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**CLARIFICATION AND SUPPLEMENTAL ANNOUNCEMENT
FURTHER DELAY IN DESPATCH OF CIRCULAR
IN RELATION TO THE
DISCLOSEABLE AND CONNECTED TRANSACTION
AND
RE-CLASSIFICATION AS MAJOR TRANSACTION**

References are made to the announcement (the “**Announcement**”) of Elife Holdings Limited dated 27 November 2020 in relation to the discloseable and connected transaction in respect of the Share Transfer Agreement, its announcement dated 31 July 2020 (the “**Joint Venture Announcement**”) in relation to the establishment of Joint Venture Group and its announcements dated 17 December 2020, 14 January 2021 and 24 February 2021 (the “**Delay Announcements**”) in relation to delay in despatch of the Circular. Capitalised terms used herein shall have the same meanings as defined in the Announcement, the Joint Venture Announcement and the Delay Announcements unless the context requires otherwise.

CLARIFICATION

As disclosed in the Announcement, as one or more applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Acquisition on a stand-alone basis exceed(s) 5% but all fall below 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to reporting and announcement requirements.

The Company wishes to clarify that as one or more of the applicable percentage ratios for the Acquisition, when aggregated with those of the establishment of Joint Venture Group, is more than 25% but less than 100%, the Acquisition constitutes a major transaction for the Company and is subject to reporting, announcement and Shareholders’ approval requirements under Chapter 14 of the Listing Rules. Accordingly, the Company will comply with the requirements of the Listing Rules relating to major transactions.

SUPPLEMENTAL AGREEMENT

On 31 March 2021 (after trading hours), the Company, Century Smart and the Vendor entered into a supplemental agreement (the “**Supplemental Agreement**”) to amend and/or supplement certain terms of the Share Transfer Agreement (the Share Transfer Agreement as amended by the Supplemental Agreement the “**Amended Share Transfer Agreement**”). The principal amendments set out in the Supplemental Agreement are summarised as follows:

(a) Extension of the Long Stop Date

According to the Share Transfer Agreement, if any of the Conditions are not fulfilled or waived on or before 31 March 2021 (or such later date as the parties may agree in writing) (the “**Long Stop Date**”), the Share Transfer Agreement shall cease to be of any effect and neither party shall have any obligations thereunder save for any antecedent breach of the Share Transfer Agreement.

As more time is required for the fulfilment of the Conditions, the parties to the Amended Share Transfer Agreement agreed to extend the Long Stop Date to a date on or before 30 September 2021 (or such other date as the parties may otherwise agree).

(b) Adjustments to the Consideration

As disclosed in the Announcement, it is a term of the Share Transfer Agreement that if the Actual Profit is less than the Guaranteed Profit, the principal amount of the Convertible Bonds shall be reduced by the shortfall between the Guaranteed Profit and the Actual Profit (the “**Profit Shortfall**”).

Pursuant to the Amended Share Transfer Agreement, this term has been modified for the benefit of the Company so that if the Actual Profit is less than the Guaranteed Profit, the principal amount of the Convertible Bonds shall be reduced by an amount (the “**Reduced Amount**”) to be calculated according to the following formula:

Reduced Amount (rounded to nearest thousand with a maximum of RMB17 million)	=	Profit Shortfall (RMB)	X	43.99% (i.e. percentage of shareholding interests of the Joint Venture Group being acquired)	X	Implied forward price-to-earnings ratio of 5.15
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(c) Escrow Arrangement

As disclosed in the Announcement, subject to adjustment in relation to the profit guarantee, the Consideration of RMB34,000,000 for the Sale Shares will be satisfied by way of issuing (i) the Consideration Shares of RMB17,000,000 (equivalent to approximately HK\$20,000,000); and (ii) the Convertible Bonds of RMB17,000,000 (equivalent to approximately HK\$20,000,000). The Consideration Shares and the Convertible Bonds will be issued by the Company at the Completion pursuant to the Specific Mandate.

Pursuant to the Amended Share Transfer Agreement, the certificate for the Convertible Bonds in the principal amount of RMB17,000,000 will be deposited with an escrow agent (the “**Escrow Agent**”) jointly appointed by the Company and the Vendor on the Completion Date. If adjustment is required to be made to the principal amount of the Convertible Bonds, the Company shall deposit a new certificate of the Convertible Bonds to replace the original one (which will be cancelled) with the adjusted principal amount within three (3) days after the date (the “**Report Issue Date**”) on which the auditor’s report of the Joint Venture Group for the 12 months ending 31 August 2021 is made available by the auditors appointed by the Company.

The Company and the Vendor shall instruct the Escrow Agent to release to the Vendor or its nominee the certificate of the Convertible Bonds (subject to adjustment in relation to the profit guarantee) within 10 days after the Report Issue Date. In this case, no Convertible Bonds will be issued unless and until the auditor’s report of the Joint Venture Group for the 12 months ending 31 August 2021 has been issued.

Save as disclosed above, the Board confirms that all information in the Announcement remains unchanged, and all other terms and conditions of the Amended Share Transfer Agreement remain unchanged and continue in full force and effect.

REASONS FOR ENTERING INTO THE SUPPLEMENTAL AGREEMENT

The Directors consider that the terms and conditions of the Amended Share Transfer Agreement are fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders as a whole. In particular, the Directors are of the view that the revised adjustment to the Consideration and the escrow arrangement, as a whole, serve as additional safeguards for the interest of the Company and its Shareholders as (i) the downward adjustment mechanism to Consideration is consistent with the upward adjustment mechanism to the Consideration; and (ii) the Vendor will only receive the Convertible Bonds (subject to adjustment in relation to the profit guarantee) after the auditor’s report of the Joint Venture Group for the 12 months ending 31 August 2021 is made available by the auditors appointed by the Company.

FURTHER DELAY IN DESPATCH OF CIRCULAR

As disclosed in the Announcement and the Delay Announcements, a circular (the “**Circular**”) containing, amongst other things, (i) further information of the Acquisition; (ii) the recommendation of the Independent Board Committee to the Independent Shareholders in relation to the Amended Share Transfer Agreement and the grant of the Specific Mandate; (iii) the advice of the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Acquisition, the Amended Share Transfer Agreement and the grant of the Specific Mandate; (iv) the valuation report; and (v) notice of the EGM, is to be despatched to the Shareholders.

As additional time is required to finalise certain information in the Circular, the Circular is now expected to be despatched to the Shareholders on or before 30 April 2021.

Completion is subject to the fulfilment and/or waiver (as the case may be) of the Conditions set out in the Amended Share Transfer Agreement and therefore may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

By order of the Board
Elife Holdings Limited
Zhang Xiaobin
Chairman

Hong Kong, 31 March 2021

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.