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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 FORMATION OF A JOINT VENTURE

INTRODUCTION

The Board announces that, on 5 November 2021 (after trading hours), Party A (a wholly-owned subsidiary of the Company) and Party B entered into the Shareholder Agreement in relation to the formation of the Limited Liability Company with a registered capital of RMB60.00 million (equivalent to approximately HK\$73.20 million), of which RMB39.00 million (equivalent to approximately HK\$47.58 million) will be contributed by Party A and RMB21.00 million (equivalent to approximately HK\$25.62 million) will be contributed by Party B. The contributions will be made by instalments. Upon formation of the Limited Liability Company, the Limited Liability Company will be owned as to 65% by Party A and 35% by Party B. Accordingly, the Limited Liability Company will be accounted for as a subsidiary of the Company and its financial results will be consolidated into the accounts of the Group.

SHAREHOLDER AGREEMENT

The principal terms of the Shareholder Agreement are set out below:

- Date:** 5 November 2021 (after trading hours)
- Parties:**
- Party A: Mediwelcome Beijing Healthcare Technology Co., Ltd.* (北京麥迪衛康醫療科技有限公司), a wholly-owned subsidiary of the Company
 - Party B: Tianjin Yunyi Digital Intelligence Enterprise Management Consulting Partnership (Limited Partnership)* (天津雲奕數智企業管理諮詢合夥企業(有限合夥))

Subject Matter:

Party A and Party B agreed to co-invest to establish the Limited Liability Company pursuant to the Shareholder Agreement

Registered Capital:

Pursuant to the Shareholder Agreement, the registered capital of the Limited Liability Company is RMB60.00 million (equivalent to approximately HK\$73.20 million), which shall be contributed by the parties to the Shareholder Agreement in the following manner:

Shareholder	Amount of capital contribution (RMB)	Percentage of shareholding
Party A	39,000,000	65%
Party B	<u>21,000,000</u>	<u>35%</u>
Total	<u><u>60,000,000</u></u>	<u><u>100%</u></u>

The registered capital of the Limited Liability Company and the amount of capital contributions to be made by the parties under the Shareholder Agreement were determined after arm's length negotiation between Party A and Party B with reference to the capital contribution intentions and the past experience of the parties, after taking into account the demand for working capital, operational costs and future development plans of the Limited Liability Company. It is expected that the Limited Liability Company will launch various digital medical products in the coming years, covering a number of hospitals in the PRC.

The parties shall pay their respective capital contributions in cash by installments in accordance with the specific business plan implemented after the formation of the Limited Liability Company.

The capital contribution of Party A will be funded by the internal resources of the Group.

Board of Directors:

The board of directors of the Limited Liability Company comprises three directors, of which two directors shall be nominated by Party A and one director shall be nominated by Party B. The first chairman of the board of directors shall be the director nominated by Party B and elected by the board of directors.

Profit Distribution:

When the Limited Liability Company distributes its profits after tax of each year, it shall set aside 10% of the profits after tax for its statutory reserve unless the cumulative amount of the statutory reserve has reached more than 50% of the registered capital of the Limited Liability Company. If the statutory reserve of the Limited Liability Company is not sufficient to make up for the losses in the previous years (as the case may be), the profits after tax of the current year shall first be used to make up for the losses prior to setting aside for the statutory reserve in accordance with the aforesaid requirement. The profits after tax of the Limited Liability Company, after making up for the losses in the previous years (if any) and setting aside for the statutory reserve and discretionary reserve (as determined by a meeting of the shareholders) will be distributed to the shareholders in proportion to their respective capital contributions.

SCOPE OF BUSINESS

It is intended that the Limited Liability Company, upon formation, will engage in the following businesses:

- Innovation, research and development, and promotion of digital medical products, provision of market access and operational services to professional medical institutions to serve doctors and patients;
- Research and development in medical or digital therapy related softwares for smart devices;
- Create a digital healthcare platform in relation to special diseases to establish an ecosystem of disease management, and to establish cooperation with other manufacturers to provide services for doctors and patients.

REASONS AND BENEFITS OF ENTERING INTO THE SHAREHOLDER AGREEMENT

The Group is committed to enabling better medical service and patient experience in the healthcare ecosystem, and to better serve the key constituents of the healthcare ecosystem in the PRC by consolidating resources and expertise, and providing a comprehensive portfolio of value-added services to achieve continued business growth of the Group. The Board is of the view that the formation of the Limited Liability Company, which will be principally engaged in the development and promotion of digital medical products, digital therapy related softwares and digital healthcare platform, will be beneficial to the Company and the Shareholders as a whole since it will enable the Group to (i) expand its ecosystem, value chain and development plans that are in line with its business development strategy; (ii) enhance and strengthen its position in the healthcare service industry; and (iii) enhance its service capabilities by leveraging the Group's experience and resources in the healthcare service industry and integrating the extensive market and administrative resources of Party B

in technology, software and hardware development. The Directors are of the view that the terms of the Shareholder Agreement and the transaction contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION OF THE GROUP, PARTY A AND PARTY B

The Group is primarily engaged in healthcare industry services and health management services which provide integrated services including internet healthcare services, risk factors screening assessment, online video patient education and health science communication for doctor and patient management.

Party A is a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Company, which is primarily engaged in internet hospital services business, production of radio and television video programs, value-added telecommunication services business, medical conference services, patient education and screening services, marketing and strategic consulting services.

Party B is a limited partnership established in the PRC, which is primarily engaged in the service, development, consultation, exchange, transfer and promotion of technologies, development of software, wholesale and retail of computer software and hardware and complementary equipment.

Party B is owned as to 70.93%, 28.57% and 0.5% by Mr. Xu Shijian (徐世堅), Ms. Zhang Sumei (張素梅) and Tianjin Xin Digital Technology Co., Ltd.* (天津鑫數科技有限公司, which is wholly owned by Mr. Feng Lei (馮磊)), respectively, as at the date of this announcement.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of Party B and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

LISTING RULES IMPLICATIONS

In respect of the Shareholder Agreement, as the highest applicable percentage ratio under the Listing Rules is higher than 5% but lower than 25%, the transaction contemplated under the Shareholder Agreement constitutes a discloseable transaction for the Company and is subject to the announcement and reporting requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors of the Company
“Company”	Mediwelcome Healthcare Management & Technology Inc. (麥迪衛康健康醫療管理科技股份有限公司), a 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 as ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Limited Liability Company”	a limited liability company to be formed pursuant to the Shareholder Agreement under the laws of the PRC (the name of the company is to be specified in the business license)
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Party A”	Mediwelcome Beijing Healthcare Technology Co., Ltd.* (北京麥迪衛康醫療科技有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Company
“Party B”	Tianjin Yunyi Digital Intelligence Enterprise Management Consulting Partnership (Limited Partnership)* (天津雲奕數智企業管理諮詢合夥企業(有限合夥)), a limited partnership established in the PRC
“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
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder Agreement”	the shareholder agreement dated 5 November 2021 entered into between Party A and Party B in relation to the formation of the Limited Liability Company

“Shareholder(s)”	the holder(s) of shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

The amounts denominated in RMB in this announcement have been converted into HK\$ at the rate of RMB1.00 to HK\$1.22. Such exchange rate has been used for purposes of illustration only and does not constitute a representation that any amounts were or may have been exchanged at this or any other rates.

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

Hong Kong, 5 November 2021

As at the date of this announcement, the executive Directors are Mr. Shi Wei, Mr. Yang Weimin, Mr. Wang Liang, Mr. He Jiyong, 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 purpose only*