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EC Healthcare
醫思健康

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 2138)

VOLUNTARY ANNOUNCEMENT

DISPOSAL OF OBSTETRICS AND GYNAECOLOGY BUSINESS

This announcement is made by EC Healthcare (the “**Company**”, together with its subsidiaries, the “**Group**”) on a voluntary basis.

DISPOSAL OF OBSTETRICS AND GYNAECOLOGY BUSINESS

The board (the “**Board**”) of directors (“**Directors**”) of the Company announces that on 12 June 2024 (after trading hours), the Group entered into an agreement (the “**Agreement**”) to dispose of 51% of the entire issued share capital of Preeminent Medical Centre Limited (the “**Target Company**”), representing all the shares in the Target Company held by the Group, back to the other current existing shareholder of the Target Company, being a registered medical practitioner in obstetrics and gynaecology (“**O&G**”) in Hong Kong (the “**Specialist**”) at a total consideration of HK\$80,249,000 in cash (the “**Disposal**”).

The Group acquired 51% of the entire issued share capital in the Target Company from the Specialist in 2020, at a total consideration of HK\$85,249,000 (the “**Acquisition Consideration**”). The consideration of the Disposal represents a discount of approximately 5% to the Acquisition Consideration.

Upon completion of the Disposal, the Group will no longer have any interest in the Target Company and the Target Company will cease to be accounted as a subsidiary of the Group.

INFORMATION ABOUT THE TARGET COMPANY

The Target Company is principally engaged in the provision of medical services in the areas of O&G operating under the business name of Zenith Medical Centre. As at the date of this announcement, the Target Company operates 4 clinics in Hong Kong with 7 registered medical practitioners specialised in O&G in Hong Kong.

REASONS FOR THE DISPOSAL

Hong Kong has seen a declining birth rates and fertility rates in recent years. According to the Census and Statistics Department of the HKSAR Government, the crude birth rate in Hong Kong, i.e. the ratio of the number of live births in a calendar year to the mid-year population, declined from 13.5 in 2011 to 7.0 in 2019, and amid the impact of COVID-19 pandemic, further dropped to 5.0 in 2021. In addition, the fertility rate in Hong Kong declined from 1,285 live births per 1,000 women in 2012 to 1,064 in 2019, and further decreased to 772 in 2021.

Under these prevailing conditions, the Target Company has faced challenges in meeting the original financial expectations, prompting the Company to display strong discipline and corporate governance in reevaluate its overall strategic development, risk management and capital recycling opportunities. After careful consideration and collaborative discussions with the Target Company, the Company has decided to divest from this investment to realign its strategic focus and resources towards healthcare assets that delivers more superior return and scalability in response to the ever-evolving healthcare market dynamics.

LISTING RULES IMPLICATIONS

As all of the applicable percentage ratios in respect of the Disposal are less than 5%, the Disposal is not subject to notification, announcement nor shareholders' approval requirements under Chapter 14 of the Listing Rules.

Notwithstanding that the Specialist is a substantial shareholder and a director of the Target Company, the Target Company is an insignificant subsidiary of the Company under Rule 14A.09(1) of the Listing Rules for the year ended 31 March 2023, and therefore, the Specialist is not considered as a connected person of the Company under the Listing Rules.

Completion of the Disposal is conditional upon the fulfilment or waiver (as the case may be) of the conditions pursuant to the Agreement, which may or may not be fulfilled. Accordingly, the Disposal may or may not proceed. Shareholders and potential investors of the Company should exercise caution when dealing in the shares and other securities of the Company.

By order of the Board

EC Healthcare

Raymond Siu

Company Secretary

Hong Kong, 12 June 2024

As at the date of this announcement, the executive Directors are Mr. Tang Chi Fai, Mr. Lu Lyn Wade Leslie and Mr. Lee Heung Wing; the non-executive Director is Mr. Luk Kun Shing Ben; and the independent non-executive Directors are Mr. Ma Ching Nam, Mr. Look Andrew and Mr. Au Tsun.