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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 with limited liability)

(Stock Code: 8056)

DISCLOSEABLE TRANSACTION IN RELATION TO DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF DINING CONCEPTS (WESTERN) LIMITED

THE DISPOSAL

On 18 March 2020, the Vendor (a direct wholly-owned subsidiary of the Company) and the Purchaser entered into the Disposal Agreement, pursuant to which the Vendor agreed to sell, and the Purchaser agreed to purchase, the Sale Share, at the consideration of US\$1 (equivalent to approximately HK\$7.8), provided that the Intercompany Loan owing by the Vendor to the Target Group is waived and discharged in full upon Completion. The Sale Share represents the total issued share capital of the Target Company.

Upon Completion, the Company has ceased to hold any interest in the Target Group, each member of the Target Group has ceased to be a subsidiary of the Company and the financial results of the Target Group will no longer be consolidated into the consolidated financial statements of the Company.

GEM LISTING RULES IMPLICATIONS

As certain of the applicable percentage ratios (as defined under Rule 19.07 of the GEM Listing Rules) in relation to the Disposal are more than 5% but all of them are less than 25%, the Disposal constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

THE DISPOSAL AGREEMENT

Date

18 March 2020

Parties

- (i) the Vendor; and
- (ii) the Purchaser.

Subject Matter

Pursuant to the Disposal Agreement, the Vendor (a direct wholly-owned subsidiary of the Company) conditionally agreed to sell, and the Purchaser conditionally agreed to purchase the Sale Share for the Consideration.

Consideration

The Consideration is US\$1 (equivalent to approximately HK\$7.8), provided that the Deed of Waiver is executed pursuant to which the Intercompany Loan is waived and discharged in full upon Completion. The Consideration was settled by the Purchaser in cash.

Basis for determination of the Consideration

The Consideration was arrived at after arm's length negotiation between the Vendor and the Purchaser with reference to, among other things:

- (i) the unaudited consolidated net assets of the Target Group in the amount of approximately HK\$153,000 as at 28 February 2020;
- (ii) the waiver of the Intercompany Loan owing by the Vendor to the Target Group upon Completion in the amount of approximately HK\$805,000; and
- (iii) the reasons and benefits as set out in the paragraph headed "Reasons for and benefits of the Disposal Agreement and the transactions contemplated thereunder" in this announcement.

Taking into consideration of the above, the Directors are of the view that the Consideration and the terms and conditions of the Disposal are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Condition precedent

Completion is conditional upon satisfaction of the condition, on or before the date of Completion, that the Deed of Waiver having been executed by all parties thereto.

At Completion, the Deed of Waiver has been executed and the above condition precedent has been satisfied.

Completion

Completion took place on the same date of signing the Disposal Agreement (i.e. 18 March 2020).

Upon Completion, the Company has ceased to hold any interest in the Target Group, each member of the Target Group has ceased to be a subsidiary of the Company and the financial results of the Target Group will no longer be consolidated into the consolidated financial statements of the Company.

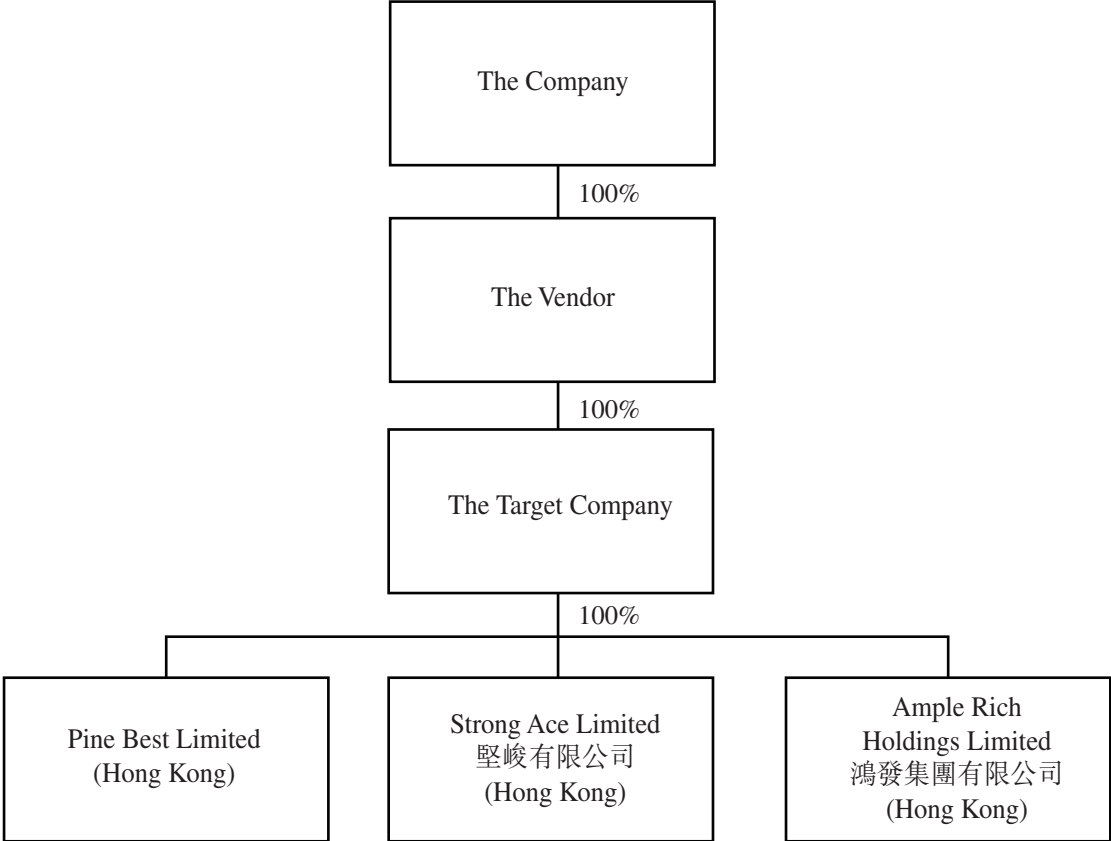
INFORMATION ON THE TARGET GROUP

The Target Company

The Target Company is a company established in the British Virgin Islands with limited liability, which was indirectly wholly-owned by the Company immediately prior to Completion. The Target Company is principally engaged in investment holding.

The Target Group

The Target Group is principally engaged in the operation of restaurants in Hong Kong serving Western cuisines. Set out below is the shareholding structure of the Target Group immediately prior to Completion:-



Financial information of the Target Group

Set out below is certain financial information of the Target Company, as extracted from the unaudited consolidated financial statement of the Target Company for the two financial years ended 31 March 2018 and 2019, and for the eleven months ended 28 February 2020 which were prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”):

	For the year ended 31 March		For the eleven months ended
	2018	2019	28 February
	HK\$	HK\$	2020
	(Unaudited)	(Unaudited)	(Unaudited)
Net loss before taxation	4,625,000	10,412,000	4,288,000
Net loss after taxation	4,841,000	10,611,000	4,781,000

Based on the unaudited consolidated financial statements of the Target Company as at 28 February 2020 prepared in accordance with HKFRS, the unaudited net asset value of the Target Group as at 28 February 2020 amounted to approximately HK\$153,000.

INFORMATION ON THE GROUP

The Company was incorporated in the Cayman Islands with limited liability, the shares of which are listed on the GEM (stock code: 8056). The Group is principally engaged in (i) operation of restaurants; (ii) interior design and fitting-out business; and (iii) provision of consulting services in relation to organic vegetables research and development, plantation and sales.

INFORMATION ON THE PARTIES

The Vendor

The Vendor is a company established in the British Virgin Islands with limited liability, which is a direct wholly-owned subsidiary of the Company as at the date of this announcement. The Vendor is principally engaged in investment holding and its subsidiaries are principally engaged in the operation of restaurants in Hong Kong.

The Purchaser

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Purchaser, being an individual, (i) is independent of the Company and the connected persons of the Company; and (ii) possesses over 20 years of experience in the food and beverages industry and is currently the operation manager of two other restaurants of the Group serving Asian cuisines.

REASONS FOR AND BENEFITS OF THE DISPOSAL AGREEMENT AND THE TRANSACTIONS CONTEMPLATED THEREUNDER

The Company noticed that the restaurants under the Target Group suffered net losses for both financial years ended 31 March 2018 and 2019, and their operating results had further deteriorated recently since the third quarter of 2019 as compared to the first half of 2019 due to the unexpected political activities in Hong Kong arising from the anti-extradition bill protests since June 2019 and the recent outbreak of the novel coronavirus (COVID-19) epidemic (the “**Epidemic**”). The management also notes that even if the Company chooses to close or suspend operations of restaurants under the Target Group to save costs, the Target Group would still incur costs arising from its existing contractual obligations such as rental expenses and franchise fees.

In order to minimize the negative impact of the Epidemic on the operation and financial performance, the Company intends to further reduce costs and streamline its operations given the Target Group is not profit making and alleviate cash outflow pressure by disposing the Target Group to the Purchaser such that the Group can focus its available financial resources on the development of its other existing restaurants and businesses. Despite the nominal consideration payable by the Purchaser to the Target Group, pursuant to the Disposal Agreement, the Intercompany Loan owing by the Company to the Target Group would be waived upon Completion.

In view of the above, the Directors consider that the terms of the Disposal are on normal commercial terms and fair and reasonable and the Disposal and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole. None of the Directors has a material interest in the Disposal and therefore no Directors are required to abstain from voting on the Board resolutions in relation to the Disposal Agreement and the transactions contemplated thereunder.

FINANCIAL EFFECT OF THE DISPOSAL

Upon Completion, the Company has ceased to hold any interest in the Target Group, each member of the Target Group has ceased to be a subsidiary of the Company and the financial results of the Target Group will no longer be consolidated into the consolidated financial statements of the Company. The Company expects that after deducting the relevant costs and expenses incurred in connection with the Disposal, the net proceeds for the Disposal will be nil.

Subject to final audit, it is expected that the Company will record a net gain on the Disposal of approximately HK\$652,000, which is calculated by reference to the difference between (i) the consideration for the Disposal of US\$1 (equivalent to approximately HK\$7.8) plus the waiver of the Intercompany Loan owing by the Vendor to the Target Group of approximately HK\$805,000, and (ii) the net asset value of the Target Group of HK\$153,000 as set out in the unaudited consolidated financial statements of the Target Group as at 28 February 2020, and deducting the relevant costs and expenses incurred in connection with the Disposal.

GEM LISTING RULES IMPLICATIONS

As certain of the applicable percentage ratios (as defined under Rule 19.07 of the GEM Listing Rules) in relation to the Disposal are more than 5% but all of them are less than 25%, the Disposal constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

DEFINITIONS

Unless the context otherwise requires, the following terms shall have the meanings set out below:

“Board”	the board of Directors
“Company”	Life Concepts Holdings Limited (生活概念控股有限公司) (formerly known as Dining Concepts Holdings Limited 飲食概念控股有限公司), a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the GEM (Stock Code: 8056)
“Completion”	completion of the sale and purchase of the Sale Share pursuant to the Disposal Agreement

“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Consideration”	US\$1, being the consideration payable by the Purchaser to the Vendor for the purchase of the Sale Share under the Disposal Agreement
“Deed of Waiver”	the deed of waiver dated 18 March 2020 entered into by and among the Vendor, the Target Company and the Purchaser in respect of the waiver of the Intercompany Loan
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Share by the Vendor to the Purchaser pursuant to the Disposal Agreement
“Disposal Agreement”	the sale and purchase agreement dated 18 March 2020 entered into between the Vendor and the Purchaser in relation to the Disposal
“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 PRC
“Intercompany Loan”	the net amount owed by the Vendor to the Target Group, which was in the sum of approximately HK\$805,000 as at the date of Completion
“Purchaser”	Mr. Vianney PEREIRA
“PRC”	the People’s Republic of China
“Sale Share”	1 ordinary share in the capital of the Target Company, representing the entire issued share capital of the Target Company held by the Vendor as at the date of the Disposal Agreement

“Share(s)”	ordinary share(s) of US\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Dining Concepts (Western) Limited, a company established in the British Virgin Islands with limited liability, which was an indirect wholly-owned subsidiary of the Company immediately prior to Completion
“Target Group”	the Target Company and its subsidiaries
“US\$”	United States dollars, the lawful currency of the United States
“Vendor”	Dining Concepts Management Limited, a company established in the British Virgin Islands with limited liability, which is a direct wholly-owned subsidiary of the Company as at the date of this announcement
“%”	per cent.

In this announcement, for illustration purposes only, US\$ has been converted into HK\$ at the rate of US\$1:HK\$7.8. No representation is made that any amounts of US\$ or HK\$ have been, could have been or could be converted at the above rate or at any other rate or at all.

** The English transliteration of the Chinese name(s) in this announcement, where indicated, is included for information purpose only, and should not be regarded as the official English name(s) of such Chinese name(s).*

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

Hong Kong, 18 March 2020

As at the date of this announcement, the board of Directors comprises Mr. James Fu Bin Lu (Chairman and Chief Executive Officer), Mr. Sandeep Sekhri and Mr. Long Hai as executive Directors; Mr. Li Lun as non-executive Director; and Mr. Lu Cheng, Mr. Fei Dingan and Mr. Shi Kangping as independent non-executive Directors.

This announcement, 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 announcement 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 announcement misleading.

This announcement will remain on the “Latest Listed Company Information” page of the GEM website at www.hkgem.com for at least 7 days from the date of its publication. This announcement will also be published on the Company’s website at www.lifeconcepts.com.