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China Resources Medical Holdings Company Limited

華潤醫療控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1515)

DISCLOSEABLE TRANSACTION SUCCESSFUL BIDDING FOR THE REMAINING 25% EQUITY INTEREST IN JINAN ZHONG QI HOSPITAL COMPANY LIMITED

ACQUISITION

The Board is pleased to announce that CR Hospital Holdings (which is a wholly-owned subsidiary of the Company) has been formally informed by the Assets Exchange Centre on August 21, 2020 that the former has succeeded in the bid for the remaining 25% equity interest held by CNHTC in Jinan Zhong Qi Hospital Company Limited at the consideration of RMB84,687,025 through the corresponding Listing-For-Sale Process conducted by the Assets Exchange Centre.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratio(s) of the Acquisition is more than 5% and all of the applicable percentage ratios are less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

Reference is made to the announcement of the Company dated December 4, 2019 in relation to the entering into the joint venture agreement pursuant to which CR Hospital Holdings, a wholly-owned subsidiary of the Company, and CNHTC would establish the Joint Venture (i.e. Jinan Zhong Qi Hospital Company Limited), and the Group will participate in the corresponding hospital reformation project through the Joint Venture. The establishment of the Joint Venture and the corresponding for-profit hospital reform have been completed in the first half of 2020. As at the date of this announcement, Jinan Zhong Qi Hospital Company Limited is respectively owned as to 75% by CR Hospital Holdings and 25% by CNHTC.

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Following the completion of the corresponding Listing-For-Sale Process, CR Hospital Holdings has received a qualification confirmation letter for purchaser from the Assets Exchange Centre on August 21, 2020 in relation to the successful bidding of the subject equity interest. CR Hospital Holdings (as the purchaser) will enter into a Transaction Agreement with CNHTC (as the vendor) in respect of the Acquisition by September 3, 2020.

INFORMATION OF JINAN ZHONG QI HOSPITAL COMPANY LIMITED

Jinan Zhong Qi Hospital Company Limited's predecessor was CNHTC Hospital before its reform. It is a Grade IIA general hospital located in Jinan City, Shandong Province. After its establishment, the Joint Venture obtained the sponsorship as well as the corresponding assets of CNHTC Hospital, and completed the for-profit hospital reform in March 2020. Upon completion of the reform, Jinan Zhong Qi Hospital Company Limited has then become a for-profit general hospital. As at the date of this announcement, Jinan Zhong Qi Hospital Company Limited is respectively owned as to 75% by CR Hospital Holdings and 25% by CNHTC, and is a subsidiary of the Group.

A total of 450 beds will be made available when both the new and old hospital zones of Jinan Zhong Qi Hospital Company Limited become fully operational in the future. The new hospital zone was launched in the beginning of 2018. Apart from providing medical services to the employees of CNHTC and their families, the hospital is currently open to residents in the neighboring regions. The total number of annual in-patient visits of the hospital based on discharges exceeded 6,000 and its total number of annual out-patient visits exceeded 450,000. The hospital has its core strengths in cardiology, and with vascular surgery, Chinese medicine and rehabilitation as its other key disciplines.

As the for-profit hospital reform completed in March 2020, for the purpose of reference in this announcement, the unaudited financial figures of the corresponding hospital of the two fiscal years prior to the completion of the for-profit hospital reform, which were prepared in accordance with the Chinese Accounting Standards, are set out below:

| | For the fiscal year ended December 31, 2019 (RMB'000) | For the fiscal year ended December 31, 2018 (RMB'000) |
|------------------------|--|--|
| Medical income | 195,490 | 163,488 |
| Profit before taxation | 2,422 | 6,575 |
| Profit after taxation | 2,422 | 6,575 |

As at June 30, 2020, the net assets value of Jinan Zhong Qi Hospital Company Limited was approximately RMB336 million.

CONSIDERATION

The total Consideration was RMB84,687,025 which was determined based on the bid price made by CR Hospital Holdings during the Listing-For-Sale Process which was in turn determined with reference to the appraised value of the Joint Venture as at April 30, 2020.

The Consideration shall be settled in accordance with the payment schedule to be set out in the Transaction Agreement in two installments: the first installment of RMB67,749,620 (which includes the deposit paid in respect of the Listing-For-Sale Process amounted to RMB25 million) in total shall be settled by 5 business days upon signing of the Transaction Agreement, and the second installment shall then be paid within 6 months after the Transaction Agreement becomes effective. CR Hospital Holdings shall also provide guarantees to CNHTC for the second installment of the Consideration, and interest shall be incurred for the period from the first payment date to full settlement of the second installment of the Consideration at the bank interest rate (i.e. 4.35% per annum) for the same period. The Consideration will be funded by the internal resources of the Group.

INFORMATION OF THE GROUP

The Group is principally engaged in the provision of general hospital services, hospital management services and GPO (Group Purchasing Organization) business in the PRC, with its headquarters located in Beijing.

INFORMATION OF CNHTC

Established in 1956, CNHTC is an entity under the State-Owned Assets Supervision and Administration Commission of Jinan City and is one of the largest manufacturers of heavy-duty vehicles in the PRC. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, CNHTC and its ultimate beneficial owners are independent third parties.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Acquisition represents a key milestone of the Group in the furtherance of the reform of state-owned enterprises' non-core assets initiatives guided by various PRC ministries. While it will contribute to the segregation of core and non-core businesses of CNHTC, the cooperation will also add to the Group's ongoing efforts in developing its healthcare business and solidifying the expansion of its medical services in Shandong region and footprints in provincial capitals. The Acquisition will channel funding, medical and management resources of the Group to Jinan Zhong Qi Hospital Limited, which will contribute to maintaining a stable staff team and asset appreciation favorable to its sustainable development as a whole. Upon completion of the Acquisition, Jinan Zhong Qi Hospital Limited shall become a wholly-owned subsidiary of the Group. The Directors (including the independent non-executive Directors) consider the Acquisition is made on normal commercial terms which are fair and reasonable and are of the view that the Acquisition is in the interest of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratio(s) of the Acquisition is more than 5% and all of the applicable percentage ratios are less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

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|--|--|
| “Acquisition” | the acquisition of 25% equity interest in Jinan Zhong Qi Hospital Company Limited by CR Hospital Holdings from CNHTC through the Listing-For-Sale Process as set out in this announcement; |
| “Assets Exchange Centre” | Assets Exchange Centre of Shangdong Province* (山東省產權交易中心) |
| “Board” | the board of Directors of the Company; |
| “CNHTC” | China National Heavy Duty Truck Group Co., Ltd.* (中國重型汽車集團有限公司), a company established in the PRC with limited liability, details of which are set out in the section headed “Information of CNHTC” in this announcement; |
| “Company” | China Resources Medical Holdings Company Limited, 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: 1515); |
| “Consideration” | the total consideration of the Acquisition; |
| “CR Hospital Holdings” | China Resources Hospital Holdings Company Limited* (華潤醫院控股有限公司), a company established in the PRC with limited liability, a wholly-owned subsidiary of the Company and one of the major platforms of investment and operation in the medical care sector of the Company; |
| “Director(s)” | the director(s) of the Company; |
| “Group” | the Company and its subsidiaries; |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong; |
| “Joint Venture” or “Jinan Zhong Qi Hospital Company Limited” | Jinan Zhong Qi Hospital Company Limited* (濟南重汽醫院有限公司), a limited liability company established under the laws of the PRC and a subsidiary of our Company, and its predecessor was CNHTC Hospital (中國重型汽車集團有限公司醫院) before its reform, details of which are set out in the section headed “Information of Jinan Zhong Qi Hospital Company Limited” in this announcement; |

| | |
|----------------------------|--|
| “Listing-For-Sale Process” | the listing-for-sale process conducted by the Assets Exchange Centre for the sale of 25% equity interest in Jinan Zhong Qi Hospital Company Limited; |
| “Listing Rules” | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited; |
| “PRC” | the People’s Republic of China which, for the purpose of this announcement only, excludes the Hong Kong Special Administrative Region of the People’s Republic of China, the Macau Special Administrative Region of the People’s Republic of China and Taiwan; |
| “RMB” | Renminbi, the lawful currency of the PRC; |
| “Share(s)” | ordinary shares of HK\$0.00025 each in the share capital of the Company; |
| “Shareholder(s)” | the Shareholder(s) of the Company; |
| “Transaction Agreement” | a transaction agreement to be entered into between CR Hospital Holdings and CNHTC in relation to the Acquisition; and |
| “%” | percentage. |

By order of the Board
China Resources Medical Holdings Company Limited
CHENG Libing
Executive Director and Chief Executive Officer

Beijing, August 21, 2020

As at the date of this announcement, the Board comprises Mr. WU Ting Yuk, Anthony, Mr. KWONG Kwok Kong, Ms. CHIU Kam Hing Kathy and Mr. LEE Kar Chung Felix as independent non-executive Directors; Mr. WANG Yan as non-executive Director; Mr. SONG Qing, Mr. CHENG Libing, Ms. REN Yuan and Ms. FU Yanjun as executive Directors.

* *For identification purposes only*