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Hong Kong Life Sciences and Technologies Group Limited

香港生命科學技術集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8085)

DISCLOSEABLE TRANSACTION ACQUISITION OF ENTIRE ISSUED SHARE CAPITAL OF HONORBASE INTERNATIONAL LIMITED

THE ACQUISITION

The Board is pleased to announce that on 31 May 2017 (after trading hours of the Stock Exchange), the Purchaser, which is a direct wholly-owned subsidiary of the Company, entered into the Agreement with, among other parties, the Vendor and the Target Company pursuant to which the Vendor has agreed to sell and the Purchaser has agreed to purchase the Sale Shares representing the entire issued share capital of the Target Company at the consideration of HK\$43,900,000 on and subject to the terms and conditions contained therein. Immediately upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company.

GEM LISTING RULES IMPLICATIONS ON THE ACQUISITION

As certain applicable percentage ratios under the GEM Listing Rules in respect of the Acquisition are more than 5% and all applicable percentage ratios are less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is therefore subject to the notification and announcement requirements under Chapter 19 of the GEM Listing Rules.

As Completion is conditional upon fulfilment of the conditions precedent set out in the Agreement, the Acquisition may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.

THE AGREEMENT

Date

31 May 2017 (after trading hours of the Stock Exchange)

Parties

- (1) Mr. Lam Wai Keung, being the Vendor;
- (2) Metropolitan Global Trading Limited, being the Purchaser and a direct wholly-owned subsidiary of the Company;
- (3) Honorbase International Limited, being the Target Company; and
- (4) Asia Honest Finance Limited, being the Lender and a direct wholly-owned subsidiary of the Company

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor is an Independent Third Party.

Assets to be acquired

The Sale Shares, being 50,000 shares of US\$1.00 each in the share capital of the Target Company, representing the entire issued share capital of the Target Company free from all liens, claims, equities, charges, encumbrances or any other third party rights together with all rights attaching thereto (including the right to receive all dividends and distributions declared, made or paid on or after the date of the Agreement).

Consideration and payment terms

The total consideration for the Sale Shares is HK\$43,900,000, which shall be settled by (i) the novation of the Debt from the Vendor and the Target Company to the Purchaser pursuant to the Deed of Novation and (ii) the payment of HK\$2,641,251 by the Purchaser to the Vendor or its designated party at the direction of the Vendor and the Target Company.

As of the date of the Agreement, the Vendor and the Target Company are indebted to the Lender in the amount of the Debt.

Following the settlement, the Vendor and the Target Company shall no longer be required to repay the Debt and accrued interest and the Purchaser shall assume the Debt and accrued interest and all the rights and obligations of the Vendor and the Target Company under the Loan.

Basis of the consideration

The consideration has been determined after arm's length negotiations between the Purchaser and the Vendor with reference to, among others, (i) the business development opportunity and prospects of the Target Company; and (ii) the preliminary valuation assessment on the Property confirmed with an independent valuer being not less than HK\$44,000,000.

Having considered the above and the factors described in the paragraph headed “Reasons for and benefits of the Acquisition” below, the Directors consider the consideration to be fair and reasonable and on normal commercial terms and in the interest of the Shareholders as a whole.

Conditions precedents

Completion of the Acquisition is conditional upon the fulfilment (or where applicable, waiver thereof by the Purchaser) of the following conditions:

- (a) the warranties provided by the Vendor in the Agreement remaining true and accurate in all material respects;
- (b) the receipt by the Purchaser of a legal opinion on, inter alia, ownership and title to the Property;
- (c) the Purchaser being satisfied with the result of the due diligence investigation in respect of the Property and Target Company, including but not limited to the affairs, businesses, assets, liabilities, operations, records, financial position, value of assets, accounts, results, legal and financing structure of the Target Company and the Purchaser being in its sole and absolute discretion satisfied with the results of such due diligence investigation;
- (d) the Purchaser receiving a valuation report on the Property valuing it at not less than HK\$44,000,000; and
- (e) the clearance of all announcement(s) and circular(s) (if required) to be issued by the Company under the GEM Listing Rules and granting of all approvals, if necessary by the Stock Exchange or by shareholders of the Company in respect of all transactions contemplated by the Agreement and the Deed of Novation.

Long stop date

If any of the conditions above have not been fulfilled or waived by no later than 5:00pm on the Business Day before the Completion Date, the provisions of the Agreement shall from such date have no effect (other than Clauses 3, 10, 11 and 12 of the Agreement which relate to conditions precedents, announcements, costs, notices, and government law and service of process and other miscellaneous matters), the Agreement shall lapse and be of no further effect and neither party to the Agreement shall have any liability thereunder, save and except any antecedent breaches.

INFORMATION OF THE VENDOR

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, the Vendor is an Independent Third Party.

INFORMATION OF THE TARGET COMPANY

The Target Company is an investment holding company and the legal and beneficial owner of the Property.

FINANCIAL INFORMATION OF THE TARGET COMPANY

Set out below is the financial information of the Target Company for the period from 2 July 2013 (date of incorporation) to 31 December 2016 are as follows:

	For the year ended 31 December 2016 (HK\$)
Loss before taxation and extraordinary items	25,917
Loss after taxation and extraordinary items	25,917
Total assets	39,093,358

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Company is an investment holding company. The Group is principally engaged in (i) anti-aging and stem cell technology businesses; (ii) trading business; (iii) money lending business; and (iv) securities investment.

The Property is situated at Lantau Island, Hong Kong and is mainly designated for the development of private residential properties for sale. In view of the potential growth of the property market in Hong Kong, the Group believes that this is a good opportunity to acquire a small property for possible development or resale so as to enable a more diversified income for the Group and return for shareholders. The Board is expected that the valuation on the Property is not less than HK\$44,000,000 based on the valuation report prepared by an independent valuer upon Completion.

In consideration of the above, the Board considers that the terms of the Agreement are normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE GEM LISTING RULES

As certain applicable percentage ratios under the GEM Listing Rules in respect of the Acquisition are more than 5% and all applicable percentage ratios are less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is therefore subject to the notification and announcement requirements under Chapter 19 of the GEM Listing Rules.

As Completion is conditional upon fulfilment of the conditions precedent set out in the Agreement, the Acquisition may or may not proceed. Shareholders and potential investors should exercise caution when dealing in securities of the Company.

DEFINITIONS

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

“Acquisition”	the acquisition of the Sale Shares by the Purchaser from the Vendor pursuant to the Agreement;
“Agreement”	the sale and purchase agreement dated 31 May 2017 entered into between the Purchaser, the Vendor, the Target Company and the Lender in relation to the Acquisition;
“associates”	has the meaning ascribed to it in the GEM Listing Rules;
“Board”	the board of Directors;
“Business Day(s)”	a day(s) (other than a Saturday or any day on which a tropical cyclone warning no. 8 or above or a “black” rainstorm warning is hoisted at 10 a.m.) on which licenced banks are generally open for business in Hong Kong;
“BVI”	the British Virgin Islands;
“Company”	Hong Kong Life Sciences and Technologies Group Limited (stock code: 8085), a company incorporated in Cayman Islands with limited liability and the Shares of which are listed on the Growth Enterprise Market of the Stock Exchange;
“Completion”	completion of the Acquisition in accordance with terms and conditions of the Agreement;
“Completion Date”	the date falling 1 months from the date of the Agreement or such other date as may be agreed in writing between the parties to the Agreement;
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules;
“Debt”	HK\$41,258,749, being capital and interest accrued up to the date of the Agreement pursuant to the Loan;
“Deed of Novation”	the deed of novation shall be entered into between the Vendor, the Company, the Purchase and the Lender;
“Director(s)”	director(s) of the Company;
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange;
“Group”	the Company and its subsidiaries;

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and any of its connected persons or their respective associates;
“Lender”	Asia Honest Finance Limited, a company incorporated in Hong Kong and a direct wholly-owned subsidiary of the Company;
“Loan”	the loan granted by the Lender to the Vendor and the Target Company as announced by the Company on 29 September 2016;
“Property”	the property being all those pieces or parcels of ground registered in the Land Registry as LOTS NOS.484, 489, 491, 492, 493, 530, 533, 535, 550, 553, 556, 571, 574, 608, 612, 615, 618, 619, 623, 625 AND 644 ALL IN DEMARCATION DISTRICT NO. 311 TOGETHER with the messuages erections and buildings thereon (if any), which is legally and beneficially owned by the Target Company;
“Purchase Price”	HK\$43,900,000, being the consideration payable by the Purchaser for the purchase of the Sale Shares pursuant to the Agreement;
“Purchaser”	Metropolitan Global Trading Limited, a company incorporated in BVI and a direct wholly-owned subsidiary of the Company;
“Sale Shares”	50,000 ordinary shares of US\$1.00 each in the Target Company, representing the entire issued share capital of the Target Company;
“Share(s)”	ordinary share(s) in the share capital of the Company;
“Shareholder(s)”	holder(s) of the Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Target Company”	Honorbase International Limited, a company incorporated under the laws of BVI with limited liability;

“Vendor”

Mr. Lam Wai Keung;

“%”

per cent.

By order of the Board
Hong Kong Life Sciences and Technologies Group Limited
Lu Zhiqiang
Executive Director and Chief Executive Officer

Hong Kong, 31 May 2017

As at the date of this announcement, the Board comprises (i) five executive Directors, namely Mr. David Lin Kao Kun, Mr. Lu Zhiqiang, Mr. Chui Kwong Kau, Mr. Jiang Hongqing and Ms. Li Mei; (ii) one non-executive Director, namely Ms. Lam Kuo; and (iii) three independent non-executive Directors, namely Mr. Hung Yat Ming, Mr. Chan Yun Hing and Mr. Gui Qiangfang.

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 in this announcement misleading.

This announcement will remain on the “Latest Company Announcement” page of the GEM website at <http://www.hkgem.com> for seven days after the date of publication and on the website of the Company at <http://www.hklifesciences.com>.