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(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 223)

ANNOUNCEMENT
RENEWAL OF EXISTING CONTINUING CONNECTED
TRANSACTIONS

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TRANSACTIONS

As the 2020 Procurement Framework Agreement expired on 31 December 2022 and the Group intends to continue carrying out the existing transactions under the 2020 Procurement Framework Agreement in the ordinary and usual course of business of the Group, Smart Challenger (an indirect non wholly-owned subsidiary of the Company), Yangzhou Yuanda and Mr. Zhu entered into the 2023 Procurement Framework Agreement on 9 January 2023, for a term of three years from 1 January 2023 to 31 December 2025.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Mr. Zhu is a substantial shareholder (as defined under the Listing Rules) of each of Century Smart and Smart Challenger, both being non wholly-owned subsidiaries of the Company, and is, therefore, a connected person of the Company at the subsidiary level. As Mr. Zhu controls more than 30% of the voting power in general meetings of Yangzhou Yuanda, Yangzhou Yuanda is an associate (as defined under the Listing Rules) of Mr. Zhu and a connected person of the Company at the subsidiary level under the Listing Rules. As such, the transactions contemplated under the 2023 Procurement Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Since (i) Yangzhou Yuanda is a connected person of the Company at the subsidiary level; (ii) the Directors (including the independent non-executive Directors) have approved the 2023 Procurement Framework Agreement and the transactions contemplated thereunder; (iii) the independent non-executive Directors have confirmed that the terms of the transactions contemplated under the 2023 Procurement Framework Agreement are fair and reasonable, on normal commercial terms or better terms and in the interests of the Company and the Shareholders as a whole, the 2023 Procurement Framework Agreement and the transactions contemplated thereunder will constitute continuing connected transactions which are only subject to the reporting and announcement requirements, but are exempted from the circular, independent financial advice and Shareholders' approval requirements pursuant to Rule 14A.101 of the Listing Rules.

Reference is made to the 2020 Announcement in relation to the continuing connected transactions under the 2020 Procurement Framework Agreement entered into between Smart Challenger and Yangzhou Yuanda.

RENEWAL OF THE EXISTING CONTINUING CONNECTED TRANSACTIONS

2023 Procurement Framework Agreement

As the 2020 Procurement Framework Agreement expired on 31 December 2022 and the Group intends to continue carrying out the existing transactions under the 2020 Procurement Framework Agreement in the ordinary and usual course of business of the Group, Smart Challenger, Yangzhou Yuanda and Mr. Zhu entered into the 2023 Procurement Framework Agreement on 9 January 2023, for a term of three years from 1 January 2023 to 31 December 2025.

PRINCIPAL TERMS OF THE 2023 PROCUREMENT FRAMEWORK AGREEMENT

Date: 9 January 2023

- Parties:
- (i) Smart Challenger, an indirect non wholly-owned subsidiary of the Company;
 - (ii) Yangzhou Yuanda, an associate (as defined under the Listing Rules) of Mr. Zhu who is a substantial shareholder (as defined under the Listing Rules) of the Company at the subsidiary level. As Mr. Zhu holds 99.01% equity interest in Yangzhou Yuanda, Yangzhou Yuanda is therefore a connected person of the Company under the Listing Rules; and
 - (iii) Mr. Zhu

Subject matter

Under the 2023 Procurement Framework Agreement, it was agreed that Smart Challenger or its subsidiaries shall procure, and Yangzhou Yuanda or Mr. Zhu's Associates (that is, the companies which are held as to 30% or more by Mr. Zhu) shall supply the Cleaning and Sanitizing Products.

Term

Pursuant to the 2023 Procurement Framework Agreement, it was agreed that Yangzhou Yuanda or Mr. Zhu's Associates shall supply the Cleaning and Sanitizing Products to the Joint Venture Group for a term of three years from 1 January 2023 to 31 December 2025 (both days inclusive).

The parties to the 2023 Procurement Framework Agreement will enter into individual goods procurement contracts or purchase orders setting out specific terms of procurement of goods, including but not limited to the goods to be procured, price, amount, delivery method and payment arrangement. Such terms shall be consistent with the principles and the terms of the 2023 Procurement Framework Agreement. If there is any discrepancy between the terms of an individual goods procurement contract/purchase order and the 2023 Procurement Framework Agreement, the latter shall prevail.

Basis of pricing

The prices for the goods to be procured under the 2023 Procurement Framework Agreement are determined principally by arm's length commercial negotiations according to the principles of fairness and reasonableness among the parties with reference to the prevailing market prices and a markup to the unit cost of the Cleaning and Sanitizing Products.

The prices for the goods procured by the Joint Venture Group from Yangzhou Yuanda or Mr. Zhu's Associates will not be less favourable than those available from Independent Third Parties in similar transactions.

If the market prices for the Cleaning and Sanitizing Products have changed drastically, the parties may adjust the selling price by mutual agreement. In such circumstance, any party can notify the other party of their intention of adjustment to the selling price of the Cleaning and Sanitizing Products with supporting documents.

Payment

The payment terms will be agreed upon and set out in the individual goods procurement contracts or purchase orders to be entered into by the parties.

Proposed Annual Caps

The Annual Caps for the 2023 Procurement Framework Agreement for the three years ending 31 December 2023, 2024 and 2025 are set out as follows:

	For the year ending 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Annual Caps	15,000	20,000	25,000

The Annual Caps for the three years ending 31 December 2023, 2024 and 2025 are determined based on the followings:

- (i) the historical purchase amounts of the Cleaning and Sanitizing Products procured by the Joint Venture Group from Yangzhou Yuanda and Mr. Zhu's Associates for the period from October to December 2020, the year ended 31 December 2021 and the ten months ended 31 October 2022 of approximately RMB18.197 million, RMB20.657 million and RMB1.203 million;
- (ii) the annual average price of the Cleaning and Sanitizing Products; and
- (iii) the expected amount of purchase of the Joint Venture Group for the three years ending 31 December 2023, 2024 and 2025.

The actual settlement amount shall be calculated based on the actual sale and purchase amount of the Cleaning and Sanitizing Products between the parties.

Should the actual annual purchase amount exceed the above proposed Annual Caps, the Company will revise the Annual Caps in compliance with the relevant requirements under Chapter 14A of the Listing Rules.

The historical transaction amounts of the Cleaning and Sanitizing Products procured by the Joint Venture Group from Yangzhou Yuanda and Mr. Zhu’s Associates for the period between 1 October 2020 and 31 December 2020, the year ended 31 December 2021 and the ten months ended 31 October 2022 are set out as follows:

	For the period between 1 October 2020 and 31 December 2020 <i>RMB’000</i>	For the year ended 31 December 2021 <i>RMB’000</i>	For the ten months ended 31 October 2022 <i>RMB’000</i>
Historical transaction amounts of the Cleaning and Sanitizing Products procured by the Joint Venture Group from Yangzhou Yuanda and Mr. Zhu’s Associates	18,197	20,657	1,203

The annual caps under the 2020 Procurement Framework Agreement for the period between 1 October 2020 and 31 December 2020, the year ended 31 December 2021 and the year ended 31 December 2022 were not exceeded.

INTERNAL CONTROL AND PRICING POLICY

In order to ensure that the terms under the 2023 Procurement Framework Agreement are not less favourable than those available from Independent Third Parties, the Company has adopted the following measures:

1. the prices for the goods will be negotiated on arm’s length basis and at prices with reference to the prevailing market prices of the same or similar goods, which will be determined through periodic price researches conducted by the staff of the business department of the Company by obtaining the prices of goods charged by at least two other suppliers in the market for goods comparable to the goods procured under the 2023 Procurement Framework Agreement;
2. the Company will supervise the continuing connected transactions in accordance with the procedures set forth in the Company’s internal control manual on continuing connected transactions. The relevant personnel of the business department of the Company will conduct regular checks to review and assess whether the transactions contemplated under the relevant continuing connected transactions are conducted in accordance with the terms of their respective agreements and will also regularly update the market prices for the purpose of considering if the prices charged for specific transactions are fair and reasonable and in accordance with the aforesaid pricing policy;

3. the Company's external auditors will conduct an annual review on the pricing and the Annual Caps of the continuing connected transactions;
4. the Company's audit committee will review at least twice a year the analysis reports and the improvement measures prepared by the Company's management based on the implementation of the continuing connected transactions by the Company; and
5. the independent non-executive Directors will conduct an annual review of the implementation and enforcement of the continuing connected transactions.

REASONS FOR AND BENEFITS OF ENTERING INTO THE 2023 PROCUREMENT FRAMEWORK AGREEMENT

The Group is principally engaged in commodities trading, sales, marketing and brand building of anti-epidemic, daily cleaning products and licensed branded watches businesses. It has also been expanding its businesses into the consumer products market including but not limited to health food and supplements, functional food and food additives in the PRC conforming to the Group's business principle and mission of delivering "an easier life, greater health and better livelihood" (易生活，大健康，惠民生).

Mr. Zhu is experienced in the field of daily cleaning materials and sanitizing products. Yangzhou Yuanda, which is principally engaged in the manufacturing of daily cleaning chemicals and sanitizing products, is owned as to 99.01% by Mr. Zhu and as to 0.99% by Mr. Zhang. Other than Yangzhou Yuanda, Mr. Zhu currently owns or has invested in other PRC companies which manufacture a wide range of daily cleaning chemicals and sanitizing products. The supply of daily cleaning materials and sanitizing products will leverage on the strength, resources and expertise of both parties to develop a platform for selling daily cleaning chemicals and sanitizing products in the PRC and overseas, which will allow the Group to cover more business in daily consumer products and in turn increase the source of income to the Group.

The Directors (including the independent non-executive Directors) consider that the transactions contemplated under the 2023 Procurement Framework Agreement was conducted under normal commercial terms or better terms and in the ordinary and usual course of business of the Group, the terms of which (including the Annual Caps) are fair and reasonable and that the entering into of the 2023 Procurement Framework Agreement is in the interests of the Company and the shareholders as a whole.

INFORMATION ON MR. ZHU AND YANGZHOU YUANDA

Mr. Zhu is a substantial shareholder of two subsidiaries of the Company and a connected person of the Company at the subsidiary level. He is a PRC resident and a merchant who currently owns or has invested in a number of PRC companies which manufacture a wide range of daily cleaning chemicals and sanitizing products.

Yangzhou Yuanda is a limited liability company established in the PRC. It is held as to 99.01% and 0.99% by Mr. Zhu and Mr. Zhang, respectively. It is principally engaged in manufacture and sale of daily cleaning chemicals and sanitizing product in the PRC.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Mr. Zhu is a substantial shareholder (as defined under the Listing Rules) of each of Century Smart and Smart Challenger, both being non wholly-owned subsidiaries of the Company, and is, therefore, a connected person of the Company at the subsidiary level. As Mr. Zhu controls more than 30% of the voting power in general meetings of Yangzhou Yuanda, Yangzhou Yuanda is an associate (as defined under the Listing Rules) of Mr. Zhu and a connected person of the Company at the subsidiary level under the Listing Rules. As such, the transactions contemplated under the 2023 Procurement Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Since (i) Yangzhou Yuanda is a connected person of the Company at the subsidiary level; (ii) the Directors (including the independent non-executive Directors) have approved the 2023 Procurement Framework Agreement and the transactions contemplated thereunder; (iii) the independent non-executive Directors have confirmed that the terms of the transactions contemplated under the 2023 Procurement Framework Agreement are fair and reasonable, on normal commercial terms or better terms and in the interests of the Company and the Shareholders as a whole, the 2023 Procurement Framework Agreement and the transactions contemplated thereunder will constitute continuing connected transactions which are only subject to the reporting and announcement requirements, but are exempted from the circular, independent financial advice and Shareholders’ approval requirements pursuant to Rule 14A.101 of the Listing Rules.

None of the Directors has any material interest in the 2023 Procurement Framework Agreement and the transactions contemplated thereunder, and none of the Directors has abstained from voting on the board resolution approving the 2023 Procurement Framework Agreement and the transactions contemplated thereunder.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“2020 Announcement” the announcement dated 9 November 2020 of the Company in relation to the 2020 Procurement Framework Agreement;

“2020 Procurement Framework Agreement”	the procurement framework agreement dated 9 November 2020 between Smart Challenger and Yangzhou Yuanda, pursuant to which Smart Challenger agreed that Smart Challenger or its subsidiaries will procure and Yangzhou Yuanda agreed to supply the Cleaning and Sanitizing Products for a term of two years and four months commencing from 1 September 2020 to 31 December 2022;
“2023 Procurement Framework Agreement”	the procurement framework agreement dated 9 January 2023 among Smart Challenger, Yangzhou Yuanda and Mr. Zhu, pursuant to which the Joint Venture Group will procure and Yangzhou Yuanda or Mr. Zhu’s Associates will supply the Cleaning and Sanitizing Products for a term of three years from 1 January 2023 to 31 December 2025;
“Annual Caps”	the proposed maximum aggregate annual value for the Cleaning and Sanitizing Products to be procured by the Joint Venture Group from Yangzhou Yuanda or Mr. Zhu’s Associates as contemplated under the 2023 Procurement Framework Agreement;
“associate”	has the meaning as ascribed thereto under the Listing Rules;
“Board”	the board of Directors;
“BVI”	the British Virgin Islands;
“Century Smart”	Century Smart Group Limited, a company established in the BVI with limited liability and a non wholly-owned subsidiary of the Company held by the Company and Mr. Zhu as to 51% and 49%, respectively;
“Cleaning and Sanitizing Products”	various cleaning and sanitizing goods and products, including but not limited to disinfectants, paper towels and hand sanitizers;
“Company”	Elife Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange;

“connected person”	has the same meaning as ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Elife Trading”	Elife International Trading Limited (易生活國際貿易有限公司), a company established in Hong Kong with limited liability and an indirect non-wholly owned subsidiary of the Company held by Smart Challenger as to 100%;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Third Party(ies)”	the independent third party(ies) who is/are, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, independent of and not connected with the Company and the connected person(s) (as defined in the Listing Rules) of the Company;
“Joint Venture Group”	companies established or to be established for operating the daily cleaning chemicals and sanitizing products business, which, as at the date hereof, comprise Smart Challenger, Elife Trading and Yiansheng;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Mr. Zhang”	Mr. Zhang Jinlin (張金林先生), a resident of the PRC;
“Mr. Zhu”	Mr. Zhu Qian (朱其安先生), a resident of the PRC;
“Mr. Zhu’s Associates”	companies which are held as to 30% or more by Mr. Zhu;
“PRC”	the People’s Republic of China, and for the sole purpose of this announcement excludes Hong Kong, Macau Special Administrative Region and Taiwan;
“RMB”	Renminbi, the lawful currency of the PRC;

“Share(s)”	ordinary share(s) in the issued share capital of the Company;
“Shareholder(s)”	the shareholder(s) of the Company;
“Smart Challenger”	Smart Challenger Global Limited, a company incorporated in the BVI with limited liability and an indirect non wholly-owned subsidiary of the Company held by Century Smart and Mr. Zhu as to 51% and 49%, respectively;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Yangzhou Yuanda”	Yangzhou Yiyuantang Commodity Co., Ltd.* ((揚州易遠棠日用品有限公司), previously known as Yangzhou Yuanda Daily Chemicals Co., Ltd.* (揚州市遠大日用化工品有限公司), a company established in the PRC with limited liability;
“Yiansheng”	Yiansheng International Trading Co., Ltd.* (易安生國際貿易有限公司), a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company held by Elife Trading as to 100%; and
“%”	per cent.

By Order of the Board
Elife Holdings Limited
Zhang Xiaobin
Chairman

Hong Kong, 9 January 2023

As at the date of this announcement, the executive Directors are Mr. Zhang Xiaobin, Mr. Gao Feng and Mr. Chiu Sui Keung, and the independent non-executive Directors are Mr. Cheng Wing Keung Raymond, Mr. Lam Williamson, Mr. Wong Hoi Kuen and Dr. Lam Lee G.

* *For identification purposes only*