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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)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO THE 2019 ANNUAL REPORT

Reference is made to the 2019 annual report for the year ended December 31, 2019 (the “**Annual Report**”) of China Resources Medical Holdings Company Limited (the “**Company**”). Capitalized terms used in this announcement shall have the same meanings as those defined in the Annual Report.

Pursuant to Rule 14A.72 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), the Board wishes to provide further information to the note headed “43 Related Party Transactions” in the “Notes to Financial Statements” contained in the Annual Report (the “**Note 43**”). The full content of Note 43 (including the additional information) is reproduced below:

43. RELATED PARTY TRANSACTIONS

- (a) In addition to the balances, arrangements and transactions detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year:

	2019	2018	Additional
	RMB'000	RMB'000	Notes
Hospital management services			
Yan Hua Hospital (<i>note 1</i>)	–	3,163	A
A subsidiary controlled by China Resources Company Limited (“ CR Co. ”) (<i>note 2</i>)	–	594	B

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>	Additional Notes
GPO business			
Yan Hua Hospital	–	15,376	A
A subsidiary controlled by CR Co.	91	3,754	C
Other hospital-derived services			
Subsidiaries controlled by CR Co.	2,627	2,233	B
Other income			
Subsidiaries controlled by CR Co.	2,398	1,909	B
Purchases of goods			
Subsidiaries controlled by CR Co.	35,994	48,086	D
Investment income on financial assets at FVTPL			
Subsidiaries controlled by CR Co.	5,546	–	E
Interest income on bank deposits			
Subsidiaries controlled by CR Co.	274	–	E
Contribution by setting up an urgent care clinic			
A subsidiary controlled by CR Co.	–	1,139	B
Other purchases and expenses			
Subsidiaries controlled by CR Co.	12,149	–	F

Notes:

1. Yan Hua Hospital is an entity controlled by the close family members of a former substantial shareholder of the Company, which had significant influence over the Group. The former substantial shareholder of the Company had disposed of all the shares of the Company it held from January 24, 2018 to January 25, 2018 and the Group ceased to have any representative holding the position of council member in Yan Hua Hospital from then on. Accordingly, Yan Hua Hospital was no longer considered as a related party of the Group since January 25, 2018 and the related party transactions with Yan Hua Hospital disclosed for the prior year were the transactions made from January 1, 2018 to January 25, 2018. For further details, please refer to the announcement of the Company dated January 25, 2018.
2. CR Co. has significance influence over the Group.

(b) Outstanding balances with related parties:

Due from related parties

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>	Additional Notes
Subsidiaries controlled by CR Co.			
Trade in nature	6,045	3,716	B
Non-trade in nature	<u>3,339</u>	<u>2,323</u>	G
	<u>9,384</u>	<u>6,039</u>	

An ageing analysis of the trade-related receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Within 60 days	6,045	3,712
61 to 180 days	<u>–</u>	<u>4</u>
	<u>6,045</u>	<u>3,716</u>

The amounts due from related parties are unsecured, interest-free and repayable within one year.

Due to related parties

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>	Additional Notes
Subsidiaries controlled by CR Co.			
Trade in nature	2,137	2,837	D
Non-trade in nature	<u>2,706</u>	<u>410</u>	H
	<u>4,843</u>	<u>3,247</u>	

The amounts due to related parties are unsecured, interest-free and repayable on demand.

Bank balances

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>	Additional Notes
Subsidiaries controlled by CR Co.	<u>27,146</u>	<u>154,167</u>	E

The bank balances carried interest at a rate of 0.35% (2018: 0.35%) per annum.

Financial assets at FVTPL

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>	Additional Notes
A subsidiary controlled by CR Co.	<u>120,675</u>	<u>–</u>	E

The financial assets at FVTPL carried interest at a rate of 3.8% (2018: Nil) per annum.

(c) Compensation of key management personnel of the Group:

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Short term employee benefits	34,887	18,612
Post-employment benefits	450	370
Equity-settled share-based payment expense	<u>3,335</u>	<u>216</u>
Total compensation paid to key management personnel	<u>38,672</u>	<u>19,198</u>

Further details of directors' and chief executive's emoluments are included in note 10 to the financial statements.

Additional Notes:

- A. Yan Hua Hospital is an entity controlled by the close family members of a former substantial shareholder of the Company. As the former substantial shareholder of the Company had disposed of all the shares of the Company it held from January 24, 2018 to January 25, 2018, accordingly, Yan Hua Hospital was no longer a connected party of the Group since January 25, 2018 pursuant to Chapter 14A of the Listing Rules. The Group provided hospital management services and sold merchandises under GPO business to Yan Hua Hospital in 2018 which constituted continuing connected transactions as defined in Chapter 14A of the Listing Rules (“**Continuing Connected Transaction(s)**”) to the Company up to January 25, 2018.
- B. The corresponding related party transactions constituted Continuing Connected Transactions but were fully exempted from relevant disclosures and other requirements, including, announcement, circular and independent shareholders’ approval and annual review in accordance with the Listing Rules (“**Relevant Requirements**”) pursuant to rule 14A.76(1) of the Listing Rules.
- C. The corresponding related party transaction of 2018 amounting to RMB3,754,000 constituted a Continuing Connected Transaction and was governed by the cooperation agreement entered into between the Company and China Resources Leasing Company Limited* (華潤租賃有限公司) on June 21, 2018. Such transaction was subject to the Relevant Requirements but was exempt from circular and independent shareholders’ approval pursuant to rule 14A.76(2) of the Listing Rules, and the relevant requirements had been complied with. The corresponding related party transactions of 2019 amounting to RMB91,000 constituted Continuing Connected Transactions to the Company but were fully exempted from the Relevant Requirements.
- D. The corresponding related party transactions constituted Continuing Connected Transactions, were governed by the original pharmaceuticals, medical device and medical consumables supply framework agreement dated October 5, 2016 and the new framework agreement dated July 21, 2017 entered into between the Company and CR Holdings, and were subject to the Relevant Requirements. The Relevant Requirements with respect to these transactions had been complied with.
- E. The corresponding related party transactions constituted Continuing Connected Transactions, were governed by the strategic cooperation agreement dated July 21, 2017 entered into between the Company and CR Bank, and were subject to the Relevant Requirements. The Relevant Requirements with respect to these transactions had been complied with.
- F. The corresponding related party transaction amounting to RMB4,760,000 constituted a connected transaction as defined in Chapter 14A of the Listing Rules (“**Connected Transaction(s)**”) to the Company and were governed by the decoration agreement dated May 23, 2019 (the “**Decoration Agreement**”) entered into between the CR Hospital Management & Consulting, China Resources Healthcare Technology Development (China) Co., Ltd.* (華潤健康科技產業發展(中國)有限公司, a wholly-owned subsidiary of CR Healthcare Group) and Beijing Uconia Decoration Engineering Co., Ltd.* (北京優高雅裝飾工程有限公司, a wholly-owned subsidiary of China Resources Land Limited (“**CR Land**”)). Such transaction was subject to the Relevant Requirements but was exempt from circular and independent shareholders’ approval pursuant to 14A.76(2), and such relevant

requirements had been complied with. The remaining related party transactions also constituted Connected Transactions but were fully exempted from the Relevant Requirements.

- G. Among the total outstanding amounts due from related parties as of December 31, 2019 which are non-trade in nature, RMB786,000 was deposit paid pursuant to the lease agreement dated May 23, 2019 entered into between CR Hospital Management & Consulting as lessee and the Fengtai branch of China Resources Land Hongjing (Beijing) Real Estate Development Co., Ltd.* (華潤置地弘景(北京)房地產開發有限公司豐台分公司, which is a branch company of a subsidiary of CR Land) as lessor, while the remaining amounts as of December 31, 2019 as well as the total outstanding amounts as of December 31, 2018 were incurred in relation to the transactions with connected parties of the Company which were fully exempted from the Relevant Requirements.
- H. Among the total outstanding amounts due to related parties as of December 31, 2019 which are non-trade in nature, RMB2,240,000 was payable pursuant to the Decoration Agreement, while the remaining amounts as of December 31, 2019 as well as the total outstanding amounts as of December 31, 2018 were incurred in relation to the transactions with connected parties of the Company which were fully exempted from the Relevant Requirements.

The Directors further confirm that the connected transactions and continuing connected transactions carried out by the Group as disclosed in the section headed “Connected Transactions” and “Continuing Connected Transactions” under “Directors’ Report” of the Annual Report and Note 43 have complied with the requirements under Chapter 14A of the Listing Rules.

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

Beijing, September 2, 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*