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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 ACQUISITION OF A FOR-PROFIT HOSPITAL IN JIANGSU**

### **ACQUISITION**

The Board is pleased to announce that on March 28, 2021, JH Management (a wholly-owned subsidiary of the Company) entered into the Share Purchase Agreement with the Selling Shareholders, the Sellers and Sinophi Hospitals. Pursuant to the Share Purchase Agreement, JH Management conditionally agreed to acquire and the Sellers conditionally agreed to dispose of the Sale Shares (i.e. the controlling stake of Sinophi Hospitals) at the consideration of RMB882,767,635.96. As at the date of this announcement, Sinophi Hospitals is indirectly holding 80% equity interest in Huaiyin Hospital which is a for-profit general hospital located in Huai'an City, Jiangsu Province, the PRC with the scale of around 1,190 operating beds.

### **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Acquisition exceed 5% but are less than 25%, the Acquisition constitute a discloseable transaction of the Company under Rule 14.06 of the Listing Rules and are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## INTRODUCTION

The Board is pleased to announce that on March 28, 2021, JH Management (a wholly-owned subsidiary of the Company) entered into the Share Purchase Agreement with the Selling Shareholders, the Sellers and Sinophi Hospitals. Pursuant to the Share Purchase Agreement, JH Management conditionally agreed to acquire and the Sellers conditionally agreed to dispose of the Sale Shares (i.e. the controlling stake of Sinophi Hospitals) at the consideration of RMB882,767,635.96. As at the date of this announcement, Sinophi Hospitals is indirectly holding 80% equity interest in Huaiyin Hospital which is a for-profit general hospital located in Huai'an City, Jiangsu Province, the PRC with the scale of around 1,190 operating beds.

## KEY TERMS OF THE SHARE PURCHASE AGREEMENT

**Date:** March 28, 2021

**Contract Parties:**

- (1) JH Management (as the buyer);
- (2) the Selling Shareholders (i.e. NHPEA, Sihuan and Che Holdco);
- (3) the Sellers (i.e. Renfang Medical and Sinophi, and together with the Selling Shareholders, the “**Seller Parties**”); and
- (4) Sinophi Hospitals (i.e. the Target Company).

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Selling Shareholders, the Sellers and their respective ultimate beneficial owners is a third party independent of the Company and its Connected Persons.

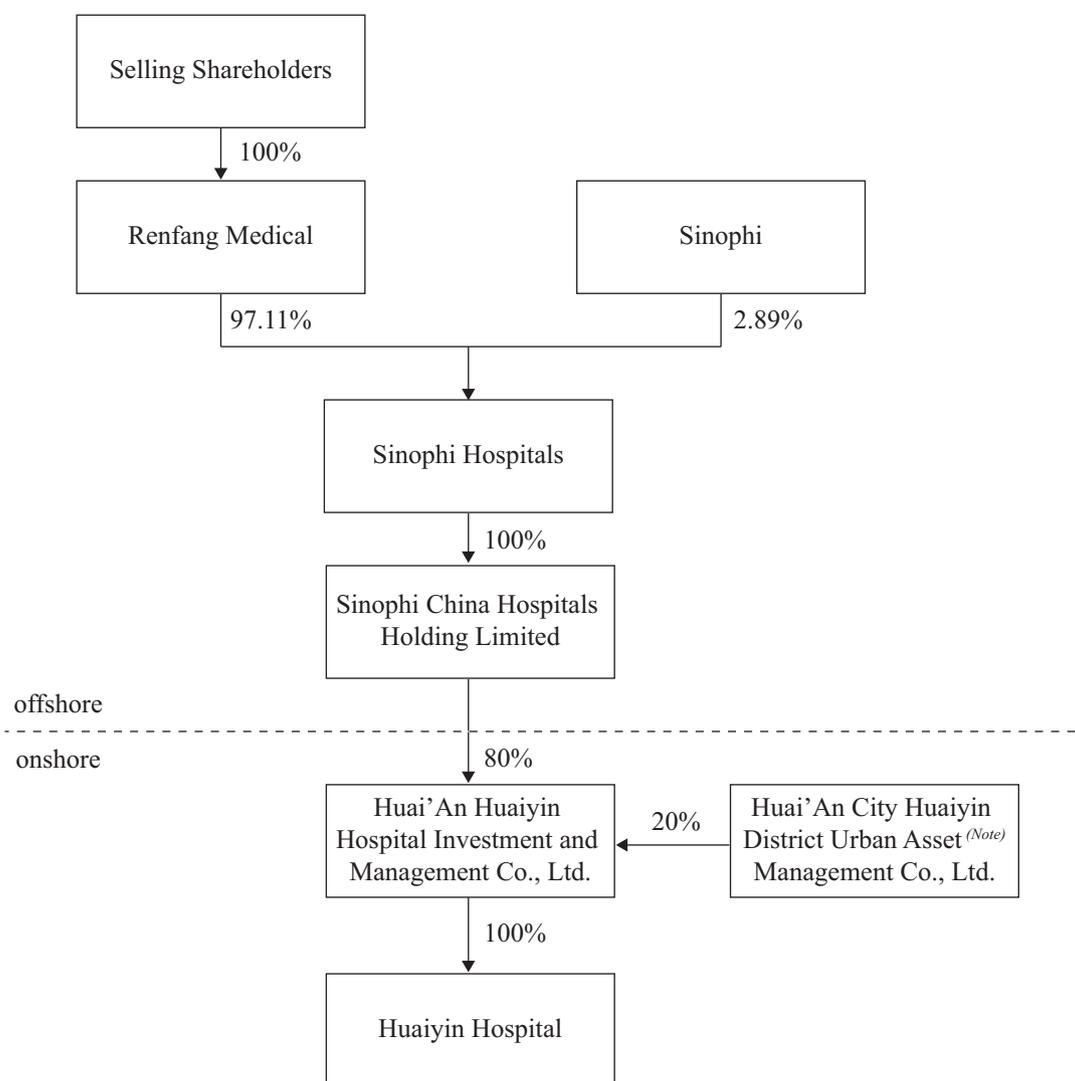
### **Assets to be acquired:**

As of the date of this announcement, (1) NHPEA, Sihuan and Che Holdco are the owner of all of the ordinary shares in the capital of Renfang Medical (collectively, the “**Renfang Shares**”), of which NHPEA, Sihuan and Che Holdco are respectively holding 11,411,156.8223 Renfang Shares, 7,628,881.2577 Renfang Shares and 960,001.92 Renfang Shares, representing approximately 57.06%, 38.14% and 4.80% shareholding interest in Renfang Medical; and (2) Renfang Medical and Sinophi are the owners of all of the ordinary shares in the capital of Sinophi Hospitals (collectively, the “**Sinophi Hospitals Shares**”), of which Renfang Medical is holding 238.99341 Sinophi Hospitals Shares, representing approximately 97.11% of the shareholding interest in Sinophi Hospitals, and Sinophi is holding 7.12252 Sinophi Hospitals Shares, representing approximately 2.89% of the shareholding interest in Sinophi Hospitals.

Pursuant to the Share Purchase Agreement, Renfang Medical and Sinophi respectively and conditionally agreed to dispose of 237.99341 and 6.12252 Sinophi Hospitals Shares (the “**Sale Shares**”) and JH Management conditionally agreed to purchase the Sales Shares (representing approximately 99.19% of the shareholding interest in the Target Company).

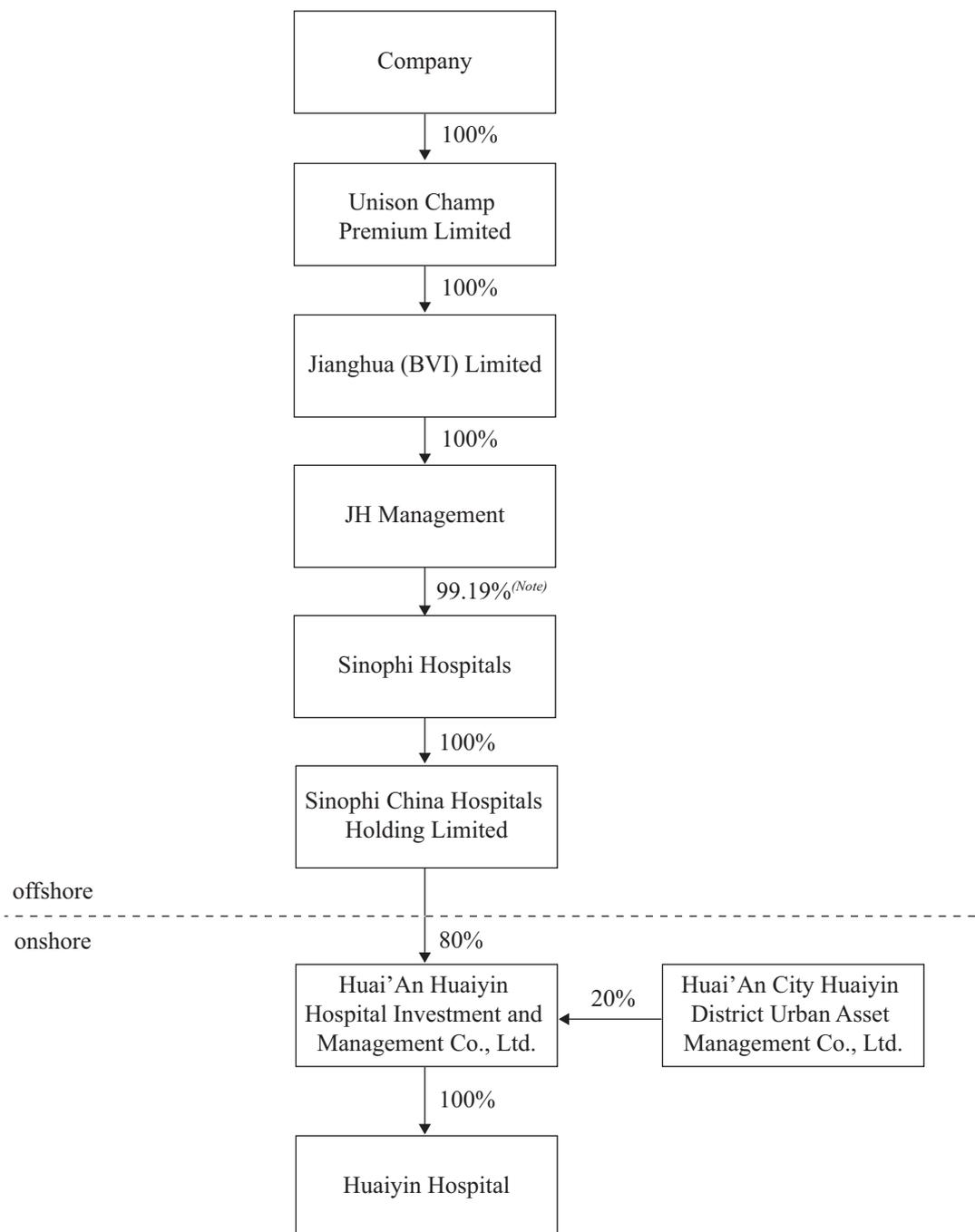
Immediately after Closing, the Group will then be holding approximately 99.19% shareholding interest in Sinophi Hospitals (which is indirectly holding 80% of the equity interest in Huaiyin Hospital), and Sinophi Hospitals will therefore become a subsidiary of the Group. Each of Renfang Medical and Sinophi will be holding 1 Sinophi Hospitals Share (the “**Remaining Share(s)**”) then. The shareholding structure of the Target Group as of the date of this announcement and immediately after Closing are as follows:

*The shareholding structure of the Target Group as of the date of this announcement:*



*Note: Huai'An City Huaiyin District Urban Asset Management Co., Ltd. is controlled by State-owned Assets Supervision and Administration Commission of Huai'An City.*

The shareholding structure of the Target Group immediately after Closing:



Note: Upon completion of the Acquisition of the Remaining Shares (as defined in later part of this announcement), JH Management will then directly hold the entire shareholding interest in Sinophi Hospitals.

## Financial information of the Target Group

The table below sets out certain financial information of the Target Group prepared pursuant to the International Financial Reporting Standards for the two years ended December 31, 2020:

	For the fiscal year ended December 31,	
	2020 (RMB'000) (Unaudited)	2019 (RMB'000) (Audited)
Profit before taxation	13,478	62,436
Profit after taxation	10,109	49,721

Since the for-profit reform of Huaiyin Hospital was completed in January 2019, its financial results was consolidated to the Target Group since then. The unaudited revenue of the Target Group for the fiscal year ended December 31, 2020 was approximately RMB493.5 million; and as at December 31, 2020, the unaudited net assets value of the Target Group was approximately RMB712.6 million.

### Sellers Representative

Each Seller Party (other than NHPEA) irrevocably appoints NHPEA as the Sellers Representative as the sole agent of the Seller Parties to act on behalf of such Seller Party regarding any matter relating to or arising under the Share Purchase Agreement.

### Consideration and payment schedule:

The total consideration for the acquisition of the Sale Shares by JH Management shall be the RMB882,767,635.96 (“**Consideration**”), which is subject to possible adjustments that means if the cash position together with the outstanding amount of loan(s) to be settled by Huai’An City Huaiyin District Urban Asset Management Co., Ltd. of the Target Group as at the Closing Date (the “**Closing Cash**”) is less than RMB200 million (the “**Target Cash**”), the total consideration should then be reduced by 80% of such difference. The Seller Parties shall use commercially reasonable efforts to procure that the amount of Closing Cash is no less than the Target Cash. During the period from the date of the Share Purchase Agreement to the earlier of the Closing Date and the termination of the Share Purchase Agreement, the Seller Parties shall:

- (1) procure the Target Group to manage its accounts receivable, accounts payable and working capital in the ordinary course of business and in a manner consistent with past practice, and cause the Closing Cash to be no less than the sum of:
  - (a) the higher of (i) zero and (ii) the accounts receivable of the Target Group as of December 31, 2019 plus the inventory of the Target Group as of December 31, 2019, minus the total accounts payable of the Target Group as of December 31,

2019, minus the accounts receivable of the Target Group as of the Closing, minus the inventory of the Target Group as of the closing, plus the total accounts payable of the Target Group as of the Closing, plus the aggregate amount of cash in the Target Group's bank account as of the Closing, minus the book value of bank accounts balance of the Target Group as of the Closing;

(b) the amount of any outstanding payment in connection with the administrative proceedings, penalties and disputes set forth in the Disclosure Schedule; and

(c) the Target Cash;

(such sum, the "**Definitive Target Cash**");

(2) procure the Target Group to pay in full the audit expenses and asset appraisal fees in connection with the Acquisition before the Closing; and

(3) be entitled to dividend and distribute to the Sellers any surplus cash in the Target Group's bank accounts to the extent the cash (together with the outstanding balance of loan(s) to be settled by Huai'An City Huaiyin District Urban Asset Management Co., Ltd.) exceeds the sum calculated in (1) above.

Upon Closing, JH Management shall pay to: (1) Renfang an amount equal to its proportion of the entire amount of consideration with respect to the number of such Sale Shares minus the outstanding amount of its pro rata share of 50% of the escrow fee; and (2) Sinophi an amount equal to 90% of its proportion of the entire amount of consideration with respect to the number of such Sale Shares minus the outstanding amount of its pro rata share of 50% of the escrow Fee.

Within five days after receipt by JH Management of (1) a tax clearance certificate affixed with an official chop of the relevant tax authority of the PRC evidencing Sinophi's payment in full of all tax determined to be payable by it by such authorities in respect of its sale of its Sale Shares under applicable laws, or (2) meeting minutes of a reputable accounting firm signed by the responsible partner of the accounting firm and affixed with the common seal of the accounting firm, confirming that no tax is payable, then JH Management shall pay to Sinophi the remaining 10% of Sinophi's portion of consideration.

The consideration of the Acquisition will be funded by the internal resources and bank borrowings of the Group.

## **Closing Cash Surplus**

Closing Cash Surplus shall exist when, and shall be equal to the amount by which, the Closing Cash exceeds the Definitive Target Cash. If there exists any Closing Cash Surplus, then:

1. no Selling Shareholder shall be liable to pay any amount that is otherwise payable by such Selling Shareholder in relation to certain claim for indemnification made under the relevant sections of the Share Purchase Agreement unless and until the aggregate amount payable by such Selling Shareholder for all such claims against it exceeds 80% of such their look-through pro rata share of the Closing Cash Surplus; and
2. Sinophi shall not be liable to pay any amount that is otherwise payable by Sinophi for certain claim for indemnification made under the relevant sections of the Share Purchase Agreement unless and until the aggregate amount payable by it for all such claims against it exceeds 80% of its pro rata share of the Closing Cash.

## **Escrow Account arrangement**

As soon as practicable after the date of the Share Purchase Agreement, JH Management shall open the Escrow Account with the Escrow Agent, and the Sellers shall furnish their reasonable assistance in connection therewith. As soon as practicable after the opening of the Escrow Account and in any event within 40 Business Days after the date of the Share Purchase Agreement JH Management shall pay or cause to be paid an amount equal to USD13.5 million (assuming that the Closing Cash is no less than the Target Cash) (the “**Escrow Amount**”) to the Escrow Account and deliver to the Sellers and the Target Company the irrevocable wiring instructions issued to the bank.

## **Cooperation Agreement Assignment**

From the date of the Share Purchase Agreement to the date falling twelve months after Closing, each Seller Party shall, upon request by the Target Company, and JH Management shall use its commercially reasonable efforts to negotiate with Huaiyin District Government on the assignment, transfer or grant to JH Management of all or substantially all of the respective rights and obligations of Sinophi and Renfang under the cooperation agreement in the medical field\* (醫療領域合作協議) entered into by and among Renfang, Sinophi and Huaiyin District Government dated December 9, 2014 (the “**Cooperation Agreement**”), whether by way of assignment of the Cooperation Agreement, entry into a new agreement or otherwise acceptable to JH Management (the “**Cooperation Agreement Assignment**”), as soon as reasonably practicable after Closing.

## **Acquisition of Remaining Shares**

On the fifth Business Day after the Cooperation Agreement Assignment, each Seller shall sell to JH Management, and JH Management shall purchase from such Seller, one Sinophi Hospitals Share (i.e. the Remaining Shares) at a price of RMB3,616,182.02 (the “**Original Price**”). Otherwise, if the Cooperation Agreement Assignment does not occur on or before the first anniversary of Closing, each Seller shall sell to JH Management, and JH Management shall purchase from such Seller, one Sinophi Hospitals Share at a price equivalent to 70% of the Original Price (the “**Acquisition of Remaining Shares**”). JH Management is entitled to deduct from the abovementioned payment of any outstanding amount payable by any Selling Shareholder or Sinophi. Upon completion of the acquisition of the Remaining Shares, the Group will then be holding the entire shareholding interest in Sinophi Hospitals.

### **Basis of the consideration for the Acquisition and the Acquisition of Remaining Shares:**

The consideration for the Acquisition and the Acquisition of Remaining Shares (the aggregated amount of which is RMB890 million at maximum) were determined after arm’s length negotiation between the Company, the Selling Shareholders and the Sellers after considering the following factors: (i) the unaudited consolidated financial results of the Target Group for the three years ended December 31, 2020; and (ii) the factors as set out in the section headed “Reasons for and Benefits of the Acquisition”. Based on the above, the Directors (including the independent non-executive Directors) are of the view that the consideration for the Acquisition and the Acquisition of Remaining Shares is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **Conditions and Closing:**

The obligation of JH Management to consummate the Closing with respect to the Sellers as contemplated by the Share Purchase Agreement shall be subject to the satisfaction of all of the following conditions (the “**Closing Conditions for Buyer**”), any one or more of which (except for the fourth condition as set out below) may be waived by JH Management in writing:

1. Each of such Selling Shareholders and Sellers’ fundamental warranties and the Target Group’s fundamental warranties as stated in the Share Purchase Agreement shall be true and correct in all material respects;
2. The Selling Shareholders and the Sellers shall have performed and complied in all material respects with all agreements and covenants required by the Share Purchase Agreement to be performed and complied with by them prior to or on Closing;
3. Each of the Sellers and the Company shall have delivered to JH Management a certificate signed by its authorized person certifying the conditions precedent to be fulfilled by the Selling Shareholders and the Sellers as stated in the Share Purchase Agreement;

4. The Share Purchase Agreement and the transaction contemplated thereunder have been approved by the Shareholders as the general meeting of the Company (if applicable);
5. The “Decision on No Further Examination of Anti-monopoly Examination on Concentration of Business Operators” (《經營者集中反壟斷審查不實施進一步審查的決定書》) in respect of the Acquisition has been issued by the State Administration for Market Regulation of the PRC (“**PRC Antitrust Clearance**”);
6. Such Seller shall have executed a share pledge agreement in favor of JH Management with respect to one Share of the Target Company held by such Seller; and
7. Such Seller shall have made the tax filings in respect of the transactions contemplated pursuant to the Share Purchase Agreement in accordance with all applicable laws (“**Tax Filings**”) and shall have delivered to JH Management a copy of the Tax Filings, and either (a) a copy of the filing acknowledgement receipt issued by the PRC tax authorities with respect to the Tax Filings, or (b) if the PRC tax authorities do not issue the filing acknowledgement receipt, meeting minutes of a reputable accounting firm indicating that such Seller has made the Tax Filings.

The Closing with respect to Renfang shall have taken place or will take place on or before the Closing with respect to Sinophi.

The obligation of each Seller to effect the Closing as contemplated by the Share Purchase Agreement shall be subject to the satisfaction of all of the following conditions (the “**Closing Conditions for Sellers**”), any one or more of which may be waived by the Sellers in writing:

1. JH Management’ fundamental warranties as stated in the Share Purchase Agreement shall be true and correct in all material respects.
2. JH Management shall have performed and complied in all material respects with all agreements and covenants required by the Share Purchase Agreement to be performed and complied with by them prior to or on Closing.
3. The PRC Antitrust Clearance shall have been obtained.

Closing is to take place within five Business Days from the fulfilment and/or waiver of the abovementioned conditions, and in no event later than 6 months after the date of the Share Purchase Agreement (the “**Long Stop Date**”). Immediately after Closing, the Target Company will become a non-wholly owned subsidiary of the Company and the results and assets and liabilities of the Target Group will be consolidated into the consolidated financial statements of the Company.

## **PRC tax matters**

Each Seller shall comply with all applicable PRC Tax law and pay all applicable PRC Tax liabilities with respect to the transactions under the Share Purchase Agreement.

Within 30 days after the date of the Share Purchase Agreement, each Seller shall make the tax filings or reports required to be submitted by it to the competent PRC tax authorities in respect of the transactions contemplated under the Share Purchase Agreement, and provide to JH Management the proper evidences. In addition, within 30 months after the Closing Date, each Seller shall, after the PRC tax authorities have completed their assessment of the tax filings, provide to JH Management evidence that such Seller either (a) has paid all tax determined to be payable by it by the PRC tax authorities in respect of the transactions contemplated under the Share Purchase Agreement (which evidence shall be in the form of a tax clearance certificate affixed with an official chop of the relevant tax authority) or (b) does not need to pay any transaction tax.

### **Termination:**

1. The Share Purchase Agreement may be terminated by mutual written of JH Management and the Sellers Representative before Closing.
2. JH Management may terminate the Share Purchase Agreement with respect to a Seller, if JH Management is not then in breach of its representations, warranties, covenants or agreements under the Share Purchase Agreement as to cause any of the Closing Conditions for Sellers not to be satisfied with respect to such Seller, upon written notice to such Seller, if (a) there has been a violation, breach or inaccuracy of any representation, warranty, covenant or agreement of the Company or such Seller contained in the Share Purchase Agreement, which violation, breach or inaccuracy would cause any of the Closing Conditions for Buyer not to be satisfied and (b) such violation, breach or inaccuracy (A) has not been waived by JH Management or cured by the Target Company or such Seller, as applicable, by the earlier of (i) the Long Stop Date and (ii) the expiry of 20 Business Days after receipt by such Seller of the written notice thereof from JH Management or (B) is not capable of being cured prior to the Long Stop Date.
3. The Sellers Representative may terminate this Agreement, if it is not then in breach of its representations, warranties, covenants or agreements under this Agreement so as to cause any of the Closing Conditions for Buyer not to be satisfied, upon written notice to JH Management, if (a) there has been a violation, breach or inaccuracy of any representation, warranty, agreement or covenant of JH Management in the Share Purchase Agreement, which violation, breach or inaccuracy would cause any of the Closing Conditions for Sellers not to be satisfied and (b) such violation, breach or inaccuracy (A) has not been waived by the Sellers Representative or cured by JH Management by the earlier of (i) the Long Stop Date and (ii) the expiry of 20

Business Days after receipt by JH Management of written notice thereof from the Sellers Representative or (B) is not capable of being cured prior to the Long Stop Date.

4. Either JH Management (with respect to a Seller) or the Sellers Representative (with respect to all parties of the Share Purchase Agreement) may terminate the Share Purchase Agreement, upon written notice to the other parties, if the Closing shall not have occurred on or before the date falling six months after the date of the Share Purchase Agreement (i.e. the “**Long Stop Date**”); provided that the terminating party is not in material breach of any representation, warranty, covenant or other agreement contained herein at the time of such termination so as to cause (i) in the case that JH Management is the terminating party, any of the Closing Conditions for Sellers not to be satisfied; and (ii) in the case that the Sellers Representative is the terminating party, any of the Closing Conditions for Buyer not to be satisfied.
5. The Sellers Representative may terminate the Share Purchase Agreement, upon written notice to JH Management, if (i) the Closing shall not have occurred on or before the Long Stop Date, (ii) all of the Closing Conditions for Buyer have been satisfied or waived by JH Management in writing at the time of such termination, other than conditions that either (A) by their nature, are to be satisfied at the Closing and which are, at the time of termination of the Share Purchase Agreement, capable of being satisfied if the Closing were to occur at such time or were waived by JH Management in writing or (B) the failure of which to be satisfied is attributable to a breach by JH Management of its representations, warranties, covenants or agreements contained in the Share Purchase Agreement, (iii) the Sellers have notified JH Management in writing that the Sellers are ready, willing and able to effect the Closing at the time of termination or within three Business Days thereafter, and (iv) JH Management fails to consummate the Closing on the earlier of the Long Stop Date and the third Business Day following the date of delivery of such written notification by the Sellers.
6. JH Management may terminate the Share Purchase Agreement, upon written notice to such Seller, if (i) the Closing shall not have occurred on or before the Long Stop Date, (ii) all of the Closing Conditions for Sellers have been satisfied or waived by the Sellers in writing at the time of such termination, other than conditions that either (A) by their nature, are to be satisfied at the Closing and which are, at the time of termination of the Share Purchase Agreement, capable of being satisfied if the Closing were to occur at such time or were waived by the Sellers Representative in writing or (B) the failure of which to be satisfied is attributable to a breach by such Seller or the Target Company of its representations, warranties, covenants or agreements contained in the Share Purchase Agreement, (iii) JH Management has notified the Sellers Representative in writing that it is ready, willing and able to effect the Closing at the time of termination or within three Business Days thereafter,

and (iv) such Seller fails to consummate the Closing on the earlier of the Long Stop Date and the third Business Day following the date of delivery of such written notification by JH Management.

7. If the Acquisition constitutes a very substantial acquisition (as the meaning ascribed to it under the Listing Rules) of the Company, then the Sellers Representative may terminate the Share Purchase Agreement, upon written notice to JH Management, if (i) for reasons attributable to the Company, the general meeting of the Company at which Shareholders' vote on a resolution with respect to the approval of the execution and performance of the Share Purchase Agreement and the Acquisition (the "**General Meeting**", if applicable) is not held prior to the Long Stop Date due to the failure to dispatch the circular with respect to the Acquisition to the Shareholders; (ii) CRH (Medical) Limited (which is the immediate shareholder of the Company) shall not have voted in favor of the shareholder resolution(s) in respect of the Share Purchase Agreement and the Acquisition at the General Meeting; or (iii) the Company fails to deliver the corresponding circular to its three largest shareholders.
8. The Sellers Representative may terminate this Agreement, upon written notice to JH Management, if JH Management fails to open the escrow account and pay the escrow amount in full according to the Share Purchase Agreement and such breach is not cured within ten Business Days.

If the Share Purchase Agreement is terminated by the Sellers in accordance with the abovementioned occasions no. 5 or no. 7, then in any event within five Business Days after the date of such termination, the Sellers Representative and JH Management shall each execute and together deliver a written notice to the Escrow Agent in order to direct the Escrow Agent to pay from the Escrow Account (i) each Seller's Escrow Amount to an account designated by such Seller, and (ii) the balance of the Escrow Account to an account designated by JH Management.

If the Share Purchase Agreement is terminated by JH Management with respect to a Seller in accordance with the abovementioned occasion no. 6, then within five Business Days after the date of such termination, the Sellers and JH Management shall each execute and together deliver a written notice to the Escrow Agent to direct the Escrow Agent to pay the balance of the Escrow Account from the Escrow Account to one or more accounts designated by JH Management. In addition, such Seller shall pay or cause to be paid (for the avoidance of doubt, other than from the Escrow Account) an amount equal to its Escrow Amount (with respect to each relevant Seller) by wire transfer of immediately available funds to one or more accounts designated by JH Management within one Business Day after the date of such termination.

## **INFORMATION OF HUAIYIN HOSPITAL**

Huaiyin Hospital is located in the Yangtze River Delta region and is a Grade IIA for-profit general hospital in Huai'an City, Jiangsu Province. The hospital has approximately 1,190 operating beds and more than 40 medical disciplines, and its number of staff is approximately 1,200. Huaiyin Hospital provides basic medical services for the community of about 900,000 people. In recent years, the average annual diagnosis and treatment volume has reached nearly 600,000. It is currently the largest general hospital in the region and a leading medical institute in the city, and it is the only Grade IIA general hospital in Huaiyin District which has been covered by the designated medical insurance scheme.

As the result of implementation of the development plan in the past several years, Huaiyin Hospital is now a leading hospital in Huaiyin District with certain key specialties including orthopedics, general surgery, neurology and urology which form its core discipline clusters, and featuring obstetrics & gynecology, cardiology, and respiratory disciplines, too. Huaiyin Hospital is highly recognized by the local government and has a good reputation among patients.

## **INFORMATION OF THE PARTIES**

### **The Group and JH Management**

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. JH Management is a company established in Hong Kong with limited liability, an investment holding company and a wholly-owned subsidiary of the Company.

### **The Selling Shareholders**

NHPEA is incorporated in the Netherlands, Sihuan is incorporated in Hong Kong and Che Holdco is incorporated in the British Virgin Islands. Each of NHPEA, Sihuan and Che Holdco is an investment holding company with limited liability. Among the Selling Shareholders, NHPEA is an investment holding company with limited liability, which is indirectly controlled by North Haven Private Equity Asia IV, L.P., a fund managed by the private equity arm of Morgan Stanley; and Sihuan is a wholly-owned subsidiary of Sihuan Pharmaceutical Holdings Group Ltd. (with shares listed on the Main Board of Stock Exchange; Stock Code: 460); Che Holdco is indirectly and wholly owned by Mr. CHE Fengsheng and Mr. CHE is the controlling shareholder and an executive director of Sihuan Pharmaceutical Holdings Group Ltd. As at the date of this announcement, NHPEA, Sihuan and Che Holdco are respectively holding 11,411,156.8223 Renfang Shares, 7,628,881.2577 Renfang Shares and 960,001.92 Renfang Shares, representing approximately 57.0557%, 38.1443% and 4.8000% shareholding interest in Renfang

Medical. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, the Selling Shareholders and their respected ultimate beneficial owners are independent third parties.

### **The Sellers**

Renfang Medical is an investment holding company incorporated in the British Virgin Islands with limited liability while Sinophi is an investment holding company incorporated in Jersey, Channel Islands with limited liability which is owned by a number of shareholders who are natural persons. As at the date of this announcement, Renfang Medical is holding 238.99341 Sinophi Hospitals Shares, representing approximately 97.10603% of the Sinophi Hospitals Shares, while Sinophi is holding 7.12252 Sinophi Hospitals Shares, representing approximately 2.89397% of the Sinophi Hospitals Shares. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, the Sellers and their respected ultimate beneficial owners are independent third parties.

### **REASONS FOR AND BENEFITS OF THE ACQUISITION**

The Group is able to obtain scarce medical business resources via the Acquisition. The Acquisition will also serve as a starting point for the Group to expand its medical business in the Yangtze River Delta region. Huaiyin Hospital is located in Huai'an City, Jiangsu Province in the Yangtze River Delta region and it is the only hospital with a grade in Huaiyin District. As the leading hospital in the district, it has a market share of nearly 39% of the inpatient services in the district, and has accumulated good reputation in terms of medical technology, hospital brand reputation, government recognition and other aspects. As a key hub for patients referral and a well-recognized hospital of the local population, Huaiyin Hospital differentiates itself from other medical institute in the district. Huaiyin Hospital has completed its for-profit reform two years ago, and it has clear ownership structure, good business operation and standardized management system. It is therefore an ideal acquisition target for the Group. The Group does not currently own a large-scale medical institution in the Yangtze River Delta, and the Acquisition will enable the Group to obtain a Grade IIA for-profit hospital in the region with over 1,000 operating beds and an annual outpatient and emergency visits of over 450,000. It is a key strategic step for the Group to enter the Yangtze River Delta region and will become a starting point for our future expansion of our medical service business in the region.

In addition, our development plan for Huaiyin Hospital is to build a "Strong Specialty Focus & Small Scale Comprehensive Services" model. Considering that Huaiyin Hospital's current surgical foundation is good and the Grade III medical institute standard of its orthopedics department, the Group can increase its inpatient space, and focus on creating a professional department with joint and spine surgery as the orthopedics department via its second phase expansion, and form the outstanding specialty features of the hospital. The Group will also introduce the medical resources of 999 Brain Hospital in order to improve the comprehensive diagnosis and treatment of

cerebrovascular diseases in Huaiyin Hospital in terms of neurology, focus on improving the comprehensive diagnosis and treatment of neurosurgery emergencies in neurosurgery, cultivate competitive capabilities for specific diseases, provide Huaiyin Hospital with new growth points and specialty competitiveness, form a differentiated development with public hospitals in the region, create a “Strong Specialty Focus & Small Scale Comprehensive Services” model, and further integrate it regional medical service resources, expand market share, and consolidate its regional leading competitive position.

During the “14th Five-Year Plan” period, the Group will focus on four specialized clusters which are brain, orthopedics, oncology and hemodialysis to carry out comprehensive transformation and upgrading. The Acquisition is a key measure taken by the Group to implement the “14th Five-Year” strategic plan. In the future, the Group will continue to introduce resources and improve post-investment management of Huaiyin Hospital. It will build Huaiyin Hospital’s orthopedics, brain, together with other medical specialties into a reputable medical specialty brand name, and will further connect the hospital with our other in-network medical institutes to develop our medical specialty chain cluster, and gradually implement our specialized transformation strategy of the “14th Five-Year Plan”.

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 ratios under Rule 14.07 of the Listing Rules in respect of the Acquisition exceed 5% but are less than 25%, the Acquisition constitute a discloseable transaction of the Company under Rule 14.06 of the Listing Rules and are subject to the reporting 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:

- |                                       |  |
|---------------------------------------|--|
| “Acquisition”                         | the acquisition of Sale Shares by JH Management from the Sellers pursuant to the Share Purchase Agreement;   |
| “Acquisition of the Remaining Shares” | the arrangement in respect of the acquisition of one Sinophi Share from each Seller by JH Management after Closing, and details of which are set out in the section headed “KEY TERMS OF THE SHARE PURCHASE AGREEMENT — Acquisition of the Remaining Shares” in this announcement; |

“Board”	the board of Directors of the Company;
“Business Day”	any day that is not a Saturday, Sunday or other day on which banking institutions in Hong Kong, the PRC or the British Virgin Islands are authorized or required by law or executive order to close;
“Che Holdco”	Euromax Holdings Limited, a company incorporated in the British Virgin Islands with limited liability;
“Closing”	closing of the Acquisition;
“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);
“Conditions”	the condition precedents to the Acquisition as set out in the Share Purchase Agreement;
“Connected Persons”	as the meaning ascribed to it under the Listing Rules;
“CR Holdings”	China Resources (Holdings) Company Limited, a company incorporated in Hong Kong with limited liability and an indirect holding company of China Resources Healthcare Group Limited (which is the single largest shareholder of the Company as at the date of this announcement);
“Director(s)”	the director(s) of the Company;
“Escrow Account”	the escrow agreement to be entered into among the Escrow Agent, JH Management and NHPEA (as the Sellers Representative) pursuant to the arrangement in the SPA. Please refer to the section headed “KEY TERMS OF THE SHARE PURCHASE AGREEMENT — The Escrow Arrangement” to this announcement for more details;
“Escrow Agent”	DBS Bank Ltd., Hong Kong Branch;
“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 PRC;

“Huaiyin Hospital”	Huai’an City Huaiyin Hospital Company Limited* (淮南市淮陰醫院有限公司), a company established in the PRC with limited liability, details of which are set out in the section headed “INFORMATION OF HUAIYIN HOSPITAL” to this announcement;
“JH Management”	JH Management Company Limited, a company established in Hong Kong with limited liability and a wholly-owned subsidiary of the Company;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“NHPEA”	NHPEA IV Health Holding B.V., a company incorporated in the Netherlands with limited liability;
“PRC”	the People’s Republic of China which, for the purpose of this announcement only, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan;
“Renfang Medical”	Renfang Medical Holdings Ltd., a company incorporated in the British Virgin Islands with limited liability;
“Renfang Shares”	the ordinary shares in the capital of Renfang Medical;
“RMB”	Renminbi, the lawful currency of the PRC;
“Sale Shares”	237.99341 Sinophi Hospitals Shares and 6.12252 Sinophi Hospitals Shares which are respectively held by Renfang Medical and Sinophi as at the date of the Share Purchase Agreement. Pursuant to the Share Purchase Agreement, Renfang Medical and Sinophi conditionally agreed to dispose of and JH Management conditionally agreed to purchase the Sales Shares;
“Sellers”	Collectively Renfang Medical and Sinophi;
“Seller Parties”	Collectively the Sellers and the Selling Shareholders;
“Sellers Representative”	NHPEA, which is the sole agent of the Seller Parties to act on behalf of such Seller Party regarding any matters relating to or arising under the Share Purchase Agreement;
“Selling Shareholders”	Collectively NHPEA, Sihuan and Che Holdco;

“Share(s)”	ordinary shares of HK\$0.00025 each in the share capital of the Company;
“Share Purchase Agreement”	a share purchase agreement entered into among JH Management, the Selling Shareholders, the Sellers and Sinophi Hospitals on March 28, 2021, and details of which are set out in the section headed “KEY TERMS OF THE SHARE PURCHASE AGREEMENT” in this announcement;
“Shareholder(s)”	the Shareholder(s) of the Company;
“Sihuan”	Sun Moral International (HK) Limited, a company incorporated in Hong Kong with limited liability;
“Sinophi”	Sinophi Healthcare Limited, a company incorporated in Jersey, Channel Islands with limited liability;
“Sinophi Hospitals” or “Target Company”	Sinophi China Hospitals Limited, a company incorporated in the British Virgin Islands with limited liability;
“Sinophi Hospitals Shares”	the ordinary shares in the capital of Sinophi Hospitals;
“Target Group”	Sinophi Hospitals and its subsidiaries; and
“%”	percentage.

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

Beijing, March 28, 2021

*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*