

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, 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 this announcement.*



*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code: 223)

## **ANNOUNCEMENT CONTINUING CONNECTED TRANSACTIONS**

### **PROCUREMENT FRAMEWORK AGREEMENT**

The Board is pleased to announce that on 9 November 2020, Smart Challenger, an indirect non wholly-owned subsidiary of the Company, entered into the Procurement Framework Agreement with 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 from 1 September 2020 to 31 December 2022 (both days inclusive).

### **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 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 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 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 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 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 Procurement Framework Agreement and the transactions contemplated thereunder, and none of the Directors has abstained from voting on the board resolution approving the Procurement Framework Agreement and the transactions contemplated thereunder.

Reference is made to the announcement of Company dated 31 July 2020 in relation to the establishment of the Joint Venture Group engaging in the daily cleaning chemicals and sanitizing products business.

## **INTRODUCTION**

The Board is pleased to announce that on 9 November 2020, Smart Challenger, an indirect non wholly-owned subsidiary of the Company, entered into the Procurement Framework Agreement with 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 from 1 September 2020 to 31 December 2022 (both days inclusive).

## **PRINCIPAL TERMS OF THE PROCUREMENT FRAMEWORK AGREEMENT**

Date: 9 November 2020

Parties:

- (i) Smart Challenger, an indirect non wholly-owned subsidiary of the Company; and
- (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 two non wholly-owned subsidiaries of the Company, Century Smart and Smart Challenger. 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

### **Term**

Pursuant to the Procurement Framework Agreement, Yangzhou Yuanda agreed to supply the Cleaning and Sanitizing Products to Smart Challenger and its subsidiaries for a term of two years and four months from 1 September 2020 to 31 December 2022 (both days inclusive). The selling prices of the Cleaning and Sanitizing Products are set out under the paragraph headed “Basis of pricing” in this announcement.

The operating units of both parties may enter into individual goods procurement contracts setting out specific terms of procurement of goods, including 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 Procurement Framework Agreement. If there is any discrepancy between the terms of an individual goods procurement contract and the Procurement Framework Agreement, the latter shall prevail.

**Basis of pricing**

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

The prices for the goods procured by Smart Challenger or its subsidiaries from Yangzhou Yuanda 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**

Payment of the Cleaning and Sanitizing Products shall be made in accordance with the settlement terms set out in the purchase orders, which shall be: (i) 50% of the purchase amount shall be paid as prepayment; (ii) 40% of the purchase amount shall be paid upon delivery of the goods/products; and (iii) the balance shall be paid within three (3) months thereafter.

**Proposed Annual Caps**

The Annual Caps for the Procurement Framework Agreement for the period between 1 September 2020 and 31 December 2020, the year ending 31 December 2021 and the year ending 31 December 2022 are set out as follows:

	<b>For the period between 1 September 2020 and 31 December 2020</b>	<b>For the year ending 31 December 2021</b>	<b>For the year ending 31 December 2022</b>
<b>Annual Caps</b>	RMB20,000,000	RMB57,000,000	RMB60,000,000

The Annual Caps for the period between 1 September 2020 and 31 December 2020, the year ending 31 December 2021 and the year ending 31 December 2022 are determined based on the followings:

- (i) the estimated trading volume of the Cleaning and Sanitizing Products procured by Smart Challenger and/or its subsidiaries; and
- (ii) the annual average price of the Cleaning and Sanitizing Products.

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.

### **INTERNAL CONTROL AND PRICING POLICY**

In order to ensure that the terms under the 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 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 PROCUREMENT FRAMEWORK AGREEMENT**

The Group is principally engaged in provision of esmart terminal services for retail stores in the PRC, trading businesses across Asia and developing its business into the consumer product market, which conform to the Group's business principle of "making live well and better life" (易生活，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. 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 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 Procurement Framework Agreement is in the interests of the Company and the shareholders as a whole.

## **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 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 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 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 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 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 Procurement Framework Agreement and the transactions contemplated thereunder, and none of the Directors has abstained from voting on the board resolution approving the 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:

“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 as contemplated under the Procurement Framework Agreement;
“associate”	has the meaning as ascribed thereto under the Listing Rules;
“Board”	the board of Directors;
“BVI”	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, cleaning solutions, sanitizing products, 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;
“PRC”	the People’s Republic of China, and for the sole purpose of this announcement excludes Hong Kong, Macau Special Administrative Region and Taiwan;

“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;
“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 November 2020

*As at the date of this announcement, the executive Directors are Mr. Zhang Xiaobin, Mr. Gao Feng, Mr. Chiu Sui Keung and Mr. Sun Qiang, 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*