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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)

**(1) ANNOUNCEMENT PURSUANT TO RULE 3.7 OF
THE TAKEOVERS CODE,
RULE 17.10 OF THE GEM LISTING RULES AND
INSIDE INFORMATION PROVISIONS;
AND
(2) RESUMPTION OF TRADING**

Financial adviser to the Company

RAINBOW.

RAINBOW CAPITAL (HK) LIMITED
泓博資本有限公司

This announcement is made by the Company pursuant to Rule 3.7 of the Takeovers Code, Rule 17.10 of the GEM Listing Rules and the Inside Information Provisions (as defined under the GEM Listing Rules) under Part XIVA of the SFO.

MEMORANDUM OF UNDERSTANDING

The Board wishes to announce that on 12 July 2023 (after trading hours), the Company and the Potential Investor entered into the Memorandum of Understanding, pursuant to which the Company intends to allot and issue, and the Potential Investor intends to subscribe for, the Convertible Bond in the aggregate principal amount of

HK\$70,000,000. Except that the Company owed to the Potential Investor a sum of HK\$70,000,000 which is unsecured, interest-free and due on 31 August 2024 as at the date of this announcement, each of the Potential Investor and its ultimate beneficial owner(s) is an Independent Third Party.

Under the terms of the Memorandum of Understanding, the initial conversion price shall not be higher than HK\$0.10 per Conversion Share and the number of Conversion Shares to be subscribed by the Potential Investor shall be further discussed, negotiated and determined between the Company and the Potential Investor.

Possible Whitewash Waiver

The Possible Subscription, if materialised, depending on the level of the initial conversion price, may lead to the Potential Investor holding over 30% of the issued share capital of the Company as enlarged by the Conversion Shares and thus, a change in control of the Company. The Potential Investor intends to apply to the Executive for the Whitewash Waiver in respect of the mandatory general offer obligation under Rule 26.1 of the Takeovers Code as a result of the allotment and issue of the Conversion Shares as contemplated under the Memorandum of Understanding.

The Potential Investor and the Company have not concluded whether obtaining the Whitewash Waiver will be a waivable condition to the Subscription Agreement. If the Whitewash Waiver condition is a waivable condition to the Subscription Agreement, a mandatory general offer cannot be ruled out. If the Whitewash Waiver condition is a non-waivable condition to the Subscription Agreement, the Possible Subscription will not be completed if the Whitewash Waiver is not granted by the Executive.

Conditions precedent

Completion of the Possible Subscription is conditional upon the fulfillment or waiver (if applicable) of, among other things, (i) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Conversion Shares; and (ii) the Shareholders approving the Possible Subscription and the transactions contemplated under the Subscription Agreement at the general meeting of the Company.

Debts

Prior to 5 May 2023, the Company owed Mr. James Fu Bin Lu, a former executive Director of the Company and a substantial Shareholder who was beneficially interested in 218,045,000 Shares, representing approximately 11.49% of the total issued Shares as at the date of this announcement (the “**Assignor**”), a sum of HK\$70,000,000 (the “**Debts**”) which is unsecured, interest-free and due on 31

August 2024. On 5 May 2023, the Potential Investor and the Assignor entered into a deed of assignment, pursuant to which the Assignor assigned the Debts to the Potential Investor, and the Potential Investor accepted the assignment of the Debts. The Debts is intended to be set off by the Possible Subscription on a dollar-to-dollar basis by way of entering into a deed of set off by the Company and the Potential Investor.

The exclusivity

Under the terms of the Memorandum of Understanding, the Potential Investor and the Company shall negotiate in good faith towards one another in ensuring that the other terms of the Subscription Agreement be agreed and the Subscription Agreement be entered into as soon as possible and in any event, on or before the date falling seven (7) days from the date of the Memorandum of Understanding or such later date as the Potential Investor and the Company may agree.

The Company will not, and will procure that its directors, officers, employees, representatives and agents will not, directly or indirectly, for a period of three (3) months from the date of the Memorandum of Understanding (i) solicit, initiate or encourage inquiries or offers from; (ii) initiate or continue negotiations or discussions with or furnish any information to; or (iii) enter into any agreement or statement of intent or understanding with, any person or entity other than the Potential Investor with respect to the Possible Subscription. If the Company receives any such inquiry or offer, the Company will promptly notify the Potential Investor.

Legal effect

The Memorandum of Understanding shall constitute a legal, valid and binding agreement of the Company and the Potential Investor, and is enforceable against each of Company and the Potential Investor in the terms of the Memorandum of Understanding.

The Possible Subscription is subject to further negotiations between the Company and the Potential Investor and the signing of a definitive Subscription Agreement. The Possible Subscription may or may not proceed. Shareholders will be informed of any further developments with regard to the Possible Subscription by way of further announcement(s) as and when necessary in accordance with the GEM Listing Rules and the Takeovers Code.

SECURITIES OF THE COMPANY

As at the date of this announcement, details of all classes of the Relevant Securities issued by the Company and the numbers of such securities in issue are as follows:

- (i) a total of 1,898,290,908 Shares in issue of par value US\$0.001 each in the share capital of the Company; and
- (ii) a share option scheme approved by the Shareholders on 14 July 2016 which will remain in force for a period of ten years commencing on 14 July 2016. The total number of the Shares in respect of which options may be granted under the share option scheme shall not be in aggregate exceed 80,000,000 Shares. As at the date of this announcement, there are no outstanding options under this share option scheme.

DEALING DISCLOSURE

For the purposes of the Takeovers Code, the offer period commences on the date of this announcement, being 21 July 2023.

In accordance with Rule 3.8 of the Takeovers Code, respective associates (as defined in the Takeovers Code) of the Company (including, among others, Shareholders of the Company having interests of 5% or more in the Relevant Securities of the Company) and of the Potential Investor are hereby reminded to disclose their dealings in the securities of the Company pursuant to the requirements of the Takeovers Code.

RESPONSIBILITIES OF STOCKBROKERS, BANKS AND OTHER INTERMEDIARIES

In accordance with Rule 3.8 of the Takeovers Code, reproduced below is the full text of Note 11 to Rule 22 of the Takeovers Code:

“Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates of an offeror or the offeree company and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than \$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

MONTHLY UPDATE

In compliance with Rule 3.7 of the Takeovers Code, monthly announcement(s) setting out the progress of the Possible Subscription will continue to be made until an announcement of a firm intention to make an offer under Rule 3.5 of the Takeovers Code or of a decision not to proceed with an offer is made.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares was halted with effect from 1:00 p.m. on 12 July 2023, pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9 a.m. on 24 July 2023.

WARNING

The Possible Subscription may or may not proceed to signing or completion. Even if the definitive Subscription Agreement is signed, completion of the Possible Subscription may still be subject to the fulfillment (or, where applicable, waiver) of the conditions precedent contained therein. There is no assurance that the Possible Subscription will materialise or eventually be consummated. Shareholders and potential investors are advised to exercise caution when dealing in the Shares and if they are in any doubt about their position, they should consult their professional advisers.

DEFINITIONS

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

“acting in concert” has the meaning ascribed thereto under the Takeovers Code

“Board” the board of Directors

“Company”	Life Concepts Holdings Limited (生活概念控股有限公司), 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)
“Convertible Bond”	a convertible bond in the principal amount of HK\$70,000,000 proposed to be subscribed by the Potential Investor under the Possible Subscription
“Conversion Share(s)”	certain number of new Shares proposed to be allotted and issued by the Company upon the exercise by the Potential Investor of the conversion rights attaching to the Convertible Bond, potentially resulting in the Potential Investor holding over 30% of the issued share capital of the Company as enlarged by the Conversion Shares
“Director(s)”	director(s) of the Company
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegates
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the directors, chief executive or substantial shareholders of the Company or any of its subsidiaries, or any of their respective associates (as defined in the GEM Listing Rules)
“Memorandum of Understanding”	the legally-binding memorandum of understanding dated 12 July 2023 entered into between the Company and the Potential Investor in relation to the Possible Subscription
“Possible Subscription”	the possible subscription of the Convertible Bond by the Potential Investor pursuant to the Memorandum of Understanding

“Potential Investor”	Welly Charm Limited, a limited liability company incorporated in Hong Kong, which is wholly owned by Mr. Hu Lizhi
“Relevant Securities”	having the meaning as defined in Note 4 to Rule 22 of the Takeovers Code
“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) of par value US\$0.001 each in the capital of the Company
“Shareholder(s)”	the holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Agreement”	a legally-binding formal agreement which may or may not be entered into between the Company and the Potential Investor in relation to the Possible Subscription
“substantial shareholder”	has the meaning ascribed to it under the GEM Listing Rules
“Takeovers Code”	Hong Kong Code on Takeovers and Mergers issued by the SFC, as amended, supplemented or otherwise modified from time to time
“Whitewash Waiver”	a waiver from the Executive pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code in respect of the obligations of the Potential Investor to make a mandatory general offer for all of the Shares not already owned or agreed to be acquired by the Potential Investor and any parties acting in concert with it which would, if the Possible Subscription proceeds, otherwise arise as a result of the completion of the allotment and issuance of the Conversion Shares to the Potential Investor

By order of the Board
Life Concepts Holdings Limited
Mr. Xu Qiang
*Chairman, Executive Director and
Chief Executive Officer*

Hong Kong, 21 July 2023

As at the date of this announcement, the Board comprises Mr. Xu Qiang (Chairman and Chief Executive Officer) and Mr. YU Qinglong as executive Directors.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.