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

(Stock Code: 223)

## PAST CONTINUING CONNECTED TRANSACTIONS

Reference is made to the announcement of Elife Holdings Limited (the “**Company**”) dated 9 November 2020 (the “**Announcement**”) in relation to the Procurement Framework Agreement of the same date between Smart Challenger and Yangzhou Yuanda. Unless otherwise defined, capitalised terms used herein have the same meanings as defined in the Announcement.

The Board wishes to announce that it has recently come to the attention of the Company that some transactions which have not been disclosed entered into between the Group and certain associates of Mr. Zhu Qian (“**Mr. Zhu**”) (a substantial shareholder of two subsidiaries of the Company and a connected person of the Company at the subsidiary level) during the year ended 31 March 2022 constituted continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

### (1) PROCUREMENT TRANSACTIONS

Pursuant to the Procurement Framework Agreement, Yangzhou Yuanda agreed to supply the Cleaning and Sanitizing Products to the Joint Venture Group (that is, Smart Challenger (an indirect non wholly-owned subsidiary of the Company) and its subsidiaries) for a term between 1 September 2020 and 31 December 2022 (both days inclusive). The Annual Caps (being the maximum aggregate annual value for the Cleaning and Sanitizing Products to be procured by the Joint Venture Group from Yangzhou Yuanda) for the period between 1 September 2020 and 31 December 2020, the year ended 31 December 2021 and the year ending 31 December 2022 are RMB20 million, RMB57 million and RMB60 million, respectively.

Yangzhou Yuanda is held as to 99.01% by Mr. Zhu and is an associate of Mr. Zhu and a connected person of the Company. The remaining 0.99% equity interest in Yangzhou Yuanda is held by Mr. Zhang Jinlin, an Independent Third Party. As such, the Procurement Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions which are 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. The Company issued the announcement on 9 November 2020.

Other than Yangzhou Yuanda, Mr. Zhu currently owns or has invested in other PRC companies which manufactures a wide range of daily cleaning chemicals and sanitizing products. It has all along been the intention of the Group and Mr. Zhu that the Group will purchase the Cleaning and Sanitizing Products not only from Yangzhou Yuanda but also from such other companies owned or invested by Mr. Zhu. For the year ended 31 March 2022, the Group purchased certain Cleaning and Sanitizing Products from Yangzhou Fuerkan Machinery Manufacturing Co., Limited (“**Yangzhou Fuerkan**”) amounting to approximately RMB3.2 million (the “**Past Procurement Transactions**”). Yangzhou Fuerkan is a company owned by Mr. Zhu as to approximately 41% and thus an associate of Mr. Zhu and a connected person of the Company at the subsidiary level. The remaining approximately 59% equity interest in Yangzhou Fuerkan is held by more than 15 corporate and individual equity holders, all Independent Third Parties (except Mr. Zhang Shaoyan, the chief investment officer of the Group and a director of a subsidiary of the Company, holding approximately 1% equity interest).

For the purpose of ratifying the aforesaid intention that the Procurement Framework Agreement should also cover transactions with other associates of Mr. Zhu, the Company proposes to enter into an amendment agreement (the “**Amendment Agreement**”) to the Procurement Framework Agreement with Smart Challenger and Mr. Zhu. According to the Amendment Agreement, it shall be agreed that (i) Mr. Zhu is added as a new party to the Procurement Framework Agreement; and (ii) the transactions under the Procurement Framework Agreement shall cover not only the transactions between the Joint Venture Group and Yangzhou Yuanda but also the transactions between the Joint Venture Group and other companies held as to 30% or more by Mr. Zhu (the “**Other Associates**”, together with Yangzhou Yuanda, “**Mr. Zhu’s Associates**”) during the term of the Procurement Framework Agreement. The draft Amendment Agreement has been sent to Mr. Zhu for consideration. Further announcement will be issued by the Company when the Amendment Agreement is entered into.

Taking into account the Past Procurement Transactions, the actual transaction amounts of the Cleaning and Sanitizing Products between the Group and Mr. Zhu’s Associates are approximately RMB18.2 million, RMB20.7 million and RMB0.08 million for the period between 1 September 2020 and 31 December 2020, the year ended 31 December 2021 and the period between 1 January 2022 and the date hereof, all within the Annual Caps of RMB20 million, RMB57 million and RMB60 million, respectively.

## (2) SUPPLY TRANSACTIONS

During the year ended 31 March 2022, the Group also entered into certain supply transactions with an associate of Mr. Zhu. The said associate of Mr. Zhu is Yangzhou Tongyang Machinery Co., Ltd. (“**Yangzhou Tongyang**”), which is held by Mr. Zhu as to approximately 41% and thus an associate of Mr. Zhu and a connected person of the Company at the subsidiary level. Yangzhou Tongyang is a wholly-owned subsidiary of Yangzhou Fuerkan. During the year ended 31 March 2022, Yangzhou Tongyang purchased a variety of commodities (including paper boxes, shoe polishing machines, car frames and grinding fluids) from the Group, amounting to approximately RMB15 million (the “**Past Supply Transactions**”, together with the Past Procurement Transactions, the “**Past Transactions**”).

### **Reasons for and ratification of the Past Transactions**

As disclosed in the announcement of the Company dated 9 November 2020, the Joint Venture Group has been purchasing the Cleaning and Sanitizing Products from Yangzhou Yuanda since 1 September 2020.

During the course of preparing the audited financial results of the Group for the year ended 31 March 2022, it was revealed that there were procurement transactions between the Group and an associate of Mr. Zhu other than Yangzhou Yuanda and there were also purchase transactions (that is, purchase of commodities from the Group) and are not covered under the Procurement Framework Agreement.

The Board would like to emphasize that the omission by the Company to comply with the requirements under Chapter 14A of the Listing Rules in respect of the Past Transactions was wholly unintentional. Once the existence of the Past Transactions was identified, the Company has taken immediate remedial action by reporting and announcing the same by way of the issue of this announcement. The Company also instructed its Hong Kong counsel to prepare a memorandum to Mr. Zhu as to the Listing Rules’ requirements for connected transactions and continuing connected transactions involving the Group and Mr. Zhu or his associates. The said memorandum was provided to Mr. Zhu on 27 June 2022.

The Company will adopt more stringent procedure to enhance the internal communication of the Group to prevent any future non-compliance. The Directors have reviewed the Past Transactions and noted that the transactions were all entered into under normal commercial terms. Prices of goods sold/procured by the Group were negotiated on an arm’s length basis based on existing market prices, with payment terms no less favourable than those available to the Group from independent third parties. Having reviewed the Past Transactions, the Board (including the independent non-executive Directors) is of the view that the transactions were entered into on normal commercial terms, in the ordinary and usual course of business of the Group, and confirmed that the terms of the Past Transactions were fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **Listing Rules implications**

As explained in the announcement of the Company dated 9 November 2020 and this announcement, Mr. Zhu is a connected person of the Company and any transaction between the Group and Mr. Zhu or its associates would constitute a connected transaction/continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

Since (i) each of Yangzhou Fuerkan and Yangzhou Tongyang is a connected person of the Company at the subsidiary level; (ii) the Directors (including the independent non-executive Directors) approved and ratified the Past Transactions; (iii) the independent non-executive Directors have confirmed that the terms of the Past Transactions 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 Past Transactions would 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.

By order of the Board  
**Elife Holdings Limited**  
**Chow Chi Fai**  
*Company Secretary*

Hong Kong, 30 June 2022

*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.*