

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



Mediwelcome Healthcare Management & Technology Inc.

麥迪衛康健康醫療管理科技股份有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2159)

**DISCLOSEABLE TRANSACTION
DISPOSAL OF EQUITY INTEREST
IN THE TARGET COMPANY**

THE AGREEMENT

On 30 September 2023, Mediwelcome Beijing (one of the Group's PRC Operating Entities), Vendor 1, Vendor 2, the Investors, the Existing Shareholders and the Target Company entered into the Agreement pursuant to which (i) the Investors have agreed to subscribe for the registered capital of the Target Company at the total consideration of RMB52,500,000 (i.e. the Subscription); and (ii) the Vendors have conditionally agreed to dispose of, and the Investors have conditionally agreed to acquire, the Sale Equity (representing 7.7893% equity interest in the Target Company as enlarged after the Subscription) at the total consideration of RMB52,500,000 (i.e. the Disposal).

LISTING RULES IMPLICATIONS

Pursuant to the Disposal, Mediwelcome Beijing has conditionally agreed to dispose of 2.2255% equity interest (as enlarged by the Subscription) in the Target Company to the Investors at a consideration of RMB15,000,000. As the highest applicable percentage ratio (as defined under the Rule 14.07 of the Listing Rules) in respect of such disposal by Mediwelcome Beijing is more than 5% but less than 25%, the disposal of equity interest in the Target Company by Mediwelcome Beijing constitutes a discloseable transaction of the Company and is subject to reporting and announcement requirements but exempt from circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

On 30 September 2023, Mediwelcome Beijing (one of the Group's PRC Operating Entities), Vendor 1, Vendor 2, the Investors, the Existing Shareholders and the Target Company entered into the Agreement pursuant to which (i) the Investors have agreed to subscribe for the registered capital of the Target Company at the total consideration of RMB52,500,000 (i.e. the Subscription); and (ii) the Vendors have conditionally agreed to dispose of, and the Investors have conditionally agreed to acquire, the Sale Equity at the total consideration of RMB52,500,000 (i.e. the Disposal).

Major terms of the Agreement are summarized as follows:

Date

30 September 2023

Parties

- (a) the Existing Shareholders;
- (b) Mediwelcome Beijing;
- (c) Vendor 1;
- (d) Vendor 2;
- (e) Investor 1;
- (f) Investor 2;
- (g) Investor 3; and
- (h) the Target Company.

To the best knowledge of the Directors, having made reasonable enquiry, each of Vendor 1, Vendor 2, the Investors, the Existing Shareholders and their respective ultimate beneficial owners are independent of and not connected with the Company and its connected persons.

Subject Matter

- (i) the Investors have agreed to subscribe for the registered capital of the Target Company at the total consideration of RMB52,500,000; and
- (ii) the Vendors have conditionally agreed to dispose of, and the Investors have conditionally agreed to acquire, the Sale Equity (representing 7.7893% equity interest in the Target Company as enlarged after the Subscription) at the total consideration of RMB52,500,000. 2.2255% equity interest in the Target Company therein is conditionally agreed to be disposed of by Mediwelcome Beijing at a consideration of RMB15,000,000.

Basis of Consideration

The consideration of RMB15,000,000 for the disposal of 2.2255% equity interest in the Target Company by Mediwelcome Beijing was determined based on the arm's length negotiation between Mediwelcome Beijing, Vendor 1, Vendor 2, the Investors and the Existing shareholders with reference to the latest business and development for future prospects of the Target Company.

Conditions Precedent to the Subscription

The Subscription is conditional upon, among others, (i) all necessary approvals with respect to the Subscription have been obtained by the Target Company; (ii) all other shareholders of the Target Company had waived their pre-emptive rights with respect to the Sale Equity; and (iii) the Vendors have provided written confirmation to the Investors that all their corresponding share of registered capital in the Target Company had been fully paid up.

Conditions Precedent to the Disposal

The Disposal is conditional upon, among others, the completion of the registration procedures with the relevant authority in the PRC in relation to the Subscription.

Settlement of Consideration

The consideration for the Sale Equity shall be settled by the Investors in two installments in the following manner:

- (i) within 15 working days upon fulfillment of all conditions precedent to the Subscription, 50% of the consideration of the Sale Equity (being RMB26,250,000) shall be paid to the designated bank accounts of each of the Vendors by the Investors, among which, RMB7,500,000 shall be paid by Investor 3 to Mediwelcome Beijing; and
- (ii) within 15 working days upon fulfillment of the conditions precedent to the Disposal, the Investors shall pay the remaining 50% balance of the consideration of the Sale Equity (being RMB26,250,000, the "**Balance**") to the Vendors, among which, RMB7,500,000 shall be paid by Investor 3 to Mediwelcome Beijing.

Completion

The Target Company shall complete the registration procedures with the relevant authority in the PRC in relation to the Disposal within 20 working days (or such longer time as agreed by the Investors) upon settlement of the Balance.

INFORMATION ON THE TARGET COMPANY

The Target Company is a limited liability company established in the PRC. The scope of business includes technology development, technology consulting, technology services, technology transfer, technology promotion; undertaking exhibition and display; conference services; computer system services; corporate planning and translation services; machinery and equipment leasing; sales of office supplies, computer hardware and software and auxiliary equipment, medical equipment (limited to category I); import and export of goods; import and export of technology; and import and export agency.

Set out below is the consolidated financial information of the Target Company for each of the two financial years ended 31 December 2021 and 31 December 2022 and the six months ended 30 June 2023 prepared in accordance with generally accepted accounting principles in the PRC:

	For the six months ended 30 June 2023	For the year ended 31 December	
	RMB'000	2022	2021
	(Unaudited)	RMB'000	RMB'000
		(Audited)	(Audited)
Net profit/(loss) before taxation	(22,293)	(46,114)	(32,482)
Net profit/(loss) after taxation	(22,293)	(46,114)	(32,482)

The unaudited consolidated net asset value of the Target Company as at 30 June 2023 was approximately RMB66.6 million.

Upon completion of the Disposal, the Group will hold 2.0104% equity interest in the Target Company.

As at the date of this announcement, the Target Company is owned as to 44.85% by the Existing Shareholders, 4.52% by Beijing Mediwelcome, 4.88% by Vendor 1, 11.85% by Vendor 2, and 33.90% by 10 other entities (each of them holds less than 10% equity interest in the Target Company).

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group acquired interests in the Target Company for investment purpose. The Target Company has been loss making during the two years ended 31 December 2022 and the six months ended 30 June 2023, and the Group has not received any dividend from the Target Company since acquisition. Considering such performance and the investment return of the Target Company, the Company is of the view that the Disposal represents a good opportunity for the Group to reduce the equity interest held in the Target Company and recoup its investment towards the Target Company through the Disposal. The proceeds from the Disposal are currently intended to be applied as general working capital of the Group.

In view of the above, the Directors are of the view that the Disposal is in the interests of the Company and the Shareholders as a whole, and the terms and conditions of the Agreement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

FINANCIAL IMPACT OF THE DISPOSAL

It is expected that the Group will realize a fair value gain (net of income tax) of approximately RMB13.97 million in respect of the Disposal, which is calculated with reference to the difference between the consideration to be received by Mediwelcome Beijing and the carrying amount of the investment in the Target Company of approximately RMB1.03 million. However, the actual fair value gain (net of income tax) is subject to audit by the Company's auditor.

LISTING RULES IMPLICATIONS

Pursuant to the Disposal, Mediwelcome Beijing has conditionally agreed to dispose of 2.2255% equity interest (as enlarged by the Subscription) in the Target Company to the Investors at a consideration of RMB15,000,000. As the highest applicable percentage ratio (as defined under the Rule 14.07 of the Listing Rules) in respect of such disposal by Mediwelcome Beijing is more than 5% but less than 25%, the disposal of equity interest in the Target Company by Mediwelcome Beijing constitutes a discloseable transaction of the Company and is subject to reporting and announcement requirements but exempt from circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

INFORMATION ON THE PARTIES

The Group

The Company is a PRC investment holding company principally engaged in the provision of integrated healthcare marketing solutions for cardiovascular diseases. The Group mainly operates in the domestic market, providing medical conference services, patient education and screening services, marketing strategy and consulting services, contract research organisation services and internet hospital services.

DEFINITIONS

In this announcement, the following expressions have the meaning set out below unless the context requires otherwise:

“Agreement”	the subscription and equity transfer agreement dated 30 September 2023 entered into among the Vendors, the Investors, the Existing Shareholders and the Target Company in relation to the Subscription and the Disposal
“Board”	the board of Directors of the Company
“Company”	Mediwelcome Healthcare Management & Technology Inc., an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 2159)
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Director(s)”	the director(s) of the Company

“Disposal”	disposal of the Sale Equity by the Vendors to the Investors pursuant to the terms and conditions of the Agreement
“Existing Shareholders”	Mr. Xu Tianrui, Mr. Yang Weihua, Mr. Ding Shan, Yunfan Hongyi, Lingchuang Gongying and Lingchuang Weilai, collectively
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Investors”	Investor 1, Investor 2 and Investor 3, collectively
“Investor 1”	Beijing Dachen Caizhi SME Development Fund Partnership (Limited Partnership)* (北京達晨財智中小企業發展基金合夥企業(有限合夥)), a limited partnership established under the PRC laws
“Investor 2”	Shenzhen Caizhi Chuangying Private Equity Investment Enterprise (Limited Partnership)* (深圳市財智創贏私募股權投資企業(有限合夥)), a limited partnership established and validly subsisting under the PRC laws
“Investor 3”	Yangzhou Qifeng Venture Capital Partnership (Limited Partnership)” (揚州啟豐創業投資合夥企業(有限合夥)), a limited partnership established under the PRC laws
“Lingchuang Gongying”	Beijing Lingchuang Gongying Enterprise Management Partnership (Limited Partnership)* (北京領創共贏企業管理合夥企業(有限合夥))
“Lingchuang Weilai”	Tianjin Lingchuang Future Enterprise Management Partnership (Limited Partnership)* (天津領創未來企業管理合夥企業(有限合夥))
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mediwelcome Beijing”	Mediwelcome Beijing Healthcare Technology Co., Ltd.* (北京麥迪衛康醫療科技有限公司), one of the Group’s PRC Operating Entities
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“PRC Operating Entities”	the Group’s operating entities in the PRC whose financial results have been consolidated and accounted as subsidiaries of the Company through share interests or by virtue of contractual arrangements

“RMB”	Renminbi, the lawful currency of the PRC
“Sale Equity”	7.7893% equity interest in the Target Company to be disposed of by the Vendors to the Investors pursuant to the terms and conditions of the Agreement
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of the registered capital of the Target Company by the Investors at the total consideration of RMB52,500,000
“Target Company”	Beijing Lingchuang Yigu Technology Development Co., Ltd.* (北京領創醫谷科技發展有限責任公司)
“Vendors”	Mediwelcome Beijing, Vendor 1 and Vendor 2, collectively
“Vendor 1”	Shenzhen Tongchuang Zhongke Qianhai Kekong Angel Venture Capital Partnership (Limited Partnership)* (深圳市同創中科前海科控天使創業投資合夥企業(有限合夥)), a limited partnership established under the PRC laws
“Vendor 2”	Beijing Tongchuang Gongxiang Medical Equity Investment Fund Partnership (Limited Partnership)* (北京同創共享醫療股權投資基金合夥企業(有限合夥)), a limited partnership established under the PRC laws
“working days”	any day on which commercial banks in the PRC are open for business, other than Saturday, Sunday or statutory public holidays
“Yunfan Hongyi”	Beijing Yunfan Hongyi Technology Partnership (Limited Partnership)* (北京雲帆弘毅科技合夥企業(有限合夥))
“%”	per cent.

By order of the Board
Mediwelcome Healthcare Management & Technology Inc.
Shi Wei
Chairman and Executive Director

Hong Kong, 3 October 2023

As at the date of this announcement, the executive Directors are Mr. Shi Wei, Mr. Yang Weimin, Mr. Wang Liang, Mr. Wang Wei and Mr. Sui Huijun; the non-executive Directors are Ms. Zhang Yitao and Mr. Liu Xia; and the independent non-executive Directors are Mr. Song Ruilin, Mr. Fei John Xiang, Mr. David Zheng Wang and Mr. Yang Xiaoxi.

* For identification purposes only