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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)

**DISCLOSEABLE TRANSACTION
DISPOSAL OF 51% EQUITY INTEREST IN
GUANGDONG HUATAI HEALTH INDUSTRY CO., LTD***

THE DISPOSAL

The Board is pleased to announce that on 28 August 2022, the Vendor and the Purchaser entered into the Agreement pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase 51% of the equity interest in the Disposal Company at a Consideration of RMB90 million (equivalent to approximately HK\$104.4 million).

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the Disposal exceeds 5% but is less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the announcement requirement, but is exempt from the circular and Shareholders' approval requirements, under the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 28 August 2022, the Vendor and the Purchaser entered into the Agreement pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase 51% of the equity interest in the Disposal Company at a Consideration of RMB90 million (equivalent to approximately HK\$104.4 million).

THE AGREEMENT

Date

28 August 2022

Parties

- (i) Vendor : Dongguan Dongdi Health Industry Co., Ltd.* (東莞市東帝健康產業有限公司), an indirect wholly-owned subsidiary of the Company

- (ii) Purchaser : Huizhou Love Home Real Estate Co., Ltd.* (惠州市愛的家置業有限公司)

The Vendor is a company established in the PRC with limited liability. It is an indirect wholly-owned subsidiary of the Company and is principally engaged in investment holding.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, the Purchaser and its ultimate beneficial owner are Independent Third Parties.

Assets to be disposed

Pursuant to the Agreement, the Vendor shall dispose of the 51% equity interests in the Disposal Company to the Vendor.

Consideration and settlement

The Consideration of RMB90 million (equivalent to approximately HK\$104.4 million) shall be settled in the following manners:

- i. a sum of RMB5 million (equivalent to approximately HK\$5.8 million) (the “**Initial Payment**”) shall be settled by the Purchaser within two months after the execution of the Agreement;
- ii. 20% of the Consideration (deducting the amount of the Initial Payment), being a sum of RMB13 million (equivalent to approximately HK\$15.08 million), shall be settled by the Purchaser within the first anniversary after the execution of the Agreement;
- iii. 30% of the Consideration, being a sum of RMB27 million (equivalent to approximately HK\$31.32 million), shall be settled by the Purchaser within the second anniversary after the execution of the Agreement; and
- iv. the remaining 50%, being a sum of RMB45 million (equivalent to approximately HK\$52.20 million), of the Consideration shall be settled by the Purchaser within the third anniversary after the execution of the Agreement.

The Consideration has been arrived at arm’s length negotiations between the Vendor and the Purchaser with reference to, including but not limited to, (i) the net asset value of the Disposal Group as at 30 June 2022; (ii) the Disposal Group’s loss-making position; and (iii) the prospect and future development in properties development business of the Disposal Company.

Effective of the Agreement and Completion

The Agreement will become effective upon execution and Completion will take place after the completion of change of registration at relevant governmental authorities by both of the Purchaser and the Vendor.

Upon completion of the share transfer registration, the Purchaser will have corresponding shareholders’ rights in accordance with its then equity interest in the Disposal Group.

Upon completion of the share transfer registration, the Disposal Company will cease to be a subsidiary of the Group. The debts of the Disposal Group are not related to the Group, including approximately RMB390 million bank loan, and the Group is also not required to provide any guarantee for the various debts which including bank loans of the Disposal Group.

Post-Completion obligation

After the Completion takes place, the Purchaser undertakes to the Vendor that it will ensure all loans owned by the Disposal Company to the Vendor will be repaid in full within three years.

Pledge of 51% equity interests in the Disposal Company

The Purchaser shall pledge the 51% equity interest in the Disposal Company in favour of the Vendor as security and such security can only be released upon the completion of all the payment obligations by the Purchaser.

INFORMATION ON THE DISPOSAL GROUP

The Disposal Group consists of the Disposal Company, Huizhou Huatai Real Estate, Huizhou Huatai Health and Huizhou Chuangxing.

The Disposal Company is a company established in the PRC with limited liability. It is owned as to 51% by the Vendor and 49% by Guangzhou Hexiang Enterprise Management Co., Ltd.* (廣州合翔企業管理有限公司), and is principally engaged in properties development.

Huizhou Huatai Real Estate is a company established in the PRC with limited liability. It is a direct wholly-owned subsidiary of the Disposal Company and is principally engaged in properties development.

Huizhou Huatai Health is a company established in the PRC with limited liability. It is a direct wholly-owned subsidiary of the Disposal Company and is principally engaged in supporting the health industry related services for the property.

Huizhou Chuangxing is a company established in the PRC with limited liability. It is a direct wholly-owned subsidiary of the Disposal Company and is principally engaged in property development business and real estate pre-development business.

Set out below is the audited financial information of the Disposal Group for the year ended 31 December 2020 and 31 December 2021, respectively:

	For the financial year ended 31 December 2020 (audited) <i>HK\$'000</i>	For the financial year ended 31 December 2021 (audited) <i>HK\$'000</i>
Net loss before taxation	6,724	1,025
Net loss after taxation	6,724	1,025

USE OF PROCEEDS AND EXPECTED FINANCIAL EFFECTS OF THE DISPOSAL

The Board estimates that the net proceeds from the Disposal, after deduction of the relevant cost and expenses, will amount to approximately RMB89,900,000 (equivalent to approximately HK\$104,284,000). The Company intends to use the net proceeds from the Disposal as general working capital of the Group.

It is estimated that the Disposal will realise a gain of approximately HK\$3,287,000 from the Disposal, calculated by taking into consideration the Consideration, the relevant expenses in relation to the Disposal as well as the net book value of the Disposal Group as at the Completion Date. Shareholders should note that the actual amount of the gain of the Disposal to be recognised in the consolidated financial statement of the Company depends on the net asset value of the Disposal Group as at the Completion Date and therefore will be different from the amount mentioned above.

INFORMATION ON THE PURCHASER

The Purchaser is incorporated in the PRC and is principally engaged in real estate development, property management services and investment. Its ultimate beneficial owners are Li Bihai (李碧海) and Zeng He Ping (曾何平), who are PRC residents and own as to 93% and 7% in the Purchaser, respectively.

REASONS FOR THE DISPOSAL

The Group is principally engaged in the postpartum care services and health industry business. Postpartum care services primarily include provision of postpartum care services that provide healthcare services for postnatal mothers and babies, and the health industry business primarily includes healthcare industry investments.

Considering the fact that the overall real estate sales have decreased significantly due to the continuous impact of the pandemic and the impact of real estate policies and the overall market, and the project still needs huge investments as project funds are expected to be recovered slowly, the Board considers that the Disposal represents an appropriate opportunity for the Company to dispose of its interests in the Disposal Group, after taking into its performance and business outlook which has been deteriorating, and the Disposal enables the Group to devote resources and efforts to the remaining business segments of the Group and to source business opportunities that might generate better return.

In view of the above, the Directors consider that the entering into of the Agreement and the terms of the Disposal, including the Consideration, are on normal commercial terms, fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the Disposal exceeds 5% but is less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the announcement requirement, but is exempt from the circular and Shareholders' approval requirements, under the Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the following meanings, unless the context otherwise requires:

“Agreement”	the equity transfer agreement dated 28 August 2022 entered into among the Vendor and the Purchaser in relation to the Disposal
“Board”	the board of Directors
“Company”	Aidigong Maternal & Child Health Limited, an exempted company incorporated in Bermuda with limited liability, the Shares of which are listed on the main board of the Stock Exchange
“Completion”	completion of the Disposal in accordance with the terms and conditions of the Agreement
“Completion Date”	within 60 days from the date of the Agreement or such later date as the parties may mutually agree in writing, on which Completion shall take place
“Consideration”	RMB90 million, being the total consideration for the Disposal
“Director(s)”	director(s) of the Company
“Disposal”	disposal of the 51% equity interest in the Disposal Company
“Disposal Company”	Guangdong Huatai Health Industry Co., Ltd.* (廣東驊泰健康產業有限公司), a company established in the PRC with limited liability and is owned as to 51% by the Vendor and 49% by Guangzhou Hexiang Enterprise Management Co., Ltd.* (廣州合翔企業管理有限公司)

“Disposal Group”	collectively, the Disposal Company, Huizhou Huatai Real Estate, Huizhou Huatai Health and Huizhou Chuangxing
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huizhou Chuangxing”	Huizhou Chuangxing Zhongliang Real Estate Co., Ltd.* (惠州市創興中量置業有限公司), a company established in the PRC with limited liability and is a wholly-owned subsidiary of the Disposal Company
“Huizhou Huatai Health”	Huizhou Huatai Health Service Co., Ltd.* (惠州市驊泰健康服務有限公司), a company established in the PRC with limited liability and is a wholly-owned subsidiary of the Disposal Company
“Huizhou Huatai Real Estate”	Huizhou Huatai Real Estate Co., Ltd.* (惠州市驊泰置業有限公司), a company established in the PRC with limited liability and is a wholly-owned subsidiary of the Disposal Company
“Independent Third Party”	a third party independent of the Company and the connected persons (has the meaning ascribed thereto in the Listing Rules) of the Company and is not a connected person (has the meaning ascribed thereto in the Listing Rules) of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

“Purchaser”	Huizhou Love Home Real Estate Co., Ltd.* (惠州市愛的家置業有限公司), a company established in the PRC with limited liability
“Shareholders”	shareholders of the Company
“Shares”	shares of the company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Dongguan Dongdi Health Industry Co., Ltd.* (東莞市東帝健康產業有限公司), a company established in the PRC with limited liability and is a wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“%” or “per cent.”	percentage or per centum

Unless otherwise defined, for the purpose of this announcement and for the purpose of illustration only, RMB amounts have been translated using the following rates: RMB1.00:HK\$1.16. Such translations should not be construed as a representation that the amounts in question have been, could have been or could be converted at any particular rate or at all.

By Order of the Board
Aidigong Maternal & Child Health Limited
Zhu Yufei
Chairman

Hong Kong, 28 August 2022

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; and Ms. Yu Lin, Mr. Lam Chi Wing and Mr. Wong Yiu Kit, Ernest as independent non-executive Directors.

* For identification purpose only