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CR MEDICAL

## 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)

### VOLUNTARY ANNOUNCEMENT COOPERATION AGREEMENT IN RELATION TO CERTAIN HOSPITALS UNDER CEEG

The board of directors (the “**Board**”) of China Resources Medical Holdings Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) is pleased to announce that on October 25, 2018, the Company and its wholly-owned subsidiary, China Resources Hospital Holdings Company\* (華潤醫院控股有限公司) (“**CR Hospital Holdings**”), entered into a cooperation agreement (the “**Cooperation Agreement**”) with China Energy Engineering Group Assets Management Co., Ltd.\* (中國能源建設集團資產管理有限公司) (“**CEE Group Assets Management**”) for the joint establishment of a professional medical investment and operation platform and implementation of the reform and restructuring of the Target Hospitals (as defined below).

#### KEY TERMS OF THE COOPERATION AGREEMENT

**Date:** October 25, 2018

**Parties:** The Company, CR Hospital Holdings and CEE Group Assets Management

**Target hospitals (the “Target Hospitals”) covered in the Cooperation Agreement:**

The Target Hospitals include hospitals that are currently sponsored by CEE Group Assets Management, namely Guangdong CEEC Power Hospital\* (廣東中能建電力醫院), Guangxi Hydropower Hospital\* (廣西水電醫院), Beijing CEEC Hospital\* (北京中能建醫院), CEEC Anhui Hospital\* (中能建安徽醫院) (which includes the existing High-tech zone Tianle Community Healthcare Service Centre (高新區天樂社區衛生服務中心), High-tech zone Xingyuan Community Healthcare Service Centre (高新區興園社區衛生服務中心), Hefei High-tech zone Zhangning Community Healthcare Service Centre (合肥高新區長寧社區衛生服務中心), Tiandong Street Dianchang Road Community Healthcare Service Centre (田東街道電廠路社區衛生服務中心), and other new medical institutions to be established through subsequent investment). The Target Hospitals currently have 685 licensed beds in total.

## **Purpose of entering into of the Cooperation Agreement:**

Clearing the bottlenecks that constrain the development of the Target Hospitals, and promoting remarkable improvement in areas such as technology level, management level, and servicing capability of the Target Hospitals through injection of development funds, and optimisation of management system and operation mechanism as well as introduction of quality management resources and medical resources. As a strategic partner, the Group will demonstrate its advantages in terms of capital investment, market mechanism, professional management and medical resources to realise complementary effects between the contract parties and mutually beneficial development with the Target Hospitals.

## **Key Arrangements under the Cooperation Agreement:**

1. CR Hospital Holdings and CEE Group Assets Management shall jointly establish a joint venture (the “**Joint Venture**”) as a professional medical investment and operation platform, and implement the reform, restructuring and joint investment and development of the Target Hospitals. CR Hospital Holdings shall make capital contributions in cash by stages, while CEE Group Assets Management shall make capital contributions with the assets of the Target Hospitals held by it. Upon completion of the capital contribution, the Group shall hold controlling stake in the Joint Venture and the financial results of the Joint Venture shall be consolidated to the Group. The assets of the Target Hospitals shall be based on the result of the audit and assessment report prepared by an organization jointly selected by the contract parties. All the assets and funds contributed by the contract parties shall be applied towards the operation and development of the Target Hospitals in full;
2. The profit distribution of the Joint Venture shall be executed on a pro rata basis in accordance with respective capital contribution proportions of its shareholders;
3. Upon the establishment of the Joint Venture, CEE Group Assets Management shall change the sponsorship of the Target Hospitals to the Joint Venture as soon as practicable. Active measures shall be adopted by CEE Group Assets Management to ensure a stable operation of the Target Hospitals during the transitional period of the reform and CEE Group Assets Management should also actively support the Group’s management over the Target Hospitals after the reform; and
4. The Group shall fulfill its management responsibility towards the Target Hospitals and implement professional management with the view to enhancing the operation and management efficiency of the Target Hospitals. The Group shall be entitled to collect reasonable management fees from the Target Hospitals, and will enter into investment and management agreement(s) with the Target Hospitals based on actual needs.

## **INFORMATION ON CEE GROUP ASSETS MANAGEMENT AND THE TARGET HOSPITALS**

### **CEE Group Assets Management**

CEE Group Assets Management is a wholly-owned subsidiary of China Energy Engineering Group Co., Ltd.\*(中國能源建設集團有限公司) (the “**CEEG**”), and a surviving unit, asset contributor and the platform for succeeding of property rights of the CEEG. CEE Group Assets Management is a professional institution for operating and managing surviving assets. It is now also the legal sponsor of the Target Hospitals. CEEG is an ultra-large energy construction group directly managed by the State-owned Assets Supervision and Administration Commission of the State Council with the approval of the State Council.

### **Guangdong CEEC Power Hospital\* (廣東中能建電力醫院)**

The hospital was formerly known as Guangdong Province First Power Bureau Hospital with nearly 60 years of history, which is a Grade IIA National General Hospital that integrates medical, education and preventive healthcare. It is located in Huangpu District, Guangzhou with a gross floor area of approximately 10,000 square meters and has 200 licensed beds.

### **Beijing CEEC Hospital\* (北京中能建醫院)**

The hospital is located in Fangshan District, Beijing with a gross floor area of approximately 10,000 square meters and has 160 licensed beds. It currently offers 17 medical specialties, such as division of general medicine, surgery, gynecology, pediatrics and Chinese medicine, and a community healthcare services station.

### **Guangxi Hydropower Hospital\* (廣西水電醫院)**

The hospital is a Grade II General Hospital located in Nanning, Guangxi Zhuang Autonomous Region equipped with various mature minimally invasive surgical technologies. It occupies a total gross floor area of approximately 12,300 square meters and has 205 licensed beds.

### **CEEC Anhui Hospital\* (中能建安徽醫院)**

The hospital is positioned as a community public healthcare service centre with four community healthcare service centres in Hefei and Huainan region. It occupies a total gross floor area of approximately 14,000 square meters and has 120 licensed beds in total. Among the four community healthcare service institutions under the hospital, one of them is a national demonstration community healthcare service centre, whilst the other three are demonstration community healthcare service centres in Anhui.

## **REASONS FOR AND BENEFITS OF ENTERING INTO OF THE COOPERATION AGREEMENT**

CEE Group Assets Management, the partner of this project, is a wholly-owned subsidiary of CEEG. CEEG is an ultra-large energy construction group directly managed by the State-owned Assets Supervision and Administration Commission of the State Council. It has total assets of over RMB220 billion and over 160,000 employees. We believe that this cooperation will become an excellent new example of the Group's cooperation with enterprises hospitals (especially hospitals under large state-owned enterprises).

Geographically, the Target Hospitals are located in large cities (such as Beijing, Guangzhou Nanning and Hefei) which are economically developed and densely populated. As such, it is expected that this cooperation will strengthen the Group's established hospital network layout in Beijing and Guangzhou region, at the same time expanding the network into new regions such as provinces in Southwest China. Meanwhile, the national- and provincial- demonstration communities currently covered by the Target Hospitals are expected to further optimise the Group's UCC business.

The Target Hospitals were established in 1950-80s and are subordinated to their original competent enterprises. The hospitals are mainly responsible for offering medical security services to the employees of such enterprises, at the same time providing basic medical services to the public. Each of the Target Hospitals has reached a certain standard and scale in terms of the provision of basic medical and healthcare services such as treatment for common diseases and frequently occurring diseases. Their work in relation to operation and management remained stable as a whole and has a wide patient base in the locality. The cooperation with the Target Hospitals as the pilot points to carry out the cooperation will realise the export of the Group's academic, managerial and informational medical resources, and to attain a higher business growth point by leveraging the support of CEE Group Assets Management and the population flow of the places where the hospitals are located. It is expected that the Target Hospitals will become the major contributors to the Group's revenue and profit after the reform.

This form of cooperation between the Group and CEE Group Assets Management is a cooperation on the asset and sponsorship rights level, hence there is a solid foundation for the cooperation. As a strategic partner, the Group will demonstrate its advantages in terms of capital investment, market mechanism, professional management and medical resources to realise complementary effects between the parties and mutually beneficial development among the Target Hospitals. It is expected that the cooperation will enhance the core competitiveness of the Target Hospitals and ensure their sustainable development, thereby providing more diversified and comprehensive medical and healthcare services for the citizens in the areas where the Target Hospitals are located. Meanwhile, the Group will also be able to continue to maintain its advantages in the medical and healthcare industry in China.

The Board believes that the Cooperation Agreement will allow the Group to generate a long-term and stable income. Accordingly, the Board is of the view that the Cooperation Agreement is in the interests of the Company and its shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

This announcement is made by the Company on a voluntary basis. All the applicable percentage ratios under Rule 14.07 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") in respect of the Cooperation Agreement and the formation of the Joint Venture are below 5%, and the Cooperation Agreement and the formation of the Joint Venture do not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

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

Beijing, October 25, 2018

*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, Mr. HAN Yuewei, Ms. REN Yuan and Ms. FU Yanjun as executive Directors.*

\* *For identification purpose only*