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愛帝宮母嬰健康股份有限公司
AIDIGONG MATERNAL & CHILD HEALTH LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 286)

VOLUNTARY ANNOUNCEMENT DISPOSAL OF A SUBSIDIARY AND MINORITY INTEREST IN AN ASSOCIATE

This announcement is made by Aidigong Maternal & Child Health Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) on a voluntary basis to provide the shareholders of the Company (“**Shareholders**”) and potential investors an update on the latest business development of the Group.

Reference is made to (i) the annual report of the Company for the year ended 31 December 2020 (the “**2020 Annual Report**”) and the profit warning announcement of the Company dated 5 March 2021, both in relation to, among others, the financial performance of the Group for the year ended 31 December 2020; (ii) the announcements of the Company dated 23 November 2015, 28 March 2018, 6 September 2018, 6 November 2018, 30 November 2018, 19 December 2018, 1 November 2019 and 15 November 2019 in relation to, among others, the guarantee net profit of Guangdong Fengyuan Huake Bio Tech Company Limited* (廣東豐源華科生物科技有限公司) (“**Guangdong Fengyuan**”) (the “**Fengyuan Announcements**”); and (iii) the announcement of the Company dated 10 June 2021 in relation to the disposal of the entire issued share capital in Golden Time Ventures Limited (金泰創投有限公司) and its subsidiaries as well as the 49% interest in Shenzhen Wanqi Marine Bio Tech Company Limited* (深圳市萬騏海洋生物科技有限公司) and the entire issued share capital in its original holding company (the “**June Announcement**”). Unless the context otherwise states, capitalised terms used in this announcement have the same meanings as those defined in the Fengyuan Announcements and the June Announcement.

DISPOSAL OF A SUBSIDIARY AND INTEREST IN AN ASSOCIATE

The Board announces that the Company entered into an equity transfer agreement (the “**Agreement**”) with Mr. Zhao on 18 June 2021 to dispose (the “**Disposals**”) of the following entire equity interests in entities held by the Group, namely (i) the 51% equity interest in Guangdong Kelv Bio Medical Tech Company Limited* (廣東科綠生物醫藥科技有限公司) (“**Guangdong Kelv**”, together with Guangdong Fengyuan, the “**Target Companies**”); and (ii) the 22.72% equity interest in Guangdong Fengyuan (collectively, the “**Disposed Interest**”), at a total consideration of RMB62 million.

Guangdong Kelv is an insignificant subsidiary of the Company pursuant to Rule 14A.09 of the Listing Rules. As such, notwithstanding that Mr. Zhao is a substantial shareholder of Guangdong Kelv, he is not a connected person of the Company.

After the completion of the Disposals, the Company will cease to hold any interests in the Target Companies, and the financial results of Guangdong Kelv will no longer be consolidated into the Company’s consolidated financial statements. It is expected that the Group will recognise a gain on disposal in its consolidated income statement of a total of approximately RMB7.3 million, arising from the disposal of the Target Companies, which actual amount of gain arising from the Disposals to be recognised by the Group will be subject to final audit by the Company’s auditors.

2020 GUARANTEE NET PROFIT OF GUANGDONG FENGYUAN

As at the date of this announcement, the Company understands that Guangdong Fengyuan has completed the audit of its financial results for the year ended 31 December 2020 and the amount of its actual net profit was approximately RMB14.1 million, which was approximately RMB23.9 million below the 2020 Guarantee Net Profit. Based on the Supplemental Agreement, Guangdong Fengyuan Technology Innovation Bio Tech Company Limited*(廣東豐源科創生物科技有限公司), the Group shall receive approximately 47.5% equity interest in Guangdong Fengyuan at no further consideration based on the relevant formula.

Despite of such, in light of current market conditions, the further deterioration in the business performance of the Target Companies in the first half of 2021 and uncertainties in the business prospects of the Target Companies, receiving further equity interest in Guangdong Fengyuan from Mr. Zhao may not be beneficial to the Group. After arm's length negotiation between the Company and Mr. Zhao, the Group will sell to Mr. Zhao the Disposed Interest for cash consideration. The Board believes the receipt of such cash consideration could strengthen the Group's cash position and improve the Group's liquidity by realising the gain in such disposal, and that may in turn provide the Group with an opportunity to reallocate its resources. The Board considers that the terms of the Disposal are fair and reasonable and in the interest of the Company and the Shareholders as a whole, as compared to the original compensation arrangement under the Supplemental Agreement.

REASONS FOR AND BENEFITS OF THE DISPOSALS

As stated in the June Announcement, COVID-19 brought challenges to the Group's development in 2020 and its non-core businesses recorded significant losses. Guangdong Kelv is engaged in research of the dioscorea composita root extract technology's commercial applications and production, and Guangdong Fengyuan is engaged in research, development and manufacturing of pharmaceutical products. Their respective businesses were significantly affected by the COVID-19 pandemic. For the year ended 31 December 2020, revenue from medical anti-aging and healthcare industry investments amounted to approximately HK\$15,209,000, which represented a decrease of approximately HK\$70,915,000 as compared to that of 2019. This has contributed to a significant impairment in the relevant goodwill, intangible assets and interests in associates. For the year ended 31 December 2020, an impairment loss on interest in associates of approximately HK\$22,549,000 was recognised in respect of Guangdong Fengyuan.

As disclosed in the 2020 Annual Report, the Group intended to increase its focus on the development of postpartum care service business, as such segment greatly contributed to the Group's performance in terms of its sales and profit. The Board considers that the Disposals will enhance the Group's focus on its core business segments and reduce the adverse impact that could be further brought along by the non-core businesses, and the Directors are of the view that the Disposals will improve the liquidity and overall financial position of the Group thereby creating greater value for the Shareholders. The Directors consider that terms of the Disposals are on normal commercial terms, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

As none of the applicable percentage ratios under Chapter 14 of the Listing Rules in respect of the transactions contemplated under the Disposals exceeds 5%, none of the Disposals, whether separately or collectively, constitute a notifiable transaction under Chapter 14 of the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange.

By Order of the Board
Aidigong Maternal & Child Health Limited
Zhu Yufei and Cheung Wai Kuen
Joint Chairmen

Hong Kong, 18 June 2021

As at the date of this announcement, the Board comprises Ms. Zhu Yufei, Mr. Cheung Wai Kuen, Mr. Lin Jiang and Mr. Li Runping as executive Directors; Mr. Wong Kin Man and Mr. Yang Zhibo as non-executive Directors; and Mr. Mai Yang Guang, Mr. Lam Chi Wing and Mr. Wong Yiu Kit, Ernest as independent non-executive Directors.

* *for identification purposes only*