paid Rights Shares" in the "Letter from the Board" in this Prospectus.

Subject to the granting of the listing of, and the permission to deal in, the Rights Shares (in both their nil-paid and fully-paid forms) on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares (in both their nil-paid and fully-paid forms) will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares (in both their nil-paid and fully-paid forms) on the Stock Exchange, or such other dates as determined by HKSCC and you should consult your stockbroker or other licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser for details of those settlement arrangements and how such arrangements may affect your rights and interests. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and HKSCC take no responsibility for the contents of the Prospectus Documents, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of the Prospectus Documents.

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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 and continued in Bermuda with limited liability)*

(Stock Code: 8056)

## RIGHTS ISSUE ON THE BASIS OF THREE (3) RIGHTS SHARES FOR EVERY TWO (2) ADJUSTED SHARES HELD ON RECORD DATE

Financial adviser to the Company

**RAINBOW.**

RAINBOW CAPITAL (HK) LIMITED  
泓博資本有限公司

Underwriter of the Rights Issue



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Capitalised terms used in this cover page shall have the same meanings as those defined in this Prospectus, unless otherwise stated.

The Rights Issue is only underwritten on a best effort and non-fully underwritten basis. In the event of under-subscription, any Rights Shares not taken up by the Qualifying Shareholders whether under PAL(s) or EAF(s), or transferees of nil-paid Rights Shares, and not subscribed by subscribers procured by the Underwriter (or either of them, whichever shall be appropriate) will not be issued, and hence, the size of the Rights Issue will be reduced accordingly. There are no requirements for minimum levels of subscription in respect of the Rights Issue. The Rights Issue is conditional upon the Underwriting Agreement having become unconditional and the Underwriting Agreement contains provisions granting the Underwriter the right to terminate the obligations of the Underwriter thereunder on the occurrence of certain events including force majeure at or prior to the latest time for the Rights Issue to become unconditional (which is currently expected to be 4:00 p.m. on Tuesday, 25 October 2022). If the Underwriting Agreement does not become unconditional at or prior to the latest time for the Rights Issue to become unconditional, the Rights Issue will not proceed.

Dealings in the Rights Shares in nil-paid form are expected to take place from Wednesday, 12 October 2022 to Wednesday, 19 October 2022 (both days inclusive). If the conditions of the Rights Issue are not fulfilled or the Underwriting Agreement is terminated by the Underwriter, the Rights Issue will not proceed. Any person contemplating dealing in the nil-paid Rights Shares during the period from Wednesday, 12 October 2022 to Wednesday, 19 October 2022 (both days inclusive) will accordingly bear the risk that the Rights Issue may not become unconditional and/or may not proceed. Any person contemplating dealing in the Shares and/or the Rights Shares in their nil-paid form are recommended to consult his/her/its/their own professional advisers.

The latest date and time for acceptance of and payment for the Rights Shares and application for and payment for the Excess Rights Shares is 4:00 p.m. on Monday, 24 October 2022. The procedures for acceptance and payment and/or transfer of the Rights Shares are set out on pages 17 and 18 of this Prospectus set out in the section headed "Letter from the Board — Proposed Rights Issue — Procedures for acceptance and payment or transfer" in this Prospectus.

10 October 2022

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## CHARACTERISTICS OF GEM

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**GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.**

**Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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## EXPECTED TIMETABLE

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*The expected timetable for the Rights Issue is set out below. The expected timetable is for indicative purpose only and may be subject to change, and any such change will be announced by the Company as and when appropriate. The expected timetable has been prepared on the assumption that all the conditions of the Rights Issue will be fulfilled.*

<i>Event</i>	<i>Time and Date</i>
	<b>2022</b>
First day of dealings in nil-paid Rights Shares . . . . .	9:00 a.m. on Wednesday, 12 October
Latest time for splitting of PAL . . . . .	4:30 p.m. on Friday, 14 October
Last day of dealings in nil-paid Rights Shares . . . . .	Wednesday, 19 October
Latest Time for Acceptance of and payment for the Rights Shares and application for and payment for Excess Rights Shares . . . . .	4:00 p.m. on Monday, 24 October
Latest Time for Termination of the Underwriting Agreement and for the Rights Issue to become unconditional . . . . .	4:00 p.m. on Tuesday, 25 October
Announcement of allotment results . . . . .	Monday, 31 October
Despatch of certificates for fully-paid Rights Shares and refund cheques, if any (if the Rights Issue is terminated and in respect of unsuccessful or partially successful application for excess Rights Shares) . . . . .	Tuesday, 1 November
Expected first day of dealings in fully-paid Rights Shares . . . . .	9:00 a.m. on Wednesday, 2 November
Designated broker starts to stand in the market to provide matching services for odd lots of Shares . . . . .	9:00 a.m. on Wednesday, 2 November
Designated broker ceases to stand in the market to provide matching services for odd lots of Shares . . . . .	4:00 p.m. on Wednesday, 23 November

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## **EXPECTED TIMETABLE**

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All times and dates stated in this Prospectus refer to Hong Kong local times and dates. Dates or deadlines specified in the expected timetable above or in other parts of this Prospectus are indicative only and may be extended or varied by the Company. Any changes to the expected timetable will be published or notified to the Shareholders and the Stock Exchange as and when appropriate.

### **EFFECT OF BAD WEATHER AND/OR EXTREME CONDITIONS ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES**

The latest time for acceptance of and payment for the Rights Shares will not take place if there is a tropical cyclone warning signal no. 8 or above, or a “black” rainstorm warning and/or Extreme Conditions caused by super typhoons announced by the government of Hong Kong:

- (a) in force in Hong Kong at any local time before 12: 00 noon and no longer in force after 12:00 noon on Monday, 24 October 2022. Instead, the latest time for acceptance of and payment for the Rights Shares will be extended to 5:00 p.m. on the same Business Day; or
- (b) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Monday, 24 October 2022. Instead, the latest time for acceptance of and payment for the Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.

If the latest time for acceptance of and payment for the Rights Shares does not take place on or before 4:00 p.m. on Monday, 24 October 2022, the dates mentioned in this section may be affected. An announcement will be made by the Company in such event.

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## TERMINATION OF THE UNDERWRITING AGREEMENT

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### TERMINATION OF THE UNDERWRITING AGREEMENT

If, prior to the Latest Time for Termination:

- (i) in the reasonable opinion of the Underwriter, the success of the Rights Issue would be materially and adversely affected by:
  - (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the reasonable opinion of the Underwriter materially and adversely affects the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Rights Issue; or
  - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the reasonable opinion of the Underwriter materially and adversely affects the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (ii) any material adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction on trading in securities) occurs which in the reasonable opinion of the Underwriter is likely to materially or adversely affect the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (iii) any material change in the circumstances of the Company or any member of the Group which in the reasonable opinion of the Underwriter will adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or
- (iv) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion or unrest, fire, flood, explosion, epidemic, pandemic, terrorism, strike or lock-out which would, in the reasonable opinion of the Underwriter materially and adversely affects the business or the financial or trading position or prospects of the Group as a whole; or
- (v) in the reasonable opinion of the Underwriter, there occurs any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole whether or not ejusdem generis with any of the foregoing; or

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## TERMINATION OF THE UNDERWRITING AGREEMENT

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- (vi) any matter which, had it arisen or been discovered immediately before the Prospectus Posting Date and not having been disclosed in the Prospectus Documents, would have constituted, in the reasonable opinion of the Underwriter, a material omission in the context of the Rights Issue; or
- (vii) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than twenty (20) consecutive trading days otherwise than due to or in connection with or in relation to the Underwriting Agreement and/or the Rights Issue and excluding any suspension in connection with the clearance of the announcement or other matters in connection with the Underwriting Agreement and/or the Rights Issue, or
- (viii) the Prospectus Documents when published contains information (either as to business prospects or the condition of the Group or as to its compliance with any laws or the GEM Listing Rules or any applicable regulations) which has not prior to the date hereof been publicly announced or published by the Company and which may in the reasonable opinion of the Underwriter be material to the Group as a whole upon completion of the Rights Issue and is likely to affect materially and adversely the success of the Rights Issue.

The Underwriter shall be entitled by a notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

**If the Underwriter terminates the Underwriting Agreement, the Rights Issue will not proceed. A further announcement would be made by the Company if the Underwriting Agreement is terminated by the Underwriter.**

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## DEFINITIONS

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*In this Prospectus, unless otherwise defined or the context otherwise requires, the following expressions have the following meanings:*

“acting in concert”	has the meaning ascribed thereto under the Takeovers Code
“Adjusted Share(s)”	ordinary share(s) of US\$0.001 each in the share capital of the Company immediately upon the Capital Reorganisation becoming effective
“Announcement”	the announcement of the Company dated 28 April 2022 in relation to, among other things, the Rights Issue
“associates”	has the meaning ascribed thereto under the GEM Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day (excluding Saturday, Sunday and any day on which a tropical cyclone warning signal no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for general business
“Bye-laws”	the set of bye-laws of the Company
“Capital Reduction”	the reduction of the issued share capital of the Company through a cancellation of the paid-up capital of the Company to the extent of US\$0.009 on each of the issued Shares such that the nominal value of each issued Share will be reduced from US\$0.01 to US\$0.001
“Capital Reorganisation”	the reorganisation of the share capital of the Company involving the Capital Reduction and the Share Subdivision, as approved by the Shareholders at the EGM by special resolutions and became effective on Tuesday, 27 September 2022
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Companies Act”	the Companies Act 1981 (as amended) of Bermuda
“Company”	Life Concepts Holdings Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability, the Shares of which are listed on the GEM (stock code: 8056)



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## DEFINITIONS

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“connected person(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“controlling shareholders”	has the meaning ascribed thereto under the GEM Listing Rules
“Director(s)”	director(s) of the Company
“EAF(s)”	the form(s) of application for use by the Qualifying Shareholders who wish to apply for Excess Rights Shares, being in such form as may be agreed between the Company and the Underwriter
“EGM”	the extraordinary general meeting of the Company held on Monday, 15 August 2022 at which, among others, the Capital Reorganisation and the Rights Issue (including the Underwriting Agreement) were approved by the Shareholders or the Independent Shareholders (as the case may be)
“Excess Rights Shares”	any nil-paid Rights Share(s) provisionally allotted but not accepted by any of the Qualifying Shareholders or otherwise subscribed for by transferees of nil-paid Rights Shares prior to the Latest Time for Acceptance, any entitlements of the Excluded Shareholders provisionally allotted to a nominee of the Company which are left unsold, and shall include any of the Rights Shares created from the aggregation of fractions of the Rights Shares
“Excluded Shareholder(s)”	those Overseas Shareholder(s) whom the Directors, based on legal opinions provided by the Company’s legal advisers, consider it necessary or expedient not to offer the Rights Shares to such Shareholders on account either of restrictions under the laws of the relevant place or the requirements of a relevant regulatory body or stock exchange in that place
“Extreme Conditions”	the extreme conditions as announced by any Hong Kong governmental department or body or otherwise, whether or not under or pursuant to the revised “Code of Practice in Times of Typhoons and Rainstorms” issued by the Labour Department in July 2021, in the event of serious disruption of public transport services, or government services, extensive flooding, major landslides or large-scale power outage after typhoons or incidents similar in seriousness or nature
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM

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## DEFINITIONS

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“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Shareholders”	any Shareholder(s) who are not required to abstain from voting at the EGM under the GEM Listing Rules
“Independent Third Party(ies)”	third party(ies) independent of and not connected (as defined under the GEM Listing Rules) with the Company and connected person(s) of the Company
“Latest Practicable Date”	3 October 2022, being the latest practicable date prior to the printing of this Prospectus for the purpose of ascertaining certain information contained in this Prospectus
“Last Trading Day”	28 April 2022, being the last trading day of the Shares on the Stock Exchange before the release of the Announcement
“Latest Time for Acceptance”	4:00 p.m. on Monday, 24 October 2022 or such later time or date as may be agreed in writing between the Underwriter and the Company and described as the latest time for acceptance of and payment for the Rights Shares and application and payment for the Excess Rights Shares as described in the Prospectus Documents
“Latest Time for Termination”	4:00 p.m. on Tuesday, 25 October 2022, being the following Business Day after the Latest Time for Acceptance, or such later time or date as may be agreed between the Underwriter and the Company, being the latest time to terminate the Underwriting Agreement
“Mr. James Lu”	James Fu Bin Lu, an executive Director and the spouse of Ms. Li
“Ms. Li”	Li Qing Ni, an executive Director and the spouse of Mr. James Lu
“Overseas Shareholder(s)”	Shareholder(s) whose name(s) appear on the register of members of the Company as at the close of business on the Record Date and whose address(es) as shown on such register is/are in a place(s) outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) to be used in connection with the Rights Issue in such form as the Company may approve

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## DEFINITIONS

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“PRC”	the People’s Republic of China, and for the purpose of this Prospectus, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Prospectus”	this prospectus being despatched to the Shareholders containing details of the Rights Issue
“Prospectus Documents”	the Prospectus, the PAL and the EAF
“Prospectus Posting Date”	Monday, 10 October 2022 or such other date as the Company and the Underwriter may determine in writing for the despatch of the Prospectus Documents
“Qualifying Shareholders”	Shareholder(s), other than the Excluded Shareholder(s), whose name(s) appear(s) on the register of members of the Company as at the close of business on the Record Date
“Record Date”	the date by reference to which entitlements under the Rights Issue are expected to be determined, which is currently scheduled to be on Friday, 7 October 2022 or such later date as may be agreed between the Company and the Underwriter in writing
“Registrar”	the branch share registrar and transfer office of the Company in Hong Kong, being Boardroom Share Registrars (HK) Limited, at Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong
“Rights Issue”	the proposed issue by way of rights on the basis of three (3) Rights Shares for every two (2) Adjusted Shares held by the Qualifying Shareholders on the Record Date at the Subscription Price on the terms and subject to the conditions set out in the Underwriting Agreement and the Prospectus Documents
“Rights Share(s)”	the new Adjusted Share(s) proposed to be allotted and issued by the Company pursuant to the Rights Issue
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) in issue and unissued share capital of the Company
“Share Subdivision”	the sub-division of each of the authorised but unissued Share of US\$0.01 each into 10 unissued Adjusted Shares of US\$0.001 each

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## DEFINITIONS

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“Shareholder(s)”	the holder(s) of the issued Shares, and/or the Adjusted Share(s), as the case may be
“Specified Event”	an event occurring or matter arising on or after the date of execution of the Underwriting Agreement and prior to the Latest Time for Termination which, if it had occurred or arisen before the date of execution of the Underwriting Agreement, would have rendered any of the warranties and/or undertakings contained in the Underwriting Agreement untrue or incorrect in any material respect
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Strong Day”	Strong Day Holdings Limited, a company incorporated in the British Virgin Islands with limited liability
“Subscription Price”	HK\$0.04 per Rights Share
“substantial shareholder”	has the meaning ascribed to it under the GEM Listing Rules
“Takeovers Code”	The Code on Takeovers and Mergers of Hong Kong
“Underwriter”	Canfield Securities Company Limited, a corporation licensed to carry on Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO whose ordinary course of business includes underwriting of securities
“Underwriting Agreement”	the underwriting agreement dated 28 April 2022 (after trading hours) entered into between the Company and the Underwriter in relation to the underwriting arrangement in respect of the Rights Issue
“Underwritten Share(s)”	such number of untaken Rights Shares to be underwritten by the Underwriter on a best effort and non-fully underwritten basis, pursuant to the terms of the Underwriting Agreement
“Untaken Shares”	all those Underwritten Shares not taken up by the Qualifying Shareholders on or before the Latest Time for Acceptance
“US\$”	United States dollars, the lawful currency of the United States
“%”	per cent.

*For the purpose of illustration only and unless otherwise stated, conversion of US\$ into Hong Kong dollars in this Prospectus is based on the exchange rate of US\$1 to HK\$7.78. Such conversion should not be construed as a representation that any amount has been, could have been, or may be, exchanged at this or any other rate.*

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## LETTER FROM THE BOARD

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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 and continued in Bermuda with limited liability)*

**(Stock Code: 8056)**

*Executive Directors:*

Mr. James Fu Bin Lu

*(Chairman and Chief Executive Officer)*

Mr. Long Hai

Ms. Li Qing Ni

*Registered Office:*

Canon's Court

22 Victoria Street

Hamilton

HM 12, Bermuda

*Independent Non-executive Directors:*

Mr. Lu Cheng

Mr. Shi Kangping

Mr. Kim Jin Tae

*Principal place of business in Hong Kong:*

Suites 1701-3, 17th Floor

Chinachem Hollywood Centre

1,3,5,7,9,11 and 13 Hollywood Road

Central, Hong Kong

10 October 2022

*To the Qualifying Shareholders, and for information only, to the Excluded Shareholders*

Dear Sir or Madam,

**RIGHTS ISSUE ON THE BASIS OF  
THREE (3) RIGHTS SHARES FOR EVERY TWO (2) ADJUSTED SHARES  
HELD ON THE RECORD DATE**

#### **INTRODUCTION**

Reference is made to the Announcement and circular of the Company dated 28 June 2022 in relation to, among other things, the Rights Issue. The Rights Issue is conditional upon, inter alia, the Underwriting Agreement having become unconditional and not being terminated in accordance with the terms thereof.

The purpose of this Prospectus is to provide you with, among other things, further details on (i) the Rights Issue and information on acceptances of the Rights Shares; (ii) the financial information of the Group; (iii) the unaudited pro forma financial information of the Group; and (iv) the general information of the Group.

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## LETTER FROM THE BOARD

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### RIGHTS ISSUE

The Company proposes to implement the Rights Issue on the basis of three (3) Rights Shares for every two (2) Adjusted Shares held on the Record Date at the Subscription Price of HK\$0.04 per Rights Share, to raise up to approximately HK\$48.6 million (before expenses) by issuing up to 1,215,375,000 Rights Shares to the Qualifying Shareholders assuming there will be no change in the issued share capital of the Company from the Latest Practicable Date up to the Record Date.

On 28 April 2022 (after trading hours), the Company entered into the Underwriting Agreement with the Underwriter, pursuant to which the Underwriter has conditionally agreed to underwrite, on a best effort and non-fully underwritten basis, up to 1,215,375,000 Underwritten Shares, subject to the terms and conditions set out in the Underwriting Agreement, in particular the fulfilment of the conditions precedent contained therein. Details of the major terms and conditions precedent of the Underwriting Agreement are set out in the section headed “The Underwriting Agreement” in this Prospectus.

At the EGM held on Monday, 15 August 2022, the necessary resolutions for approving, among other things, the Capital Reorganisation and the Rights Issue, were duly passed by the Shareholders or the Independent Shareholders (as the case may be). The Capital Reorganisation became effective on Tuesday, 27 September 2022. Please refer to the announcements of the Company dated 15 August 2022 and 27 September 2022 respectively in relation to, among others, the poll results of the EGM and the effective of the Capital Reorganisation for further details.

Further details of the Rights Issue are set out below:

#### Issue statistics

Basis of the Rights Issue	:	three (3) Rights Shares for every two (2) Adjusted Shares held on the Record Date
Subscription Price	:	HK\$0.04 per Rights Share
Number of Adjusted Shares in issue as at the Latest Practicable Date	:	810,250,000 Adjusted Shares
Number of Rights Shares	:	Up to 1,215,375,000 Rights Shares (assuming no change in the share capital of the Company from the Latest Practicable Date up to the Record Date)
Aggregate nominal value of the Rights Shares	:	Up to US\$1,215,375 (assuming no change in the share capital of the Company from the Latest Practicable Date up to the Record Date)
Number of Adjusted Shares as enlarged by the allotment and issue of the Rights Shares	:	Up to 2,025,625,000 Adjusted Shares (assuming no change in the share capital of the Company from the Latest Practicable Date up to the Record Date)

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## LETTER FROM THE BOARD

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- Maximum funds to be raised before expenses : Up to approximately HK\$48.6 million (assuming no change in the share capital of the Company from the Latest Practicable Date up to the Record Date)
- Right of excess applications : Qualifying Shareholders may apply for the Rights Shares in excess of their provisional entitlements

The Company did not have any options outstanding under any share option scheme of the Company or any other derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into Shares as at the Latest Practicable Date.

Assuming no change in the share capital of the Company from the Latest Practicable Date up to the Record Date, 1,215,375,000 Rights Shares to be issued pursuant to the terms of the Rights Issue represents (i) 150% of the total number of issued Adjusted Shares; and (ii) 60% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares.

As at the Latest Practicable Date, the Company had not received any information from any Shareholders of their intention to take up the Rights Shares to be provisionally allotted to them under the Rights Issue.

**The Rights Issue is only underwritten on a best effort and non-fully underwritten basis. Pursuant to the Company's constitutional documents and the Companies Act, there are no requirements for minimum levels of subscription in respect of the Rights Issue. Subject to fulfilment or satisfaction of the conditions precedent of the Rights Issue, the Rights Issue shall proceed regardless of the ultimate subscription level.**

**In the event of under-subscription, any Rights Shares not taken up by the Qualifying Shareholders whether under PAL(s) or EAF(s), or transferees of nil-paid Rights Shares, and not subscribed by subscribers procured by the Underwriter (or either of them, whichever shall be appropriate) will not be issued, and hence, the size of the Rights Issue will be reduced accordingly. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.**

### **Subscription Price**

The Subscription Price is HK\$0.04 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of Rights Shares and, where applicable, application for the Excess Rights Shares under the Rights Issue or when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 18.37% to the closing price of HK\$0.049 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 6.98% to the closing price of HK\$0.043 per Share as quoted on the Stock Exchange on the Last Trading Day;

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## LETTER FROM THE BOARD

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- (iii) a discount of approximately 13.04% to the average of the closing price of approximately HK\$0.0460 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 28.57% to the average of the closing price of approximately HK\$0.0560 per Share as quoted on the Stock Exchange for the ten consecutive trading days up to and including the Last Trading Day;
- (v) a discount of approximately 61.94% to the average of the closing price of approximately HK\$0.1051 per Share as quoted on the Stock Exchange for the 30 consecutive trading days up to and including the Last Trading Day;
- (vi) a discount of approximately 2.91% to the theoretical ex-rights price of approximately HK\$0.0412 as adjusted for the effect of the Rights Issue, based on the closing price of HK\$0.043 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (vii) a premium of approximately HK\$0.198 over the audited net deficits per Share of approximately HK\$0.148 as at 31 March 2022, based on the audited net deficits attributable to the Shareholders of approximately HK\$119.9 million as at 31 March 2022 and 810,250,000 issued Shares as at the Latest Practicable Date; and
- (viii) a theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) of approximately 9.28%, being the discount of the theoretical diluted price of approximately HK\$0.0430 per Share to the benchmarked price of approximately HK\$0.0474 per Share (as defined under Rule 10.44A of the GEM Listing Rules, taking into account the higher of the closing price on the Last Trading Day of HK\$0.043 per Share and the average of the closing prices of the Shares as quoted on the Stock Exchange for the five consecutive trading days immediately prior to the Last Trading Day of approximately HK\$0.0474 per Share).

The net price per Rights Share (i.e. Subscription Price less cost and expenses incurred in the Rights Issue) upon full acceptance of the provisional allotment of Rights Shares will be approximately HK\$0.038.

The Subscription Price was set at a discount to the recent closing prices of the Shares aiming at lowering the further investment cost of the Shareholders so as to encourage them to take up their entitlements to maintain their shareholdings in the Company, thereby minimising dilution impact. The Subscription Price was determined after arm's length negotiation between the Company and the Underwriter with reference to, among other things, (i) the market price of the Shares under the prevailing market conditions, which demonstrated a general decreasing trend since the beginning of 2022; (ii) the latest business performance and financial position of the Group, being loss making for the six years ended 31 March 2022 and with a net deficit of approximately HK\$70.4 million as at 30 September 2021, which further escalated to approximately HK\$110.4 million as at 31 March 2022, indicating that the Group has been under stringent liquidity pressure and facing uncertainty in relation to going concern; and (iii) the reasons for and benefits of Rights Issue as discussed in the section headed "Reasons for and benefits of the Rights Issue" in this Prospectus, in particular the imminent funding needs to improve its financial position and the limitation in adopting alternative fund raising methods, which includes the interest burden and difficulty in obtaining favorable terms for debt financing, and the smaller fund raising scale for placing of Shares.



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## LETTER FROM THE BOARD

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The Board is aware that during the period of the 30 consecutive trading days up to and including the Last Trading Day, the closing price of the Shares has dropped significantly from a maximum of HK\$0.17 to a minimum of HK\$0.043, and the Subscription Price represented a discount of approximately 76.47% and 6.98% to the maximum and minimum closing price of the Shares respectively during the period, and the Subscription Price also represented a relatively deep discount of approximately 61.94% to the average of the closing prices for the 30 consecutive trading days up to and including the Last Trading Day. On the other hand, the Directors also noted that during the period from the Last Trading Day up to 24 June 2022, being the latest practicable date of the circular relating to the Rights Issue, the closing price of the Shares ranged from HK\$0.041 to HK\$0.051, and the Subscription Price represented a discount of approximately 21.57% and 2.44% to the maximum and minimum closing price of the Shares respectively during the period. The Directors consider the recent closing prices of the Shares better reflect the financial performance and position of the Group. Given the deteriorating financial performance and position of the Group, the decreasing trend of the Share closing price and the lower discounts of the Subscription Price to the closing prices of the Shares in the most recent periods, the Directors consider that the Subscription Price to be fair and reasonable.

The Directors consider the terms of the Rights Issue, including the Subscription Price, to be fair and reasonable and in the best interests of the Company and the Shareholders as a whole, after taking into account that (i) the Qualifying Shareholders who do not wish to take up their provisional entitlements under the Rights Issue are able to sell the nil-paid rights in the market; (ii) the Rights Issue allows the Qualifying Shareholders to subscribe for their pro-rata Rights Shares for the purpose of maintaining their respective existing shareholding interests in the Company and apply for Excess Rights Shares subject to the level of acceptance; (iii) the proceeds from the Rights Issue can fulfil the working capital requirement of the Group; and (iv) the Subscription Price was determined with reference to the prevailing market prices and the recent financial performance and position of the Group.

### **Qualifying Shareholders**

To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company and not be an Excluded Shareholder on the Record Date.

Shareholders whose Adjusted Shares are held by nominee companies (or which are deposited in CCASS) should note that the Board will regard a nominee company (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Shareholders with their Adjusted Shares held by nominee companies (or which are deposited in CCASS) are advised to consider whether they would like to arrange for registration of the relevant Adjusted Shares in the name of the beneficial owner(s) prior to the Record Date. Shareholders and investors of the Company should consult their professional advisers if they are in doubt.

In order to be registered as members of the Company on the Record Date, a Shareholder must have been lodged the relevant transfer(s) of Adjusted Share(s) (with the relevant share certificates) with the Registrar at Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong by 4:30 p.m. on Thursday, 29 September 2022.

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## LETTER FROM THE BOARD

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The last day of dealing in the Adjusted Shares on cum-rights basis was Tuesday, 27 September 2022. The Adjusted Shares have been dealt with on an ex-rights basis from Wednesday, 28 September 2022.

**Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and Excluded Shareholders should note that their shareholdings in the Company will be diluted.**

### **Rights of Overseas Shareholders**

The Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong. Overseas Shareholder(s) may not be eligible to take part in the Rights Issue as explained below.

Based on the latest register of members of the Company, there was no Overseas Shareholder as at the Latest Practicable Date.

It is the responsibility of the Qualifying Shareholders outside Hong Kong wishing to make an application for the Rights Shares to satisfy himself/herself/itself before acquiring any rights to subscribe for the Rights Shares as to the observance of the laws and regulations of all relevant territories, including the obtaining of any governmental or other consents, and to pay any taxes and duties required to be paid in such territory in connected therewith. Any acceptance of or application for Rights Shares by any person will be deemed to constitute a representation and warranty from such person to the Company that these local laws and requirements have been fully complied with. If you are in doubt as to your position, you should consult your own professional advisers. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited will give, or be subject to, any of the above representation and warranty. The Company reserves the right to refuse to accept any application for the Rights Shares where it believes that doing so would violate the applicable securities or other laws or regulations of any jurisdiction.

### **Arrangements for the Rights Shares which would otherwise have been available to the Non-Qualifying Shareholders**

Arrangements will be made for Rights Shares which would otherwise have been provisionally allotted to the Excluded Shareholder(s) to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence and in any event before the last day for dealing in the nil-paid Rights Shares, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses and stamp duty, of more than HK\$100 will be paid pro rata to the relevant Excluded Shareholder(s). The Company will retain individual amounts of HK\$100 or less for the benefit of the Company. Any unsold entitlement of Excluded Shareholder(s) to the Rights Shares, any Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders and any of the Rights Shares created from the aggregation of fractions of the Rights Shares will be made available for excess applications by Qualifying Shareholders under the EAF(s).

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## LETTER FROM THE BOARD

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**The Company reserves the right to treat as invalid any acceptances of, or applications for, the Rights Shares where it believes that such acceptance or application would violate the applicable securities or other laws or regulations of any territory or jurisdiction. Overseas Shareholders should exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their own professional advisers.**

### **Closure of register of members**

The register of members of the Company was closed from Friday, 30 September 2022 to Friday, 7 October 2022 (both dates inclusive) for determining the Shareholders' entitlements to the Rights Issue. No transfer of Adjusted Shares was registered during the above book closure periods.

### **Basis of provisional allotments**

The basis of the provisional allotment shall be three (3) Rights Shares for every two (2) Adjusted Shares in issue and held by the Qualifying Shareholders at the close of business on the Record Date at the Subscription Price payable in full on acceptance and otherwise on the terms and subject to the conditions set out in the Underwriting Agreement and the Prospectus Documents.

Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by lodging a duly completed PAL and a cheque or a banker's cashier order for the sum payable for the Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance. Any holdings (or balance of holdings) of less than two (2) Adjusted Shares will not entitle their holders to be provisionally allotted a Rights Share. Please refer to the arrangement as referred to in the paragraph headed "Fractional entitlements of the Rights Shares" below.

### **Fractional entitlements of the Rights Shares**

In any event, fractions of the Rights Shares will not be provisionally allotted to any of the Qualifying Shareholders. Fractional entitlements will be rounded down to the nearest whole number of Rights Shares. Any Rights Shares created from the aggregation of fractions of the Rights Shares will be made available for excess application by the Qualifying Shareholders as described in the paragraph headed "Application for Excess Rights Shares" below. Should there be no excess application by the Qualifying Shareholders, those Rights Shares created from the aggregation of fraction of the Rights Shares may or may not be taken up by the Underwriter.

### **Status of the Rights Shares**

The Rights Shares, when allotted, issued and fully paid, shall rank pari passu in all respects with the Adjusted Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid after the date of allotment of the Rights Shares in their fully-paid form.

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## LETTER FROM THE BOARD

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### Application for the Rights Shares

The PALs and the EAFs relating to the Rights Shares will be enclosed with this Prospectus entitling the Qualifying Shareholders to whom it is addressed to subscribe for the Rights Shares as shown therein and application by Qualifying Shareholders shall be made by completing such form(s) and lodging the same with separate remittance for the Rights Shares being applied for with the Registrar by the Latest Time for Acceptance.

### Procedures for acceptance and payment or transfer

Qualifying Shareholders should find enclosed with this Prospectus a PAL which entitles the Qualifying Shareholders to whom it is addressed to subscribe for the number of Rights Shares shown therein. If the Qualifying Shareholders wish to accept all the Rights Shares provisionally allotted to them as specified in the PALs, they must lodge the original PALs in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance, with the Registrar, at Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong by no later than 4:00 p.m. on Monday, 24 October 2022 (or such later date and/or time as mentioned under the paragraph headed “Effect of bad weather on the latest time for acceptance of and payment for the Rights Shares” on the PAL). All remittances must be made in Hong Kong dollars by cheques which must be drawn on an account with, or by banker’s cashier orders which must be issued by, a licensed bank in Hong Kong and made payable to “**LIFE CONCEPTS HOLDINGS LIMITED — PAL — RIGHTS ISSUE ACCOUNT**” and crossed “**ACCOUNT PAYEE ONLY**”.

It should be noted that unless the duly completed PAL, together with the appropriate remittance, has been lodged with the Registrar by not later than 4:00 p.m. on Monday, 24 October 2022 (or such later date and/or time as mentioned under the paragraph headed “Effect of bad weather on the latest time for acceptance of and payment for the Rights Shares” on the PAL), whether by the original allottee or any person to whom the provisional allotment has been validly transferred, the relevant provisional allotment and all rights and entitlements thereunder will be deemed to have been declined and will be cancelled and such Rights Shares will be available for application under the EAFs by the Qualifying Shareholders. The Company is not obliged to but may, at its sole and absolute discretion, treat a PAL as valid and binding on the person(s) by whom or on whose behalf it is lodged even if the PAL is not completed in accordance with the relevant instructions. The Company may require such incomplete PAL to be completed by the relevant applicants at a later stage.

If a Qualifying Shareholder wishes to accept only part of the provisional allotment or transfer part of his/her/its rights to subscribe for the Rights Shares provisionally allotted to him/her/it under the PAL or to transfer part or all of his/her/its rights to more than one person, the original PAL must be surrendered and lodged for cancellation together with a covering letter stating clearly the number of split PALs required and the number of nil-paid Rights Shares to be comprised in each split PAL (which, in aggregate, should be equal to the number of Rights Shares provisionally allotted to such Qualifying Shareholder). by not later than 4:30 p.m. on Friday, 14 October 2022 to the Registrar, who will cancel the original PAL and issue new PALs in the denominations required which will be available for collection from the Registrar at Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong, after 9:00 a.m. on the second Business Day after the surrender of the original PAL. It should be noted that stamp duty is payable in connection with a transfer of rights to subscribe for the Rights Shares. Completion and return of the PAL will constitute a warranty and representation to the Company that all registration, legal and regulatory requirements of all relevant jurisdictions in connection with the PAL and any acceptance of it have been, or will be, duly complied with. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited will give or be subject to any of the above representations and warranties. The Company reserves the right to refuse to accept any application for Rights Shares where it believes that doing so would violate the applicable securities legislation or other laws or regulations of any jurisdiction.

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## LETTER FROM THE BOARD

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The PAL contains further information regarding the procedures to be followed for acceptance and/or transfer of the whole or part of the provisional allotment of the Rights Shares by the Qualifying Shareholders. All cheques or banker's cashier orders will be presented for payment following receipt and all interest earned on such monies will be retained for the benefit of the Company. Completion and return of the PAL together with a cheque or a banker's cashier order, whether by a Qualifying Shareholder or by any nominated transferee(s), will constitute a warranty by the applicant that the cheque or the banker's cashier order will be honoured on first presentation. Without prejudice to the other rights of the Company in respect thereof, the Company reserves the right to reject any PAL in respect of which the cheque or banker's cashier order is dishonoured on first presentation, and in that event the provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled.

If the Underwriter exercises the right to terminate or rescind the Underwriting Agreement or if any of the conditions precedent of the Rights Issue as set out in the paragraph headed "Condition of the Rights Issue" below is not fulfilled and/or waived (as the case may be) at or before 4:00 p.m. on Tuesday, 25 October 2022 (or such later time or date as may be agreed between the Company and the Underwriter in writing), the monies received in respect of acceptances of the Rights Shares will be returned without interest to the Qualifying Shareholders or such other persons to whom the Rights Shares in their nil-paid form have been validly transferred or, in the case of joint acceptances, to the first-named person without interest, by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders or such other persons to their registered addresses by the Registrar on or before Tuesday, 1 November 2022.

No receipt will be issued in respect of any PAL and/or remittances received.

No action has been taken to permit the offering of the Rights Shares, or the distribution of the Prospectus Documents, in any territory or jurisdiction outside Hong Kong. The Prospectus Documents should not be distributed, forwarded to or transmitted to, into or from any jurisdiction where to do so might constitute a violation of local securities laws and regulations. Accordingly, no person receiving a copy of any of the Prospectus Documents in any territory or jurisdiction outside Hong Kong may treat it as an offer or invitation to take up the Rights Shares, unless in the relevant jurisdiction such an offer or invitation could lawfully be made without compliance with any registration or other legal or regulatory requirements thereof. Completion and return of the PAL by anyone outside Hong Kong will be deemed to constitute a warranty and representation from such person to the Company that all local legislation, legal and regulatory requirements have been fully complied with. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited will give, or be subject to, any of the above warranty and representation. The Company reserves the right to refuse to accept any application for Rights Shares where it believes that doing so would violate the applicable securities legislation or other laws or regulations of any jurisdiction.

### **Share certificates and refund cheques for the Rights Issue**

Subject to the fulfillment of the conditions precedent of the Rights Issue, certificates for all fully paid Rights Shares are expected to be posted to those entitled thereto by ordinary post at their own risk on or before Tuesday, 1 November 2022. Refund cheques in respect of wholly or partially unsuccessful applications for Excess Rights Shares (if any) are expected to be posted on or before Tuesday, 1 November 2022 by ordinary post to the applicants at their own risk, to their registered addresses.

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## LETTER FROM THE BOARD

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### Application for the Excess Rights Shares

The Company shall make the Excess Rights Shares available for subscription by the Qualifying Shareholders by means of EAF, and the Excess Rights Shares represent:

- (i) any nil-paid Rights Shares provisionally allotted but not accepted by any of the Qualifying Shareholders or otherwise subscribed for by transferees of nil-paid Rights Shares prior to the Latest Time for Acceptance;
- (ii) subject to the provisions of the Underwriting Agreement, any entitlements of the Excluded Shareholders provisionally allotted to a nominee of the Company which are left unsold; and
- (iii) any of the Rights Shares created from the aggregation of fractions of the Rights Shares.

Application for the Excess Rights Shares can be made by the Qualifying Shareholders only and by duly completing and signing an EAF (in accordance with the instructions printed therein) and lodging the same with a separate remittance for the Excess Rights Shares being applied for with the Registrar by no later than 4:00 p.m. on Monday, 24 October 2022 (or such later date and/or time as mentioned under the paragraph headed “Effect of bad weather on the latest time for acceptance of and payment for the Rights Shares” on the EAF).

The Directors will, upon consultation with the Underwriter, allocate any Excess Rights Shares at their discretion on a fair and equitable basis on the following principles:

- (i) any Excess Rights Shares will be allocated to the Qualifying Shareholders who apply for them on a pro rata basis by reference to the number of the Excess Rights Shares applied for under each application;
- (ii) reference will only be made to the number of the Excess Rights Shares being applied for under each application but no reference will be made to the Rights Shares subscribed through applications by PALs or the existing number of Shares held by Qualifying Shareholders;
- (iii) if the aggregate number of Rights Shares not taken up by the Qualifying Shareholders and/or transferees of nil-paid Rights Shares under the PALs is greater than the aggregate number of the Excess Rights Shares applied for through the EAFs, the Company will allocate to each Qualifying Shareholder who applies for the Excess Rights Shares in full application; and
- (iv) no preference will be given to application for topping up odd-lots to whole board lots.

Pursuant to Rule 10.31(3)(b) of the GEM Listing Rules, the Company will take steps to identify the applications for excess Rights Shares made by any controlling Shareholder (if any) or its associates, whether in their own names or through nominees. The Company shall disregard their applications for Excess Rights Shares to the extent that the total number of Excess Rights Shares they have applied for exceeds a maximum number equivalent to the total number of Rights Shares offered under the Rights Issue minus the number of Rights Shares taken up by them under their assured entitlement to the Rights Shares.

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## LETTER FROM THE BOARD

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In the event that the Board notes unusual patterns of excess applications and has reason to believe that any application may have been made with the intention to abuse the mechanism, such application for Excess Rights Shares may be rejected at the sole discretion of the Board.

Shareholders with their Shares held by a nominee company (or which are deposited in CCASS) should note that the Board will regard such nominee company (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Accordingly, Shareholders should note that the aforesaid arrangement in relation to the allocation of the Excess Rights Shares will not be extended to the relevant beneficial owners individually save and except for the beneficial owner(s) which the Company may permit in its absolute discretion. Shareholders with their Shares held by a nominee company (or which are held in CCASS) are advised to consider whether they would like to arrange for the registration of the relevant Shares under their own names on or prior to the Record Date for the purpose of the Rights Issue. Shareholders who would like to have their names registered on the register of members of the Company on the Record Date, must have been lodged all necessary documents with the Registrar for registration by no later than 4:30 p.m. on Thursday, 29 September 2022. Shareholders and investors of the Company should consult their professional advisers if they are in doubt as to their status.

Application for the Excess Rights Shares can be made only by duly completing and signing an EAF (in accordance with the instructions printed therein) and lodging the same with a separate cheque or banker's cashier order for the amount payable for the Excess Rights Shares being applied for with the Registrar at Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong, by not later than 4:00 p.m. on Monday, 24 October 2022 (or such later date and/or time as mentioned under the paragraph headed "Effect of bad weather on the latest time for acceptance of and payment for the Rights Shares" on the EAF). All remittances must be made in Hong Kong dollars by cheques which must be drawn on a bank account with, or by banker's cashier orders which must be issued by, a licensed bank in Hong Kong and made payable to "**LIFE CONCEPTS HOLDINGS LIMITED — EAF — RIGHTS ISSUE ACCOUNT**" and crossed "**ACCOUNT PAYEE ONLY**".

An announcement of results of acceptance of and excess applications for the Rights Issue will be published on the websites of the Stock Exchange and the Company on Monday, 31 October 2022. If no Excess Rights Shares are allotted to a Qualifying Shareholder who has applied for the Excess Rights Shares, the amount tendered on application is expected to be returned by refund cheque to that Qualifying Shareholder in full without interest by ordinary post by the Registrar at his/her/its own risk on or before Tuesday, 1 November 2022. If the number of the Excess Rights Shares allotted to a Qualifying Shareholder is less than that applied for, the surplus application monies without interest are also expected to be returned by refund cheque to that Qualifying Shareholder by ordinary post by the Registrar at his/her/its own risk on or before Tuesday, 1 November.

All cheques or banker's cashier orders will be presented for payment following receipt and all interest earned on such monies will be retained for the benefit of the Company. Completion and return of the EAF with a cheque or banker's cashier order will constitute a warranty and representation to the Company that all registration, legal and regulatory requirements of all relevant jurisdictions in connection with the EAF and any acceptance of it have been, or will be, duly complied with. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited will give or be subject to any of the above representations and warranties. The Company reserves the right to refuse to accept any application for the Excess Rights Shares where it believes that doing so would violate the applicable securities legislation or other laws or regulations of any jurisdiction.

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## LETTER FROM THE BOARD

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Completion and return of the EAF together with a cheque or a banker's cashier order in payment for the Excess Rights Shares applied for will constitute a warranty by the applicant that the cheque or the banker's cashier order will be honoured on first presentation. Without prejudice to the other rights of the Company in respect thereto, the Company reserves the right to reject any EAF in respect of which the accompanying cheque or banker's cashier order is dishonoured on first presentation, and in that event, all rights thereunder will be deemed to have been declined and will be cancelled.

The EAF is for use only by the Qualifying Shareholders to whom it is addressed and is not transferable. All documents, including cheques or banker's cashier orders for amounts due, will be sent by ordinary post at the risk of the persons entitled thereto to their registered addresses by the Registrar. The Company may, at its discretion, treat an EAF as valid and binding on the person(s) by whom or on whose behalf it is lodged even if the EAF is not completed in accordance with the relevant instructions. The Company may require such incomplete EAF to be completed by the relevant applicants at a later stage.

If the Underwriter exercises the right to terminate or rescind the Underwriting Agreement or if the conditions precedent of the Rights Issue as set out in the paragraph headed "Condition of the Rights Issue" below is not fulfilled or waived (as applicable) at or before 4:00 p.m. on Tuesday, 25 October 2022 (or such later time or date as may be agreed between the Company and the Underwriter in writing), the monies received in respect of application for the Excess Rights Shares will be returned without interest to the Qualifying Shareholders or, in the case of joint acceptances, to the first-named person without interest, by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders or such other persons to their registered addresses by the Registrar on or before Tuesday, 1 November 2022.

It should be noted that no receipt will be issued in respect of any EAF and/or remittances received.

### **Rights Issue on a best effort and non-fully underwritten basis**

Pursuant to the Underwriting Agreement, the Rights Issue is only underwritten by the Underwriter on a best effort and non-fully underwritten basis. Any Shareholder who applies to take up all or part of his entitlement under the PAL or apply for the Excess Rights Shares under the EAF may also unwittingly incur an obligation to make a general offer under the Takeovers Code.

Accordingly, the Rights Issue will be made on terms that the Company will provide for the Shareholders (other than HKSCC Nominees Limited) to apply on the basis that if the Rights Shares are not fully taken up, the application of any Shareholder for his/her/its assured entitlement under the Rights Issue will be scaled down to a level which does not trigger an obligation on the part of the relevant Shareholder to make a general offer under the Takeovers Code in accordance to the note to Rule 10.26(2) of the GEM Listing Rules. Investors are advised to exercise caution when dealing in the Shares. There is no minimum amount to be raised under the Rights Issue.

### **Taxation**

Shareholders are advised to consult their professional advisers if they are in doubt as to the taxation implications of the receipt, purchase, holding, exercising, disposing of or dealing in, the nil-paid Rights Shares or the fully-paid Rights Shares and, regarding Overseas Shareholders, their receipt of the net proceeds, if any, from sales of the nil-paid Rights Shares on their behalf.



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## LETTER FROM THE BOARD

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### **Arrangement on odd lots trading**

In order to facilitate the trading of odd lots (if any) of the Shares, the Company has appointed Canfield Securities Company Limited to stand in the market to match the purchase and sale of odd lots of the Shares at the relevant market price, on a best effort basis. Holders of odd lots of the Shares who wish to take advantage of this facility either to dispose of their odd lots of the Shares or to top up to a full board lot may contact Mr. Alan Chan of Canfield Securities Company Limited at Unit 2908, 2909 & 2912, Level 29, Infinitus Plaza, 199 Des Voeux Road Central, Sheung Wan, Hong Kong (telephone number: (852) 3890-2791) during the period from Wednesday, 2 November 2022 at 9:00 a.m. to Wednesday, 23 November 2022 at 4:00 p.m., both days inclusive. Holders of the odd lots of the Shares should note that the matching of the sale and purchase of odd lots of the Shares is not guaranteed. Any Shareholder, who is in any doubt about the odd lot facility, is recommended to consult his/her/its own professional advisers.

### **Application for listing of the Rights Shares**

The Company will make an application to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Rights Shares, in both their nil-paid and fully-paid forms.

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement dates of the dealings in the Rights Shares in both their nil-paid and fully-paid forms or such other dates as may be determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Dealing in the Rights Shares in both their nil-paid and fully-paid forms which are registered in the register of members of the Company in Hong Kong will be in the board lots of 5,000 Rights Shares and will be subject to the payment of stamp duty, Stock Exchange trading fee, SFC transaction levy, investor compensation levy or any other applicable fees and charges in Hong Kong.

Shareholders are advised to consult their professional advisers if they are in doubt as to the taxation implications of the receipt, purchase, holding, exercising, disposing of or dealing in, the nil-paid Rights Shares or the fully-paid Rights Shares and, regarding Excluded Shareholders, their receipt of the net proceeds, if any, from sales of the nil-paid Rights Shares on their behalf.

### **Condition of the Rights Issue**

The Rights Issue is conditional upon, among others, the Underwriting Agreement having become unconditional and not being terminated in accordance with the terms thereof.

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## LETTER FROM THE BOARD

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### THE UNDERWRITING AGREEMENT

On 28 April 2022 (after trading hours), the Company entered into the Underwriting Agreement with the Underwriter, pursuant to which the Underwriter has conditionally agreed to underwrite, on a best effort and non-fully underwritten basis, up to 1,215,375,000 Underwritten Shares (assuming no change in the share capital of the Company from the Latest Practicable Date to the Record Date), subject to the terms and conditions set out in the Underwriting Agreement, in particular the fulfilment of the conditions precedent contained therein.

#### Principal terms of the Underwriting Agreement

Date	:	28 April 2022 (after trading hours)
Underwriter	:	Canfield Securities Company Limited
Number of Rights Shares to be underwritten	:	Up to 1,215,375,000 Rights Shares (assuming no change in the share capital of the Company from the Latest Practicable Date to the Record Date) underwritten by the Underwriter on a best effort and non-fully underwritten basis pursuant to the terms and conditions of the Underwriting Agreement
Underwriting Commission	:	1.0% of the aggregate Subscription Price in respect of such number of the Rights Shares actually procured by the Underwriter for subscription pursuant to the Underwriting Agreement

The Underwriter is a company incorporated in Hong Kong with limited liability and a corporation licensed to carry on Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO whose ordinary course of business includes underwriting of securities. To the best of the Directors' knowledge, information and belief, the Underwriter and its ultimate beneficial owner(s) and its associates are Independent Third Parties.

The Rights Issue is underwritten by the Underwriter on a best effort and non-fully underwritten basis on the terms of the Underwriting Agreement. The Company had approached several potential underwriters. Given (i) the prevailing volatile market conditions; (ii) the impact caused by the COVID-19 pandemic; (iii) the financial performance and condition of the Company; (iv) the Subscription Price; and (v) the trading volume and the closing price of the Shares in the last twelve (12) months, all of the aforesaid potential underwriters refused to underwrite the Rights Shares on a fully-underwritten basis. Only the Underwriter expressed its interest in acting as the underwriter of the Rights Issue on a best effort basis instead of a fully-underwritten basis among all of the aforesaid potential underwriters. Under the terms of the Underwriting Agreement, there is no minimum underwriting commission charged by the Underwriter. Nonetheless, the Rights Issue which is underwritten by the Underwriter on a best effort basis may secure a higher level of the net proceeds to be received by the Company comparing to the rights issue conducting on non-underwritten basis. In light of the above, the Board decided to conduct the Rights Issue on a best effort basis.

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## LETTER FROM THE BOARD

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The Underwriter may enter into sub-underwriting arrangement with sub-underwriter(s) on its behalf for the purpose of arranging for the subscription of the Underwritten Shares with selected subscribers with such authority and rights as the Underwriter have pursuant to its appointment under the Underwriting Agreement. As at the Latest Practicable Date, the Underwriter has not procured any sub-underwriter and/or subscriber. Any sub-underwriter procured by the Underwriter shall meet the requirement under Rule 10.24A of the GEM Listing Rules and shall be third party independent of and not connected with the Company and its connected persons.

The terms of the Underwriting Agreement, including the underwriting commission rate, were determined after arm's length negotiation between the Company and the Underwriter with reference to the existing financial position of the Group, the size of the Rights Issues, and the current and expected market condition. Given (i) the underwriting commission is based on the number of Rights Shares subscribed and/or procured by the Underwriter so that there is no minimum fee charged by the Underwriter; and (ii) the underwriting commission fee of 1.0% is in line with the market rate, the Directors consider the entering into of the Underwriting Agreement with the Underwriter and the terms of the Underwriting Agreement (including the underwriting commission) to be fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Save as disclosed herein and the odd lot matching services, the Company has not entered into any agreement, arrangement, understanding or undertaking in regard of the Rights Issue with the Underwriter or any of its connected persons and their respective associate.

### **Conditions of the Underwriting Agreement**

The Underwriting Agreement is conditional upon the following conditions being fulfilled or waived (as appropriate):

- (i) completion of the Capital Reorganisation;
- (ii) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the approval for the listing of, and permission to deal in, the Rights Shares (in their nil-paid and fully-paid forms) prior to the Latest Time for Termination;
- (iii) the filing and registration of all the Prospectus Documents (together with any other documents required by applicable law or regulation to be annexed thereto) with the Registrar of Companies in Hong Kong by no later than the Prospectus Posting Date;
- (iv) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus to the Excluded Shareholders for information only, if any, by no later than the Prospectus Posting Date;
- (v) the Underwriting Agreement not being terminated by the Underwriter pursuant to the terms thereof prior to the Latest Time for Termination;

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## LETTER FROM THE BOARD

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- (vi) there being no breach of the undertakings and obligations of the Company under the Underwriting Agreement at the Latest Time for Termination;
- (vii) the Company having complied with all applicable laws and regulations;
- (viii) each party having obtained all necessary consent and/or approval for entering into the Underwriting Agreement or the transactions contemplated herein;
- (ix) the entering into of binding agreements by the Underwriter with certain subscriber(s) procured by the Underwriter and/or sub-underwriter(s), which shall be Independent Third Parties, for placing and/or sub-underwriting the Rights Shares, such that neither the Underwriter nor any of the subscriber(s) procured by the Underwriter and/or sub-underwriter(s) and/or party or parties acting in concert (having the meaning as set out in the Takeovers Code) with the respective subscribers or any of the connected persons or associates of the respective subscribers shall be interested in 30% or more of the issued share capital of the Company as enlarged by the Rights Issue;
- (x) each condition to enable the Rights Shares in their nil-paid or fully-paid forms to be admitted as eligible securities for deposit, clearance and settlement in CCASS having been satisfied on or before the Business Day prior to the commencement of trading of the Rights Shares (in their nil paid and fully-paid forms, respectively) and no notification having been received by the Company from HKSCC by such time that such admission or facility for holding and settlement has been or is to be refused;
- (xi) there being no Specified Event occurring on or before the Latest Time for Termination; and
- (xii) the Underwriter having received from the Company all the documents required under the Underwriting Agreement in such form and substance satisfactory to the Underwriter.

Save for the conditions (vi) and (xii) which can be waived by the Underwriter and the Company jointly, none of the above conditions can be waived. If any of the conditions referred to above is not fulfilled, or waived (where applicable) by the Latest Time for Termination, the Rights Issue will not proceed. As at the Latest Practicable Date, saved for condition (i) which has been fulfilled on Tuesday, 27 September 2022, none of the above conditions to the Underwriting Agreement has been fulfilled or waived.

## LETTER FROM THE BOARD

### CHANGE IN THE SHAREHOLDING STRUCTURE OF THE COMPANY ARISING FROM THE RIGHTS ISSUE

For illustration purposes only, assuming there is no change in the share capital of the Company from the Latest Practicable Date up to the Record Date, the shareholding structure of the Company as at the Latest Practicable Date, and the effect on the shareholding structure of the Company upon completion of the Rights Issue in the manner contemplated under the Underwriting Agreement, is as follow:

Name of Shareholders	As at the Latest Practicable Date		Immediately upon completion of the Rights Issue (assuming all Qualifying Shareholders have taken up all the entitled Rights Shares)		Immediately upon completion of the Rights Issue (assuming none of the Qualifying Shareholders have taken up any entitled Rights Shares and all Untaken Shares were subscribed for by or through the Underwriter)	
	Number of Adjusted Shares	Approximate %	Number of Adjusted Shares	Approximate %	Number of Adjusted Shares	Approximate %
Strong Day (Note 1)	407,600,000	50.31	1,019,000,000	50.31	407,600,000	20.12
Wong Man Hin Max	171,550,000	21.17	428,875,000	21.17	171,550,000	8.47
The Underwriter and/or the subscriber(s) procured by it (Note 2)	—	—	—	—	1,215,375,000	60.00
Other public Shareholders	231,100,000	28.52	577,750,000	28.52	231,100,000	11.41
<b>Total</b>	<b>810,250,000</b>	<b>100.00</b>	<b>2,025,625,000</b>	<b>100.00</b>	<b>2,025,625,000</b>	<b>100.00</b>

*Notes:*

- Strong Day is a company incorporated in the British Virgin Islands with limited liability and is owned as to 29.90% by Ms. Li, an executive Director and the spouse of Mr. James Lu. The Shares held by Strong Day has been pledged to Excel Precise International Limited, a company incorporated in Hong Kong and is owned as to 25% by Mr. Law Fei Shing and as to 73.50% by True Promise Investments Limited, a company incorporated in the British Virgin Islands and wholly-owned by Mr. Law Fei Shing.
- Pursuant to the Underwriting Agreement, the Underwriter has undertaken to the Company that (i) it shall use its best endeavours to procure that each of the subscribers of the Untaken Shares procured by it (including any direct and indirect sub-underwriters) shall be an independent third party of, and not acting in concert with and not connected with the Company or any of its subsidiaries, any of the Directors, chief executive or substantial shareholders of the Company (within the meaning of the GEM Listing Rules) or their respective associates; (ii) it will procure each and any of the subscribers of the Untaken Shares procured by it (including any direct and indirect sub-underwriters) not to, together with any party acting in concert (within the meaning of the Takeovers Code) with it or its associates, hold in aggregate thirty per cent (30%) or more of the voting rights of the Company immediately upon completion of the Rights Issue; (iii) it will underwrite solely on a best effort basis, and not in a fully underwritten basis. In any event, the Underwriter will not underwrite to the extent, together with any party acting in concert (within the meaning of the Takeovers Code) or its associates, hold thirty per cent (30%) or more of the voting rights of the Company immediately upon completion of the Rights Issue; and (iv) in the event that there is insufficient public float of the Company within the meaning of the GEM Listing Rules immediately upon completion of the Rights Issue solely because of the Underwriter's performance of its obligations under the Underwriting Agreement, it agrees to take appropriate steps together with the other sub-underwriters as may be reasonably required to maintain the minimum public float for the Shares in compliance with Rule 11.23 of the GEM Listing Rules.

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## LETTER FROM THE BOARD

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Shareholders and investors should note that the above shareholding changes are for illustration purposes only and the actual changes in the shareholding structure of the Company upon completion of the Rights Issue are subject to various factors, including the results of acceptance of the Rights Issue.

### INFORMATION ON THE UNDERWRITER

The Underwriter is a company incorporated in Hong Kong with limited liability and a corporation licensed to carry on Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO whose ordinary course of business includes securities brokerage and underwriting and placing of securities. To the best of the Directors' knowledge, information and belief, the Underwriter and its ultimate beneficial owner(s) are Independent Third Parties.

### REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE

The Group is principally engaged in (i) operating a variety of cuisines, mainly Asian, Western, Italian and Chinese, targeting different customer segments with mid to high spending power; (ii) provision of interior design proposals, engaging subcontractors to carry out fitting-out works and coordinating, managing and supervising the fitting-out works in the PRC; (iii) provision of consulting services in relation to organic vegetables research and development, plantation and sales in the PRC; and (iv) provision of financial institution intermediation services in the PRC. For the year ended 31 March 2021 and the nine months ended 31 December 2021, revenue generated from operation of restaurants accounted for approximately 64.3% and 81.2% of the Group's total revenue, respectively.

### Circumstances leading to the Rights Issue

For the year ended 31 March 2021 and the nine months ended 31 December 2021, the financial performance of the Group was adversely affected by the prolonged COVID-19 pandemic, particularly the social distancing measures imposed by the Hong Kong Government from time to time.

Revenue of the Group decreased by approximately 52.6% from approximately HK\$452.1 million for the year ended 31 March 2020 to approximately HK\$214.3 million for the year ended 31 March 2021, primarily attributable to the decrease in revenue generated from restaurant operations as the Hong Kong government imposed travel restriction, several restrictions in relation to catering business and prohibition on group gathering during the year, which severely disrupted the local food and beverage business. To cope with the impact of the pandemic, the Group adopted cost control measures including but not limited to the disposal and closure of certain loss-making restaurants and reduction of headcounts during the year. Combined with the one-off government subsidies of approximately HK\$20.2 million and profit of approximately HK\$7.3 million generated from the provision of financial institution intermediation services, the Group recorded reduction of loss attributable to the Shareholders from approximately HK\$130.9 million for the year ended 31 March 2020 to approximately HK\$64.4 million for the year ended 31 March 2021.

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## LETTER FROM THE BOARD

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For the nine months ended 31 December 2021, the operating results of the Group's restaurants slightly recovered from the pandemic as the Hong Kong government has relaxed some social distancing measures and promoted the electronic consumption voucher scheme to boost local consumption, with revenue generated from restaurant operations increased from approximately HK\$108.5 million for the nine months ended 31 December 2020 to approximately HK\$118.0 million. In addition, as the Group gradually developed its financial institution intermediation services business after the start-up stage, the Group generated revenue of approximately HK\$25.1 million from this segment during the period. The Directors consider that there would be growing demand from small and medium-sized enterprises in the PRC for the Group's one-stop and professional financial services platform to fulfill their financing needs, and hence are optimistic about the prospects of this business. Due to the combined effect of the above, the Group recorded an increase in revenue by approximately 31.7% from approximately HK\$110.4 million for the nine months ended 31 December 2020 to approximately HK\$145.3 million for the nine months ended 31 December 2021. The Group recorded a decrease in loss attributable to the Shareholders from approximately HK\$33.5 million for the nine months ended 31 December 2020 to approximately HK\$17.9 million for the nine months ended 31 December 2021.

Due to the continuous unsatisfactory financial performance, the financial position of the Group also deteriorated. As at 30 September 2021, the Group had (i) cash and cash equivalents of approximately HK\$4.1 million; (ii) net current liabilities of approximately HK\$193.1 million; and (iii) net deficit attributable to the Shareholders of approximately HK\$84.7 million. While the Group had restricted bank deposits of approximately HK\$61.0 million as at 30 September 2021, such deposits were used to secure the Group's obligations under certain operating leases and service agreements in relation to the provision of financial institution intermediation services in the PRC, and could not be released until the termination or expiry of the relevant leases and service agreements which is expected to be beyond one year from 30 September 2021. On the other hand, as at 30 September 2021, the Group had (i) trade and other payables of approximately HK\$32.3 million, primarily representing trade payables, accrued staff salaries, franchise and licensing fee payables, payable for repair and maintenance and accrued loan referral expenses, which shall be due within one year; (ii) bank borrowing of approximately HK\$1.2 million which shall be repayable within one year; (iii) loan from non-controlling shareholder of a subsidiary of approximately HK\$73.3 million which was mature on 31 July 2022; and (iv) amounts due to directors of approximately HK\$78.3 million which was mature on 31 July 2022. Subsequent to the year end, Mr. James Lu has further advanced HK\$23.8 million to the Group and in August 2022, Mr. James Lu and Ms. Li Qing Ni agreed with the Group to extend the repayment date of the advances to the Group of approximately HK\$124.7 million to 31 August 2023. The non-controlling shareholder of a subsidiary also agreed with the Group to extend the repayment date of the advances to the Group of approximately HK\$56.0 million to 31 August 2023. Despite the extension, all these liabilities still indicate the Group is currently under liquidity pressure and facing a material uncertainty in relation to going concern.

In light of the stringent liquidity position and to improve its financial performance, the Group has taken or will take the following measures, including but not limited to: (i) adopting a series of measures to control costs and to enhance cash flow and operational efficiency, including implementing salary reduction for staff, closing and disposing of certain underperforming restaurants, obtaining rent concessions from the landlords on the leases of certain restaurants of the Group and tightening expenditures; and (ii) raising additional capital, as and when needed, by carrying out fund raising activities, to finance the operations of the Group.

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## LETTER FROM THE BOARD

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Taking into account the Group's material uncertainty in relation to going concern due to its loss-making position and current financial position, the Directors consider that there is an imminent need for the Company to conduct the Rights Issue to ease the liquidity pressure and improve the financial position of the Group as well as replenishing working capital to its businesses to get over the downturn caused by the pandemic.

### **Alternative means of fund raising**

The Directors have considered other alternative means of fund raising, such as debt financing/ bank borrowings and placing of new Shares, before resolving to the Rights Issue. The Company has considered the pros and cons of different fund-raising options. In respect of debt financing, the Directors consider it is difficult to obtain any debt financing at terms that are acceptable to the Company given its current financial performance and financial position. In addition, the Company does not consider debt financing to be desirable given the requirement of interest payments and the impact on the Group's gearing position.

As for equity fund raising, such as placing of new Shares, it would lead to immediate dilution in the shareholding interest of existing Shareholders without offering them the opportunity to participate in the enlarged capital base of the Company, which is not the intention of the Company. As for open offer, while it is similar to a rights issue by offering qualifying shareholders to participate, it does not allow free trading of rights entitlements in the open market.

In comparison, the Rights Issue is pre-emptive in nature, allowing Qualifying Shareholders to maintain their respective pro-rata shareholding through their participation in the Rights Issue. The Rights Issue allows the Qualifying Shareholders to (i) increase their respective interests in the shareholding of the Company by acquiring additional rights entitlement in the open market (subject to the availability); or (ii) reduce their respective interests in the shareholding of the Company by disposing of their rights entitlements in the open market (subject to the market demand). As an open offer does not allow the trading of rights entitlements, rights issue is preferred. Accordingly, the Directors (including the independent non-executive Directors) consider that fund raising through the Rights Issue is in the interests of the Company and the Shareholders as a whole.

As at the Latest Practicable Date, other than the Rights Issue, the Company did not have any intention or plan (initial or concrete) to undertake any equity fund raising or other corporate action or arrangement that may affect the trading in the Shares in the next 12 months.

### **INTENDED USE OF PROCEEDS**

As at 31 March 2022, the Group had trade and other payables of approximately HK\$22.0 million, which primarily comprised payable to suppliers of the catering business, accrued staff salaries, franchise and licensing fee payables, payable for repair and maintenance and payable for utilities and consumables. Among the trade and other payables as at 31 March 2022, approximately HK\$7.5 million was overdue. As at 31 March 2022, save for the trade and other payables, the Group has other indebtedness which included, among others, the amount due to Directors of approximately HK\$100.9 million and the amount due to the non-controlling shareholder of a subsidiary of approximately HK\$70.8 million, which was either mature on 31 July 2022 or repayable on demand. Subsequent to the year end, Mr. James Lu has further advanced HK\$23.8 million to the Group and in August 2022,



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## LETTER FROM THE BOARD

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Mr. James Lu and Ms. Li Qing Ni agreed with the Group to extend the repayment date of the advances to the Group of approximately HK\$124.7 million to 31 August 2023. The non-controlling shareholder of a subsidiary also agreed with the Group to extend the repayment date of the advances to the Group of approximately HK\$56.0 million to 31 August 2023.

Assuming full subscription under the Rights Issue, the net proceeds from the Rights Issue after deducting the expenses are estimated to be approximately HK\$46.2 million (assuming no change in the number of Shares in issue from the Latest Practicable Date to the Record Date). The Company intends to apply the net proceeds from the Rights Issue as to (i) 46.3% (i.e. approximately HK\$21.4 million) for the settlement of overdue trade and other payables in full; and (ii) 53.7% (approximately HK\$24.8 million) for the partial settlement of the amount due to a Director and the non-controlling shareholder of the subsidiary as stated above. In the event that there is an under-subscription of the Rights Issue, the Group intends to apply the net proceeds from the Rights Issue on the repayment of overdue trade and other payable first, and any remaining proceeds will be utilised for the partial settlement of amount due to Directors and the non-controlling shareholder of the subsidiary.

### **FUND RAISING ACTIVITIES INVOLVING ISSUE OF SECURITIES IN THE PAST 12 MONTHS**

The Company has not conducted any fund-raising activities involving issue of its securities in the past 12 months immediately preceding the date of this Prospectus.

### **GEM LISTING RULES IMPLICATIONS**

Since the Rights Issue will increase the issued share capital of the Company by more than 50%, in accordance with Rule 10.29(1) of the GEM Listing Rules, the Rights Issue must be made conditional on, among other things, the approval by the Independent Shareholders in general meeting by a resolution at which any controlling shareholders and their respective associates or, where there are no controlling shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company, and their respective associates shall abstain from voting in favour of the Rights Issue. Reference is made to the poll results announcement of the EGM dated 15 August 2022, the resolution approving the Rights Issue and the transactions contemplated thereunder was duly passed by the Independent Shareholders by way of poll.

The Company has not conducted any rights issue, open offer or specific mandate placings within the 12-month period immediately preceding the date of the Prospectus, or prior to such 12-month period where dealing in respect of the Shares issued pursuant thereto commenced within such 12-month period, nor has it issued any bonus securities, warrants or other convertible securities as part of any rights issue, open offer and/or specific mandate placings within such 12-month period.

The Rights Issue will not result in a theoretical dilution effect of 25% or more. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 10.44A of the GEM Listing Rules.

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## LETTER FROM THE BOARD

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### **RISK FACTORS**

In compliance with the GEM Listing Rules, the Company sets out below the risk factors of the Group for the Shareholders' attention. The Directors believe that there are certain risks involved in the operations of the Group which include, but do not limit to, the following:

#### **Business risks relating to the Group**

The food and beverage business of the Group is affected by the social distancing measures implemented by the government in Hong Kong intermittently, which had been varying between stringent and relaxed from time to time. The operating results of the Group's restaurants may fluctuate accordingly as affected by the outbreak of the COVID-19 pandemic and the imposing of different social distancing measures by the government.

The financial institution intermediation services business of the Group is affected by the macro-economic environment in the PRC. Any sudden downturn in the market sentiment, the global economic and sudden change in political environment may adversely affect the Group's ability to generate revenue as well as the financial performance and position of the Group. In addition, the Group is also exposed to credit risks. The Group may record expected credit loss on loans and interest receivable if the customers default in repayment of loan or interests.

#### **Risks relating to the Share price**

The price and trading volume of the Shares are determined by demand and supply of investors for the Shares on the open market and may be highly volatile. Factors such as variations in the Group's revenue, earnings and cash flows, changes in or challenges to its business, announcements of new investments, acquisitions or disposals, the depth and liquidity of the market for the Shares, investors' perceptions of the Group and general political, economic, social and market conditions both globally and in Hong Kong could cause the market price of the Shares to change substantially.

#### **Risks relating to the Rights Issue**

Under the Underwriting Agreement, the Underwriter shall be entitled by notice in writing to the Company to terminate its obligations upon the occurrence of any of the terminating events as stipulated under the Underwriting Agreement on or before the Latest Time for Termination.

Moreover, should the Rights Issue proceed as intended, the interest of the existing Shareholders will be diluted if they do not or cannot, as the case may be, subscribe for the Rights Shares which they are entitled to.

#### **Foreign Exchange Rates Risk**

The Group mainly operates in Hong Kong and the PRC with majority of the transactions settled in Hong Kong dollars ("HK\$") and Renminbi ("RMB"). Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities and net investments of foreign operations denominated in a currency that is not the entity's functional currency. The Group is exposed to foreign exchange risk primarily with respect to translation of assets or liabilities denominated in currencies other than the entity's functional currency.

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## LETTER FROM THE BOARD

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### **Economic and political risks**

The business operations of the Group are primarily based in Hong Kong and the PRC, any significant change in the general economic and political developments in Hong Kong and the PRC may adversely affect the Group's operations and financial position.

### **Additional risks**

Additional risks and uncertainties not presently known to the Directors, or not expressed or implied above, or otherwise deemed immaterial by the Directors as at the Latest Practicable Date, may also adversely affect the business of the Group in a material aspect.

### **WARNING OF THE RISKS OF DEALING IN SHARES AND NIL-PAID RIGHTS SHARES**

**Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon, among others, the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in the section headed "Termination of the Underwriting Agreement" in this Prospectus). Accordingly, the Rights Issue may or may not proceed.**

**Dealings in the Rights Shares in nil-paid form are expected to take place from Wednesday, 12 October 2022 to Wednesday, 19 October 2022 (both days inclusive). Any Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or Rights Shares in their nil-paid form is advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares.**

**Any party who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s). Any Shareholder or other person dealing in the Shares or in the nil-paid Rights Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled (and the date on which the Underwriter's right of termination of the Underwriting Agreement ceases) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.**

**Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.**

### **ADDITIONAL INFORMATION**

Your attention is drawn to the information set out in the appendices to this Prospectus.

Yours faithfully,  
By order of the Board  
**Life Concepts Holdings Limited**  
**James Fu Bin Lu**  
*Chairman, Executive Director and  
Chief Executive Officer*

**1. FINANCIAL INFORMATION OF THE GROUP**

Financial information of the Group for each of the three financial years ended 31 March 2020, 2021 and 2022 and the three months ended 30 June 2022 were disclosed in the following documents which have been published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company's website ([www.lifeconcepts.com](http://www.lifeconcepts.com)):

- (i) annual report of the Company for the year ended 31 March 2020 published on 29 June 2020 (pages 54 to 119);

(<https://www1.hkexnews.hk/listedco/listconews/gem/2020/0629/2020062900806.pdf>)

- (ii) annual report of the Company for the year ended 31 March 2021 published on 28 July 2021 (pages 57 to 127);

(<https://www1.hkexnews.hk/listedco/listconews/gem/2021/0728/2021072800475.pdf>)

- (iii) annual report of the Company for the year ended 31 March 2022 published on 12 August 2022 (pages 56 to 123);

(<https://www1.hkexnews.hk/listedco/listconews/gem/2022/0812/2022081202020.pdf>)

- (iv) first quarterly report of the Company for three months ended 30 June 2022 published on 12 August 2022 (pages 2 to 7).

(<https://www1.hkexnews.hk/listedco/listconews/gem/2022/0812/2022081202032.pdf>)

**2. INDEBTEDNESS OF THE GROUP**

As at the close of business on 31 August 2022, being the latest practicable date for the purpose of ascertaining information contained in this statement of indebtedness prior to the printing of this Prospectus, the Group had guaranteed liabilities of approximately HK\$19.3 million. In addition, the Group entered into several lease agreements for the use of restaurant operation and management office located in Hong Kong and the PRC recognised right-of-use assets and lease liabilities for the above-mentioned leases. Such lease liabilities amounted to approximately HK\$16.0 million as at 31 August 2022.

As at 31 August 2022, the Group had an amount due to a director of the Company and amounts to related parties of approximately HK\$123.1 million and HK\$54.2 million respectively, which were non-trade in nature, unsecured and interest-free.

As at 31 August 2022, save as restricted bank deposits of approximately HK\$56.1 million for the Group's obligations under certain operating leases or service agreements in relation to the provision of financial institution intermediation services, the Group did not pledge any other assets.

As at 31 August 2022, the Group had no commitments and contingent liabilities.

Save as disclosed above and for intra-group liabilities, the Group did not have any debt securities authorized or created but unissued, issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, finance leases, hire purchase commitments, guaranteed, unguaranteed, secured and unsecured borrowing and debt, or other material contingent liabilities as at the close of business on 31 August 2022.

### **3. WORKING CAPITAL STATEMENT**

As at 31 August 2022, the Group had a net shareholders' deficit of approximately HK\$120.3 million and its current liabilities exceeded its current assets by approximately HK\$5.1 million while it had cash and cash equivalents of approximately HK\$17.7 million.

The Group's catering operations have been negatively impacted by the weak market sentiment amidst the Coronavirus Disease 2019 ("COVID-19") pandemic. COVID-19 pandemic has started to affect Hong Kong in early 2020 and a series of precautionary and control measures have been and continued to be implemented in Hong Kong. The Hong Kong Government has introduced group gathering measures to limit the number of persons allowed in group gatherings in public places, including those for different types of mode of operations in catering business, under the Prevention and Control of Disease (Prohibition on Group Gathering) Regulation. Although the Hong Kong Government is gradually relaxing the precautionary and control measures, the measures together with poor consumer sentiment caused by the pandemic are still causing short-term disruption to the Group's restaurant operations in Hong Kong. Also, the Directors are not certain whether the COVID-19 pandemic will continue and whether the restrictions and control measures will have a prolong impact to the Group's operating performance and cash flows.

The above conditions indicate the existence of material uncertainties which may cast a significant doubt about the ability of the Group to continue as a going concern. In view of these circumstances, the Directors have given careful consideration to the future liquidity requirements and operating performance of the Group and its available sources of financing to assess whether the Group would have sufficient financial resources to fulfill its financial obligations to continue as a going concern for the next twelve months from the date of this Prospectus. The Group has plan and measures to improve its financial position and to alleviate its liquidity pressure, which include but not limited to the following:

- 1) The Government announced the relief of certain quarantine and social distancing restrictions in May 2022 for different types of mode of operations for the catering business. The Group has been closely monitoring the latest developments on the COVID-19 situation, changes to quarantine and social distancing restrictions in Hong Kong, as well as government stimulus measures so as to formulate appropriate plans to improve its operating performance and cash inflows of its catering business; in addition, the Group has adopted a series of measures to control costs and to enhance cash flow and operational efficiency, including implementing salary reduction for staff; closing and disposing of certain underperforming restaurants; obtaining rent concessions from the landlords on the leases of certain restaurants of the Group and tightening expenditures;

- 2) As at 31 August 2022, the Group had obtained a total of approximately HK\$123.1 million non-interest bearing advance from the Chairman of the Company, Mr James Fu Bin Lu which is not repayable within one year from the date of this Prospectus;
- 3) Furthermore, Mr James Fu Bin Lu has confirmed his intention in August 2022 to commit further financing and/or arrange a loan facility to the Group by either himself and/or the immediate holding company amounting to not less than HK\$40 million as and when needed, on a condition that James himself and/or the immediate holding company control the board of directors of the Company and hold over 50% of the Company's equity interests;
- 4) The directors of the Group are working to revamp the Group's current business arrangement of the provision of financial intermediation services to cope with the implications of the relevant PRC regulations and based on their assessment, the directors do not expect there will be significant cash outflow arising from the potential non-compliance as well as in the course of revamping the business arrangement; and
- 5) The Group will consider to raise additional capital, as and when needed, by carrying out fund raising activities, to finance the operation of the Group.

The Directors have reviewed the Group's cash flow projections, which cover a period of not less than twelve months from the date of this Prospectus. They are of the opinion that the Group will have sufficient financial resources to satisfy its future working capital requirements as and when they fall due within the next twelve months from the date of this Prospectus.

The shareholders of the Company should noted that the validity of the statement of the working capital sufficiency of the Group as mentioned above depends on the outcome of the plans and measures undertaken/being undertaken of the Group, which are subject to inherent uncertainties, including:

- 1) whether the Group will be able to obtain additional capital from fund raising activities to finance the operations of the Group as and when needed;
- 2) whether the Group is able to generate adequate operating cash inflows by adjusting the restaurants operation soonest possible upon easing of the COVID-19 restrictions and controlling the operating costs;
- 3) whether the Group will be able to obtain financing from either the Chairman and/or the immediate holding company not less than HK\$40 million as and when needed and whether the conditions for the provision of financing exist throughout the forecast period.

Should the Group be unable to successfully implement the plans and measures as mentioned above, the Group may not have sufficient working capital for its requirements within the next 12 months from the date of this Prospectus.

#### **4. MATERIAL ADVERSE CHANGE**

The financial performance of the Group has been adversely affected by the prolonged COVID-19 pandemic, particularly the social distancing measures imposed by the Hong Kong Government from time to time. Due to the continuous unsatisfactory financial performance, the financial position of the Group deteriorated.

As disclosed in the annual report of the Company for the year ended 31 March 2022, at 31 March 2022, the net current liabilities of the Group increased to approximately HK\$199.0 million and net deficit attributable to the Shareholders increased to approximately HK\$119.9 million. The significant increase in net current liabilities was mainly due to the approaching maturity of loans, including (i) loan from non-controlling shareholder of a subsidiary amounted to approximately HK\$70.8 million which shall mature on 31 July 2022, and (ii) amounts due to directors amounted to approximately HK\$100.9 million which shall mature on 31 July 2022. Subsequent to the year end, Mr. James Lu has further advanced HK\$23.8 million to the Group and in August 2022, Mr. James Lu and Ms. Li Qing Ni agreed with the Group to extend the repayment date of the advances to the Group of approximately HK\$124.7 million to 31 August 2023. The related party also agreed with the Group to extend the repayment date of the advances to the Group of approximately HK\$56.0 million to 31 August 2023.

Saved as disclosed, as at the Latest Practicable Date, the Directors confirm that there is no other material adverse change in the financial or trading position of the Group since 31 March 2022 (being the date to which the latest published audited consolidated financial statements of the Group were made up).

#### **5. FINANCIAL AND TRADING PROSPECT OF THE GROUP**

The Group is principally engaged in (i) operating a variety of cuisines, mainly Asian, Western, Italian and Chinese, targeting different customer segments with mid to high spending power; (ii) provision of interior design proposals, engaging subcontractors to carry out fitting-out works and coordinating, managing and supervising the fitting-out works in the PRC; (iii) provision of consulting services in relation to organic vegetables research and development, plantation and sales in the PRC; and (iv) provision of financial institution intermediation services in the PRC.

For the years ended 31 March 2021 and 2022, the financial performance of the Group was adversely affected by the prolonged COVID-19 pandemic, particularly the social distancing measures imposed by the Hong Kong Government from time to time. For the nine months ended 31 December 2021, the operating results of the Group's restaurants slightly recovered from the pandemic as the Hong Kong government has relaxed some social distancing measures and promoted the electronic consumption voucher scheme to boost local consumption. However, due to the outbreak of the fifth wave of the pandemic since February 2022, restaurants of the Group had been in limited operation and the financial performance was adversely affected during the three months ended 31 March 2022. The Directors are of the view that the COVID-19 pandemic may continue to have unforeseeable impact to the Group's catering business. The Group will continue to closely monitor the business in response to the policies and perform comprehensive risk study and contingency plan to minimise the impact of the COVID-19 pandemic.

The Group has gradually developed its financial institution intermediation services business after the start-up stage during the year ended 31 March 2022. The Directors consider that there would be growing demand from small and medium-sized enterprises in the PRC for the Group's one-stop and professional financial services platform to fulfill their financing needs, and hence are optimistic about the prospects of this business. The Group will continue to observe the changes of business environment and government policies in this segment and adjust its business strategy in accordingly.

The Group's interior design and fitting-out services featured with fashionable and customized one-stop solution aims to provide affordable luxury and environmental-friendly service to the PRC clients. The business is facing fierce competition in the market. The Group will pay close attention to the market environment and endeavor to develop and grow the business by combining its own advantageous resources.

Consulting services in relation to organic vegetables research and development, plantation and sales rely on the extensive managerial experience of the operating team and advanced patents and technologies. As living standards are rising, the demands towards quality of food ingredients are increasing, which could be a critical component of the Group's diversified development structure and deployment.

The Group will take opportunities to continue to invest in and develop new business principally engaged in food and beverage industry, such as trading of food, fruits and meat. As at the Latest Practicable Date, no target has been identified by the Group.



**(A) INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE  
COMPILATION OF PRO FORMA FINANCIAL INFORMATION**

*The following is the text of the independent reporting accountants' assurance report received from Yongtuo Fuson CPA Limited, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, in respect of the Group's unaudited pro forma financial information prepared for the purpose of incorporation in this prospectus.*



永拓富信會計師事務所有限公司  
YONGTUO FUSON CPA LIMITED

**To the directors of Life Concepts Holdings Limited**

We have completed our assurance engagement to report on the compilation of the unaudited pro forma financial information of Life Concepts Holdings Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) by the directors of the Company (the “Directors”) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible liabilities of the Group as at 31 March 2022 and related notes (the “Unaudited Pro Forma Financial Information”) as set out in page II-4 to II-5 of the prospectus dated 10 October 2022 (the “Prospectus”) issued by the Company. The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described in section (B) of Appendix II to the Prospectus.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the proposed rights issue of 1,215,375,000 rights shares at HK\$0.04 per rights share (the “Rights Shares”) on the basis of three Rights Share for every two existing shares of the Company held on the rights issued record date (the “Rights Issue”) on the Group's unaudited consolidated net tangible liabilities attributable to owners of the Company as at 31 March 2022 as if the Rights Issues had taken place at 31 March 2022. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's consolidated financial statements of the Company for the year ended 31 March 2022, on which an auditor's report has been published.

**Directors' Responsibility for the Unaudited Pro Forma Financial Information**

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 31 of Chapter 7 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”) and with reference to Accounting Guideline 7 Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars (“AG 7”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

**Our Independence and Quality Control**

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 (Clarified) Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**Reporting Accountants' Responsibilities**

Our responsibility is to express an opinion, as required by paragraph 7.31(7) of the GEM Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 7.31 of the GEM Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of the unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the significant event or transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Rights Issue at 31 March 2022 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the entity, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Opinion**

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purpose of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 7.31(1) of the GEM Listing Rules.

Yours faithfully,

**Yongtuo Fuson CPA Limited**  
*Certified Public Accountants*

Fok Tat Choi  
Practicing Certificate Number: P06895  
Hong Kong, 10 October 2022

**(B) UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE LIABILITIES OF THE GROUP**

The following unaudited pro forma statement of adjusted consolidated net tangible liabilities of the Group attributable to owners of the Company prepared by the Directors (the “Unaudited Pro Forma Financial Information”) in accordance with Rule 7.31 of GEM Listing Rules is set out to illustrate the effect of the Rights Issue on the Group’s unaudited consolidated net tangible liabilities attributable to the owners of the Company as if the Rights Issue had been completed on 31 March 2022.

The Unaudited Pro Forma Financial Information has been prepared based on the judgments, estimates and assumptions of the Directors, and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible liabilities of the Group as at 31 March 2022 or any further dates following the Rights Issue.

The Unaudited Pro Forma Financial Information is prepared based on the consolidated statement of financial position of the Group as at 31 March 2022, as extracted from published annual report of the Company for the year ended 31 March 2022, with adjustments described below.

Consolidated net tangible liabilities of the Group attributable to owners of the Company as at 31 March 2022	Unaudited estimated net proceeds from the Rights Issue	Unaudited pro forma adjusted consolidated net tangible liabilities of the Group attributable to owners of the Company immediately after completion of the Rights Issue	Unaudited consolidated net tangible liabilities of the Group per share attributable to owners of the Company as at 31 March 2022	Unaudited pro forma adjusted consolidated net tangible liabilities of the Group per share attributable to owners of the Company immediately after completion of the Rights Issue	
<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$</i>	<i>HK\$</i>	
<i>(note 1)</i>	<i>(note 2)</i>		<i>(note 3)</i>	<i>(note 4)</i>	
Rights Issue of 1,215,375,000 Rights Shares to be issued at Subscription Price of HK\$0.04 per Rights Share	<u>(127,836)</u>	<u>46,232</u>	<u>(81,604)</u>	<u>(0.16)</u>	<u>(0.04)</u>

*Notes:*

- The unaudited consolidated net tangible liabilities of the Group attributable to the owners of the Company as at 31 March 2022 of approximately HK\$127,836,000 is arrived at after deducting other intangible assets of HK\$7,911,000 from the consolidated net liabilities attributable owners of the Company of HK\$119,925,000 which is extracted from the published annual report of the Company for the year ended 31 March 2022.

2. The estimated net proceeds from the Rights Issue of approximately HK\$46,232,000 is calculated based on 1,215,375,000 Rights Shares to be issued (in the proportion of three (3) Rights Shares for every two (2) existing shares held as at the Rights Issue record date) at the subscription price of HK\$0.04 per Rights Share, after deduction of the estimated related expenses of approximately HK\$2,383,000, assuming that the Rights Issue had been completed on 31 March 2022.
3. The unaudited consolidated net tangible liabilities attributable to owners of the Company per share as at 31 March 2022 is approximately HK\$0.16, which is calculated based on the consolidated net tangible liabilities of the Group attributable to owners of the Company as at 31 March 2022 of approximately HK\$127,836,000 divided by 810,250,000 shares in issue as at 31 March 2022.
4. The unaudited pro forma adjusted consolidated net tangible liabilities attributable to owners of the Company per share immediately after completion of the Rights Issue is approximately HK\$0.04, which is calculated based on the unaudited pro forma adjusted consolidated net tangible liabilities of the Group attributable to owners of the Company immediately after completion of the Rights Issue of approximately HK\$81,604,000 divided by 2,025,625,000 shares, which represents 810,250,000 shares of the Company in issue as at 31 March 2022 and 1,215,375,000 Rights Shares to be issued, pursuant to the Rights Issue (in the proportion of three (3) Rights Shares for every two (2) existing shares held as at the Rights Issue record date), are in issue assuming that the Rights Issue had been completed on 31 March 2022.
5. No adjustments have been made to the Unaudited Pro Forma Financial Information to reflect any trading results or other transactions of the Group entered into subsequent to 31 March 2022.

## 1. RESPONSIBILITY STATEMENT

This Prospectus, 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 Prospectus 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 Prospectus misleading.

## 2. NUMBER OF ADJUSTED SHARES IN ISSUE

The share capital of the Company as at the Latest Practicable Date and following the completion of the Rights Issue was and will be as follows:

**As at the Latest Practicable Date:**

*Issued and fully paid share capital* 810,250,000 Adjusted Shares

**Immediately after completion of the Rights Issue:**

*Rights Shares to be issued* 1,215,375,000 Adjusted Shares

*Adjusted Shares in issue upon completion of the Rights Issue* 2,025,625,000 Adjusted Shares

All the existing Adjusted Shares in issue are fully-paid and rank pari passu in all respects including all rights as to dividends, voting and return of capital. The Rights Shares, when allotted, issued and fully-paid, shall rank pari passu in all respects with the Adjusted Shares then in issue. Holders of the Rights Shares in their fully-paid form will be entitled to receive all future dividends and distributions which are declared, made or paid on or after the date of allotment and issue of the Rights Shares in their fully-paid form.

No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or Rights Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

The Company did not have any options outstanding under any share option scheme of the Company or any other derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into Shares as at the Latest Practicable Date.

As at the Latest Practicable Date, there was no arrangement under which future dividends are waived or agreed to be waived.

### 3. DISCLOSURE OF INTERESTS

#### (i) Interests and/or short positions of Directors in the Adjusted Shares, underlying Adjusted Shares or debentures of the Company and its associated corporations

As at the Latest Practicable Date, the Directors have the following interests and/or short positions in the Adjusted Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV the SFO) which have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which are required pursuant to section 352 of the SFO to be entered in the register referred to therein, or pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors, are required to be notified to the Company and the Stock Exchange once the Shares are listed:

##### (a) Interests in the Company

Name of Director	Nature of interest and capacity	Number of Adjusted Shares held/interested	Approximate percentage of shareholding
Mr. James Lu ( <i>Note</i> )	Interest of spouse/Family interest	407,600,000	50.31%
Ms. Li ( <i>Note</i> )	Interest in controlled corporation/ Corporate interest	407,600,000	50.31%

*Note:* These Adjusted Shares are held by Strong Day. Strong Day is 29.9% owned by Ms. Li, an executive Director and the spouse of Mr. James Lu. By virtue of the SFO, Ms. Li is deemed to be interested in the Adjusted Shares held by Strong Day and Mr. James Lu, being the spouse of Ms. Li, is deemed to be interested in the Adjusted Shares deemed to be held by Ms. Li. Mr. James Lu is also a director of Strong Day.

##### (b) Long positions in the associated corporations of the Company

Name of Director	Name of associated corporation	Capacity	Number of shares	Percentage of interest in the associated companies of the Company
Ms. Li	Strong Day	Beneficial owner/ Personal interest	299	29.90%

Save as disclosed above, as at the Latest Practicable Date, none of the Directors have any interests and/or short position in the Adjusted Shares, underlying Adjusted Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which are required pursuant to section 352 of the SFO to be entered in the register referred to therein or pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors.

**(ii) Interests and/or short position of substantial shareholders in the Adjusted Shares which are discloseable under Divisions 2 and 3 of Part XV of the SFO**

So far as is known to the Directors, as at the Latest Practicable Date, the following persons (not being a Director or chief executive of the Company) have an interest or a short position in the Adjusted Shares or underlying Adjusted Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or are interested in 10% or more of the total number of issued Shares of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group:

Name of substantial shareholder	Capacity	Number of Adjusted Shares	Percentage of interest in the Company
Strong Day <i>(Note)</i>	Beneficial owner/Personal interest	407,600,000	50.31%
Excel Precise International Limited (“ <b>Excel Precise</b> ”) <i>(Note)</i>	Person having a security interest in Shares/Others	407,600,000	50.31%
True Promise Investments Limited (“ <b>True Promise</b> ”) <i>(Note)</i>	Interest in controlled corporation/ Corporate interest	407,600,000	50.31%
Mr. Law Fei Shing (“ <b>Mr. Law</b> ”) <i>(Note)</i>	Interest in controlled corporation/ Corporate interest	407,600,000	50.31%
Mr. Wong Man Hin Max	Beneficial owner	171,550,000	21.17%

*Note: These Adjusted Shares are held by Strong Day. Excel Precise is the lender of record which has direct interest in the Adjusted Shares pledged by Strong Day. Excel Precise is owned as to 73.50% by True Promise and 25% by Mr. Law. True Promise is wholly owned by Mr. Law. By virtue of the SFO, True Promise and Mr. Law are deemed to be interested in the Adjusted Shares of the Company pledged to Excel Precise.*



Save as disclosed above, so far as is known to the Directors, as at the Latest Practicable Date, there are no other person (not being a Director or chief executive of the Company) who have an interest or a short position in the Adjusted Shares or underlying Adjusted Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or are interested in, directly or indirectly, 10% or more of the voting power at general meetings or any other members of the Group.

#### **4. COMPETING INTERESTS**

As at the Latest Practicable Date, none of the Directors, controlling Shareholders and their respective close associates (as defined under the GEM Listing Rules) had any interests in any business which competed or might compete with the business of the Group.

#### **5. DIRECTORS' INTERESTS IN CONTRACTS AND ASSETS**

None of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Group which was subsisting as at the Latest Practicable Date and which was significant in relation to the business of the Group.

As at the Latest Practicable Date, none of the Directors has or had any direct or indirect interest in any assets which have been acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 March 2022, being the date to which the latest published audited consolidated accounts of the Group were made up.

#### **6. DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation).

#### **7. LITIGATION**

Neither the Company nor any other member of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against the Company or any other member of the Group as at the Latest Practicable Date.

#### **8. MATERIAL CONTRACTS**

The following contract (not being contract entered into under the ordinary course of business of the Group) have been entered into by the Company within the two years immediately preceding the Latest Practicable Date and is or may be material:

- (i) the Underwriting Agreement.

## 9. PARTICULARS OF DIRECTORS AND SENIOR MANAGEMENT

### Executive Directors

**Mr. James Lu**, aged 40, was appointed as an executive Director, the chairman of the Board and chief executive officer of the Company on 12 December 2018. He is the chairman of the nomination committee of the Board. Mr. James Lu is also a director of various subsidiaries of the Company. Mr. James Lu is a founding partner of Joffre Capital Limited, a technology buyout fund with multi-billion dollars under management and presence across United States (the “U.S.”), Europe and Asia; and Longview Capital LLC, a U.S. based family office investment company. He has years of experience working in technology, media and internet industries, and previously served as a vice president at Baidu, Inc., founder and general manager of Amazon Marketing Services, founding team member of chegg.com. Mr. James Lu held a number of senior management positions in real estate, internet and e-commerce companies both in China and the U.S., responsible for business operation and investment. Mr. James Lu graduated from the University of Michigan with a master’s degree in electrical engineering and computer science. Mr. James Lu is a director of Strong Day, a substantial shareholder of the Company within the meaning of Part XV of the SFO. Mr. James Lu is the spouse of Ms. Li, an executive Director.

**Mr. Long Hai (“Mr. Long”)**, aged 37, was appointed as an executive Director on 12 December 2018. He is also a member of the remuneration committee of the Board and the compliance officer of the Company. Mr. Long is a certified public accountant in the PRC and has over 10 years of work experience in the financial sector. He previously served as head of the finance department of Sichuan Shengtian New Energy Development Co. Ltd and as a project manager in ShineWing Certified Public Accountants (Special General Partnership), an accounting firm based in the PRC, where he was involved in initial public offerings, audit, mergers and acquisitions, due diligence and management consulting projects for listed companies, large and medium-sized state-owned enterprises, and private enterprises. Mr. Long graduated from Sichuan Normal University with a bachelor’s degree in accounting.

**Ms. Li**, aged 36, was appointed as an executive Director on 24 July 2020. She is the spouse of Mr. James Lu, the chairman, an executive Director and the chief executive officer of the Company. She is currently the chief financial officer of a U.S. based investment management company. Ms. Li previously served as an assistant merchandiser of Eddie Bauer and H. Stern, and held facilities engineer role with Chevron. She is a seasoned investor with about 10 years’ experience in the investment industry, covering venture capital, fixed income and stock trading and has over 8 years’ experience in the financial sector. Ms. Li graduated from University of Michigan with a bachelor’s degree in civil engineering.

**Independent non-executive Directors**

**Mr. Lu Cheng (“Mr. Lu”)**, aged 39, was appointed as an independent non-executive Director on 12 December 2018. He is also the chairman of the remuneration committee and a member of each of the audit committee and the nomination committee of the Board. Mr. Lu has over 16 years of investment management experience in the U.S., the PRC, Asia and Europe. He is the former CEO of TuSimple Holdings (NASDAQ: TSP), a global technology company focused on self driving trucks for transportation industry. Prior, he was Partner/COO of KCA Capital Partners, an Pan-Asian investment firm. Mr. Lu previously held management roles with HOPU Investments Management Company Limited and CITIC Capital Holdings Limited, and commenced his career in investment banking with Citigroup in New York. Mr. Lu received his master’s degree in business administration from Harvard Business School, and also holds a bachelor of science degree in computer science and economics from the University of Virginia.

**Mr. Shi Kangping (“Mr. Shi”)**, aged 46, was appointed as an independent non-executive Director on 12 December 2018. He is also the chairman of the audit committee and a member of the nomination committee of the Board. Mr. Shi has over 20 years of experience in the accounting and finance sector. He is currently the chief financial officer of Terminus Technologies Group, a company focusing on Artificial Intelligence. Among which, Mr. Shi served as the chief financial officer from November 2020 to June 2022 at Waterdrop Inc. (stock code: WDH), a listed company on The New York Stock Exchange. Mr. Shi previously served as the chief financial officer from February 2018 to November 2020 at Maoyan Entertainment, a company listed on the Stock Exchange (stock code: 1896), which is engaged in media and entertainment and related business, as the chief financial officer from December 2016 to December 2017 at Ping An Healthcare and Technology Company Limited, a company listed on the Stock Exchange (stock code: 1833), as director of internal audit and director of financial planning and analysis in Baidu from September 2011 to August 2014 and August 2014 to December 2016, respectively. He also held previous roles in the Microsoft Corporation, a company listed on the NASDAQ (stock symbol: MSFT) from July 2007 to September 2011, the transaction services department of PricewaterhouseCoopers LLP (Beijing) from January 2002 to July 2005, and the auditing department of Arthur Andersen LLP from July 1998 to September 2000. Mr. Shi received a bachelor’s degree in accounting from the School of Economics and Management at Tsinghua University in Beijing, the PRC in July 1998, and a master’s degree in business administration from Ross School of Business at the University of Michigan in Michigan, the U.S. in April 2007. Mr. Shi has been a chartered professional accountant of Canada since August 2000.

**Mr. Kim Jin Tae (“Mr. Kim”)**, aged 41, was appointed as an independent non-executive Director on 14 April 2020. He is also a member of each the audit committee and the remuneration committee of the Board. Mr. Kim has been the chief executive officer of the PJ Design Beijing Office since 2014, after graduation of Master of Business Administration program in Beijing University (北大國家發展研究院) in 2012. PJ Design Group is a branding and interior design firm, established in 1987 with the operations in Seoul, Korea and Beijing, China. Mr. Kim spent 7 years at Mirae Asset Daewoo Investment Group from 2003 to 2009 and 3 years at Towers Watson from 2010 to 2012 in Seoul, Korea. He graduated from Northeastern University in the United States of America in 2003 with a bachelor’s degree in accounting and finance.

**10. EXPERT'S CONSENT AND QUALIFICATION**

The following sets out the qualification of the expert who has given opinions, letters or advices included in this Prospectus:

<b>Name</b>	<b>Qualification</b>
Yongtuo Fuson CPA Limited	Certified Public Accountants

Yongtuo Fuson CPA Limited has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion herein of its report and reference to its name in the form and context in which it respectively appears.

As at the Latest Practicable Date, Yongtuo Fuson CPA Limited did not have any shareholding, directly or indirectly, in any member of the Group nor did Yongtuo Fuson CPA Limited have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, Yongtuo Fuson CPA Limited did not have any direct or indirect interest in any assets which had been, since 31 March 2022 (the date to which the latest published audited financial statements of the Group were made up), acquired, or disposed of by or leased to, or were proposed to be acquired, disposed of by or leased to any member of the Group.

**11. CORPORATE INFORMATION AND PARTIES TO THE RIGHTS ISSUE**

Registered office of the Company:	Canon's Court 22 Victoria Street Hamilton HM 12, Bermuda
Principal share registrar and transfer office:	Appleby Global Corporate Services (Bermuda) Ltd. Canon's Court 22 Victoria Street Hamilton HM 12, Bermuda
Head office and principal place of business of the Company in the Hong Kong:	Suites 1701-3, 17 <sup>th</sup> Floor Chinachem Hollywood Centre 1,3,5,7,9,11 and 13 Hollywood Road Central, Hong Kong
Underwriter:	Canfield Securities Company Limited Unit 2908, 2909 & 2912 Level 29, Infinitus Plaza 199 Des Voeux Road Central Sheung Wan, Hong Kong

Legal adviser to the Company as to the Rights Issue:	HANS Room 802, 8/F., LKF29 29 Wyndham Street Central, Hong Kong
Share registrar and transfer office:	Boardroom Share Registrars (HK) Limited Room 2103B, 21/F 148 Electric Road North Point, Hong Kong
Financial adviser to Company:	Rainbow Capital (HK) Limited Room 5B, 12/F, Tung Ning Building, No. 2 Hillier Street, Sheung Wan, Hong Kong
Reporting accountant:	Yongtuo Fuson CPA Limited (Certified Public Accountants) Unit 1020 on 10 <sup>th</sup> Floor Tower B, Mandarin Plaza No. 14 Science Museum Road Tsim Sha Tsui East, Kowloon Hong Kong
Principal banker:	The Hongkong and Shanghai Banking Corporation Limited HSBC Main Building 1 Queen's Road Central Central Hong Kong
Company secretary:	Ms. Cheng Lucy 31/F 148 Electric Road North Point, Hong Kong
Compliance officer:	Mr. Long Hai
Authorised representatives:	Mr. James Lu Suites 1701-3, 17th Floor Chinachem Hollywood Centre 1,3,5,7,9,11 and 13 Hollywood Road Central, Hong Kong  Ms. Cheng Lucy 31/F 148 Electric Road North Point, Hong Kong

**12. AUDIT COMMITTEE**

As at the Latest Practicable Date, the audit committee of the Board (the “**Audit Committee**”) comprised of, namely Mr. Shi Kangping (the Chairman of the Audit Committee), Mr. Lu Cheng and Mr. Kim Jin Tae. The background, directorship and past directorship (if any) of each of the members of the Audit Committee are set out in the section headed “9. Particulars of the Directors and senior management” in this appendix. The primary role and function of the Audit Committee are to oversee the relationship with the external auditors, to review the Group’s preliminary quarterly results, interim results and annual results, and to monitor compliance with statutory and listing requirements.

**13. EXPENSES**

The expenses in connection with the Rights Issue, including underwriting commission, financial advising fees, printing, registration, translation, legal and accounting fees are estimated to be approximately HK\$2.4 million and are payable by the Company.

**14. BINDING EFFECT**

This Prospectus, and all acceptances of any offer or application contained in such documents, are governed by and shall be construed in accordance with the laws of Hong Kong. Where an application is made in pursuance of any such documents, the relevant document(s) shall have the effect of rendering all persons concerned bound by the provisions, other than the penal provisions, of Sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), so far as applicable.

**15. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES**

A copy of each of the Prospectus Documents and the written consent as referred to under the paragraph headed “10. EXPERT’S CONSENT AND QUALIFICATION” in this appendix, have been registered with the Registrar of Companies in Hong Kong pursuant to section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong).

**16. DOCUMENTS ON DISPLAY**

Pursuant to paragraph 42 of Appendix 1B to the GEM Listing Rules, the issuer shall set out in the listing document the details of a reasonable period of time (being not less than 14 days) during which the documents as required under the paragraph are published on the Stock Exchange’s website and the issuer’s own website.

Accordingly, copies of the following documents will be published on the websites of the Company (<https://www.lifeconcepts.com/>) and the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) during a period of 14 days from the date of this Prospectus (both days inclusive):

- (i) the memorandum of continuance and the Bye-laws of the Company;
- (ii) the material contract referred to in the section headed “Material Contracts” in this appendix;

- (iii) the annual reports of the Company for the financial years ended 31 March 2020 and 2021, and 2022;
- (iv) the first quarterly report of the Company for the three months ended 30 June 2022;
- (v) the report from Yongtuo Fuson CPA Limited in respect of the unaudited pro forma financial information of the Group, the text of which as set out in appendix II of to this Prospectus;
- (vi) the written consents referred to in the paragraph under the heading “Experts and Consents” in this appendix; and
- (vii) the Prospectus Documents.

## **17. LANGUAGE**

In case of any inconsistency between the English and Chinese versions of this Prospectus, the English version will prevail.

## **18. MISCELLANEOUS**

- (i) As at the Latest Practicable Date, to the best knowledge of Directors, there was no restriction affecting the remittance of profits or repatriation of capital of the Company into Hong Kong from outside Hong Kong.
- (ii) As at the Latest Practicable Date, the Company had no significant exposure to foreign exchange liabilities.
- (iii) The business address of all Directors and authorised representatives of the Company is Suites 1701-3, 17th Floor, Chinachem Hollywood Centre, 1,3,5,7,9,11 and 13 Hollywood Road, Central, Hong Kong.