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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in China Resources Medical Holdings Company Limited (華潤醫療控股有限公司), you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

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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)**

**PROPOSED RE-ELECTION OF RETIRING DIRECTORS  
AND  
PROPOSED GRANTING OF GENERAL MANDATES TO  
REPURCHASE SHARES AND ISSUE NEW SHARES  
AND  
PROPOSED PAYMENT OF FINAL DIVIDEND  
AND  
PROPOSED APPROVAL FOR THE CONTINUATION OF YAN  
HUA HOSPITAL INVESTMENT MANAGEMENT AGREEMENT  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

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A notice convening the annual general meeting of China Resources Medical Holdings Company Limited (華潤醫療控股有限公司) to be held at 14/F, Kunlun Center Office Building, No. 9, Fuyi Street, Fengtai District, Beijing, the People's Republic of China on Thursday, June 2, 2022 at 10:00 a.m. is set out on pages 25 to 29 of this circular. A form of proxy for use at the annual general meeting is also enclosed. Such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.crmedical.hk](http://www.crmedical.hk)).

Whether or not you are able to attend the annual general meeting, please complete and sign the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the annual general meeting (i.e. not later than 10:00 a.m. Tuesday, May 31, 2022 (Hong Kong time)) or any adjournment thereof. Completion and delivery of the form of proxy will not preclude a shareholder from attending and voting in person at the annual general meeting should you so wish and, in such event, the form of proxy shall be deemed to be revoked.

April 26, 2022

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## DEFINITIONS

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

“Agreement Dispute Announcements”	the announcement of the Company dated January 15, 2019, January 21, 2019, April 17, 2019 and November 23, 2021 mainly in relation to the unilateral termination of Yan Hua IOT Agreement dispute by Yan Hua Phoenix and Yan Hua Hospital and the final judgement made by the court
“Annual General Meeting”	the annual general meeting of the Company to be held at 14/F, Kunlun Center Office Building, No. 9, Fuyi Street, Fengtai District, Beijing, the People’s Republic of China on Thursday, June 2, 2022 at 10:00 a.m., to consider and, if appropriate, to approve the resolutions contained in the notice of the annual general meeting which is set out on pages 25 to 29 of this circular, or any adjournment thereof
“Articles of Association”	the articles of association of the Company currently in force
“Board”	the board of Directors
“China” or “PRC”	the People’s Republic of China, which for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Company”	China Resources Medical Holdings Company Limited (華潤醫療控股有限公司), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“Connected person(s)”	has the meaning ascribed to it under the Listing Rules
“CR Hospital Management & Consulting”	China Resources Hospital Management & Consulting Co. Ltd.* (華潤醫院管理諮詢有限公司), formerly known as Beijing Phoenix United Hospital Management Consulting Co. Ltd.* (北京鳳凰聯合醫院管理諮詢有限公司), Beijing Phoenix United Hospital Management Co., Ltd.* (北京鳳凰聯合醫院管理有限公司) and Beijing Phoenix United Hospital Management Joint Stock Co., Ltd.* (北京鳳凰聯合醫院管理股份有限公司), a limited liability company established under the laws of the PRC, and an indirect wholly-owned subsidiary of the Company
“Director(s)”	the director(s) of the Company

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## DEFINITIONS

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“Dividend Currency Election Form”	the form that a Shareholder must complete and return to the Company’s branch share registrar in Hong Kong in the manner set out in this circular in order to elect to receive all (but not part) of the final dividend for the year ended December 31, 2021 in RMB
“Group”	the Company and its subsidiaries from time to time
“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
“Investment”	a total of RMB150 million invested by CR Hospital Management & Consulting into Yan Hua Hospital Group pursuant to the Yan Hua IOT Agreement
“Investment Repayment”	the Investment made in the past by CR Hospital Management & Consulting that Yan Hua Hospital Group has agreed to repay pursuant to the Yan Hua IOT Agreement
“IOT”	the “invest-operate-transfer” model
“Issuance Mandate”	as defined in paragraph 4 of the Letter from the Board on page 7 of this circular
“Latest Practicable Date”	April 18, 2022, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Date”	the date which dealings in the Shares first commence on the Stock Exchange, i.e. November 29, 2013
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Management Fees”	the management fees paid by Yan Hua Hospital Group to CR Hospital Management & Consulting pursuant to the Yan Hua IOT Agreement
“Prospectus”	the prospectus of the Company dated November 18, 2013 issued by the Company in relation to the listing of its Shares on the Main Board of the Stock Exchange
“Remuneration Committee”	the remuneration committee of the Company

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## DEFINITIONS

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“Repurchase Mandate”	as defined in paragraph 3 of the Letter from the Board on page 7 of this circular
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.00025 each in the capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary”	has the meaning ascribed to it under the Listing Rules
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-backs approved by the Securities and Futures Commission as amended from time to time
“Yan Hua Hospital”	Yan Hua Hospital* (北京燕化醫院), a not-for-profit hospital established under the laws of the PRC in 1973 and sponsored by Yan Hua Phoenix, which the Group started to manage and operate in February 2008 pursuant to the Yan Hua IOT Agreement
“Yan Hua Hospital Group”	collectively, Yan Hua Hospital and community clinics affiliated with Yan Hua Hospital
“Yan Hua Hospital Management Agreement”	the hospital investment management agreement dated February 4, 2008, which was supplemented in April 2008, December 2010, June 2011, July 2013, September 2013 and October 2013, and were entered into between CR Hospital Management & Consulting, Yan Hua Hospital and Yan Hua Phoenix
“Yan Hua IOT Agreement”	collectively, the hospital management right and investment framework agreement dated February 1, 2008, and the Yan Hua Hospital Investment Management Agreement, both of which were supplemented in April 2008, December 2010, June 2011, June 2013, July 2013, September 2013 and October 2013, and were entered into between CR Hospital Management & Consulting, Yan Hua Hospital and Yan Hua Phoenix
“Yan Hua Phoenix”	Beijing Yan Hua Phoenix Healthcare Asset Management Co., Ltd.* (北京燕化鳳凰醫療資產管理有限公司), a limited liability company established under the laws of the PRC

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## DEFINITIONS

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“2016 Approval Circular”                    the circular of the Company dated October 14, 2016 in relation to, among other things, the approval of the Yan Hua IOT Agreement

“2019 Approval Circular”                    the circular of the Company dated October 30, 2019 in relation to, among other things, the approval of the Yan Hua Management Agreement by the Shareholders

“%”    per cent

\* *For identification purpose only.*



**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)**

*Executive Directors:*

Mr. SONG Qing (*Chairman of the Board*)  
Mr. CHENG Libing (*Chief Executive Officer*)  
Ms. REN Yuan (*Chief Financial Officer*)  
Mr. SHAN Baojie

*Non-executive Director:*

Mr. HU Hui

*Independent Non-executive Directors:*

Mr. WU Ting Yuk Anthony  
Mr. KWONG Kwok Kong  
Ms. CHIU Kam Hing Kathy  
Mr. LEE Kar Chung Felix

*Registered Office:*

Harneys Services (Cayman) Limited  
4th Floor, Harbour Place  
103 South Church Street  
PO Box 10240  
Grand Cayman, KY1-1002  
Cayman Islands

*Headquarters and Principal Place  
of Business in the PRC:*

14/F, Kunlun Center Office Building  
No. 9, Fuyi Street  
Fengtai District, Beijing  
the People's Republic of China

*Principal Place of Business  
in Hong Kong:*

Room 2603,  
26/F, China Resources Building,  
26 Harbour Road, Wanchai  
Hong Kong

April 26, 2022

*To the Shareholders*

Dear Sir/Madam,

**PROPOSED RE-ELECTION OF RETIRING DIRECTORS  
AND  
PROPOSED GRANTING OF GENERAL MANDATES TO  
REPURCHASE SHARES AND ISSUE NEW SHARES  
AND  
PROPOSED PAYMENT OF FINAL DIVIDEND  
AND  
PROPOSED APPROVAL FOR THE CONTINUATION OF YAN  
HUA HOSPITAL INVESTMENT MANAGEMENT AGREEMENT  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

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## LETTER FROM THE BOARD

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### 1. INTRODUCTION

The purpose of this circular is to provide the Shareholders with information in respect of certain resolutions to be proposed at the Annual General Meeting.

### 2. PROPOSED RE-ELECTION OF RETIRING DIRECTORS

In accordance with articles 87(1) and 87(2) of the Articles of Associations, Mr. SHAN Baojie, Mr. HU Hui, Mr. KWONG Kwok Kong, Ms. CHIU Kam Hing Kathy and Mr. LEE Kar Chung Felix (the “**Retiring Directors**”) shall retire by rotation at the Annual General Meeting. All of the above retiring Directors, being eligible, will offer themselves for re-election at the Annual General Meeting.

#### **Nomination procedures for Directors and Recommendations of the Nomination Committee**

The nomination committee of the Company (the “**Nomination Committee**”) shall recommend to the Board on the appointment of Directors (including independent non-executive Directors) having regard to (i) the proposed candidates’ qualification, background and experience; (ii) independence of candidates for independent non-executive Directors, which is assessed with reference to the factors set out in Rule 3.13 of the Listing Rules and any other factors deemed appropriate by the Nomination Committee or the Board; and (iii) the diversity of the Board in all aspects, including gender, age, cultural and educational background, professional experience, skills, knowledge and work experience.

The Nomination Committee has assessed the independence of each of the independent non-executive Directors based on the independent criteria as set out in Rule 3.13 of the Listing Rules by reviewing the written confirmation of independence for year 2021 as submitted to the Company by each of them, and confirmed that all of them are independent. In addition, the Nomination Committee has assessed and are satisfied with the performance of each of the retiring Directors for the year ended December 31, 2021.

In particular, the Nomination Committee is also of the view that the Directors who are proposed to be subject to re-election at the Annual General Meeting would bring to the Board their own perspective, skills and experience, as further described in their biographies in Appendix I to this circular. Based on the board diversity policy adopted by the Company, the Nomination Committee considers that each of the Directors who will be subject to re-election (i.e. the Retiring Directors) can contribute to the diversity of the Board, in particular, with their strong and diversified educational background and professional experience in their expertise. Therefore, in response to the recommendation of the Nomination Committee, the Board recommended all retiring Directors to be re-elected as Directors at the Annual General Meeting. As a good corporate governance practice, each of the abovementioned retiring Directors has abstained from voting at the relevant Board meeting on the resolution to recommend each of their re-election by the Shareholders at the Annual General Meeting.

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## LETTER FROM THE BOARD

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Details of the Retiring Directors are set out in Appendix I to this circular.

### 3. PROPOSED GRANTING OF GENERAL MANDATE TO REPURCHASE SHARES

At the annual general meeting of the Company held on June 3, 2021, a general mandate was granted to the Directors to repurchase Shares. Such mandate will lapse at the conclusion of the Annual General Meeting. In order to give the Company the flexibility to repurchase Shares if and when appropriate, an ordinary resolution will be proposed at the Annual General Meeting to approve the granting of new general mandate to the Directors to repurchase Shares on the Stock Exchange of not exceeding 10% of the total number of issued Shares as at the date of passing of the proposed ordinary resolution (i.e. a total of 129,667,651 Shares on the basis that the issued share capital of the Company remains unchanged on the date of the Annual General Meeting) (the “**Repurchase Mandate**”). The Directors wish to state that they have no immediate plan to repurchase any Shares pursuant to the Repurchase Mandate.

An explanatory statement required by the Listing Rules to provide the Shareholders with requisite information reasonably necessary for them to make an informed decision on whether to vote for or against the granting of the Repurchase Mandate is set out in Appendix II to this circular.

### 4. PROPOSED GRANTING OF GENERAL MANDATE TO ISSUE NEW SHARES

At the annual general meeting of the Company held on June 3, 2021, a general mandate was granted to the Directors to issue new Shares. Such mandate will lapse at the conclusion of the Annual General Meeting. In order to give the Company the flexibility to issue new Shares if and when appropriate, an ordinary resolution will be proposed at the Annual General Meeting to approve the granting of new general mandate to the Directors to allot, issue or otherwise deal with new Shares of not exceeding 20% of the total number of issued Shares as at the date of passing of the proposed ordinary resolution (i.e. a total of 259,335,303 Shares on the basis that the issued share capital of the Company remains unchanged on the date of the Annual General Meeting) (the “**Issuance Mandate**”). An ordinary resolution to extend the Issuance Mandate by adding the number of Shares repurchased by the Company pursuant to the Repurchase Mandate will also be proposed at the Annual General Meeting.

The Directors wish to state that they have no immediate plan to issue any new Shares pursuant to the Issuance Mandate.

### 5. PROPOSED PAYMENT OF FINAL DIVIDEND

At the board meeting held on March 25, 2022, the Directors recommended a final dividend of HK\$12 cents (equivalent to approximately RMB9.8 cents) per Share for the year ended December 31, 2021 (“**2021 Final Dividend**”) (final dividend for the financial year ended December 31, 2020: HK\$8.82 cents per Share). Subject to the approval by the Shareholders at the Annual General Meeting, the 2021 Final Dividend will be paid on Tuesday, July 19, 2022 to Shareholders whose names appear on the Company’s register of members at the close of business on Monday, June 13, 2022. This represents a total

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## LETTER FROM THE BOARD

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distribution of the 2021 Final Dividend of approximately HK\$156 million (on the basis that the number of shares in issue of the Company remains unchanged on the date of the Annual General Meeting).

The 2021 Final Dividend will be payable in cash to each Shareholder in HK\$ unless an election is made to receive the same in RMB. Shareholders will be given the option to elect to receive all (but not part) of the 2021 Final Dividend in RMB at the average benchmark exchange rate of HK\$ to RMB as published by the People's Bank of China during the five business days ending on June 2, 2022 (inclusive), being the date of the Annual General Meeting. To make such election, Shareholders should complete the Dividend Currency Election Form, which is expected to be despatched to Shareholders in late June 2022 as soon as practicable after the record date of Monday, June 13, 2022 to determine Shareholders' entitlement to the 2021 Final Dividend, and return it to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Thursday, July 7, 2022. Shareholders who are minded to elect to receive all (but not part) of the 2021 Final Dividend in RMB by cheques should note that (i) they should ensure that they have an appropriate bank account to which the RMB cheques for dividend can be presented for payment; and (ii) there is no assurance that RMB cheques can be cleared without material handling charges or delay in Hong Kong or that RMB cheques will be honoured for payment upon presentation outside Hong Kong. The cheques are expected to be posted to the relevant Shareholders by ordinary post on Tuesday, July 19, 2022 at the Shareholders' own risk.

**If no election is made by a Shareholder or no duly completed Dividend Currency Election Form in respect of that Shareholder is received by the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, by 4:30 p.m. on Thursday, July 7, 2022, such Shareholder will automatically receive the 2021 Final Dividend in HK\$.**

**All dividend payments in HK\$ will be made in the usual way on Tuesday, July 19, 2022. If Shareholders wish to receive the 2021 Final Dividend in HK\$ in the usual way, no additional action is required. Shareholders should seek professional advice from their own tax advisors regarding the possible tax implications of the proposed dividend payment.**

### **6. PROPOSED APPROVAL FOR THE CONTINUATION OF YAN HUA HOSPITAL INVESTMENT MANAGEMENT AGREEMENT**

Reference is made to the Prospectus and the 2016 Approval Circular and the 2019 Approval Circular.

As disclosed in the Prospectus, CR Hospital Management & Consulting (our wholly-owned subsidiary), Yan Hua Hospital and Yan Hua Phoenix entered into the Yan Hua IOT Agreement (including the Yan Hua Hospital Investment Management Agreement), pursuant to which CR Hospital Management & Consulting has agreed to (i) pay Yan Hua Phoenix an amount of RMB72 million (the "Consideration") and (ii) invest the Investment of a total of RMB150 million by tranches into Yan Hua Hospital Group prior to 2015, in exchange for the right to manage Yan Hua Hospital, to receive the Management Fees from Yan Hua Hospital Group until July 17, 2055, and to support the long-term

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## LETTER FROM THE BOARD

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development of Yan Hua Hospital Group. The term of the Yan Hua Hospital Investment Management Agreement under the Yan Hua IOT Agreement is subject to approval by the Shareholders who do not have a material interest in the Yan Hua IOT Agreement and the transactions contemplated thereunder every three years since the Listing Date.

The Yan Hua IOT Agreement (including the Yan Hua Hospital Investment Management Agreement) has been extended by the Shareholders who do not have a material interest in the Yan Hua IOT Agreement and the transactions contemplated thereunder for the second three-year period since the Listing Date from November 23, 2019 to November 22, 2022 at the extraordinary general meeting held on November 18, 2019. Given the Yan Hua Hospital Investment Management Agreement under the Yan Hua IOT Agreement is subject to approval by the Shareholders who do not have a material interest in the Yan Hua IOT Agreement and the transactions contemplated thereunder every three years since the Listing Date, the Company intends to continue the Yan Hua Hospital Investment Management Agreement and the arrangements contemplated thereunder and proposes to extend the Yan Hua Hospital Investment Management Agreement under the Yan Hua IOT Agreement for the fourth three-year period from November 23, 2022 to November 22, 2025.

The terms of the Yan Hua IOT Agreement (including the Yan Hua Hospital Investment Management Agreement) remain unchanged and the principal terms of the Yan Hua IOT Agreement (including the Yan Hua Hospital Investment Management Agreement) are as follows:

**(1) Date:**

February 2008

**(2) Parties:**

- (i) CR Hospital Management & Consulting;
- (ii) Yan Hua Hospital; and
- (iii) Yan Hua Phoenix.

**(3) Term**

The term of the Yan Hua Hospital Investment Management Agreement under the Yan Hua IOT Agreement is from February 1, 2008 to July 17, 2055, which is subject to approval by the Shareholders who do not have a material interest in the Yan Hua IOT Agreement and the transactions contemplated thereunder every three years since the Listing Date.

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## LETTER FROM THE BOARD

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### (4) Nature and scope of transaction

Pursuant to the Yan Hua IOT Agreement, CR Hospital Management & Consulting has agreed to:

- (i) pay Yan Hua Phoenix the Consideration of an amount of RMB72 million, which was paid by CR Hospital Management & Consulting prior to 2011 for the right to manage Yan Hua Hospital and to receive the Management Fees from Yan Hua Hospital Group until July 17, 2055; and
- (ii) invest the Investment of a total of RMB150 million into Yan Hua Hospital Group prior to 2015 to support the long-term development of Yan Hua Hospital Group.

As at the Latest Practicable Date, CR Hospital Management & Consulting had made an aggregate of RMB150 million of the Investment.

Pursuant to the Yan Hua IOT Agreement and as disclosed in the Prospectus, certain services were provided to Yan Hua Hospital Group, including management and consulting services, brand building, financial support, human resources and academic research support, and improvement of medical facilities and information technology systems. According to the Yan Hua IOT Agreement, Yan Hua Hospital and Yan Hua Phoenix shall not negotiate with any third party regarding hospital management services without the Group's prior consent.

#### *Management Fee Structure*

Details of the Management Fee Formula (as defined below) remain unchanged as follows:

Pursuant to the Yan Hua IOT Agreement and as disclosed in the Prospectus, the Group is entitled to receive the Management Fees from Yan Hua Hospital Group for the services provided under the Yan Hua IOT Agreement. The calculation of annual Management Fees is based on the following formula (the "**Management Fee Formula**"): a fixed percentage of the first RMB150 million of the annual revenue of Yan Hua Hospital Group (the "**Base Management Fee**") (which will be paid in one lump sum at the end of each year), plus a higher fixed percentage of the annual revenue in excess of RMB150 million (the "**Incentive Fee**") (which is estimated and prepaid on a quarterly basis) less the amount of the relevant Investment Repayment (which will be repaid to us in equal annual installments over the tenure of management). The Management Fee Formula, the Consideration and the Investment are all part of the key terms under the Yan Hua IOT Agreement pursuant to which the Group acquired the right to manage Yan Hua Hospital Group until July 17, 2055.

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## LETTER FROM THE BOARD

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In determining the Management Fee Formula, the Company has taken into account:

- (i) the expected costs of the Group (including labour costs and administrative costs) for providing the management services to Yan Hua Hospital Group;
- (ii) the investment return for the Group on the Consideration of RMB72 million and the Investment of RMB150 million; and
- (iii) the expected growth and prospects of Yan Hua Hospital Group.

The Yan Hua Hospital Investment Management Agreement under the Yan Hua IOT Agreement, which is subject to approval by the Shareholders who do not have a material interest in the Yan Hua IOT Agreement and the transactions contemplated thereunder every three years since the Listing Date, would not affect the Investment Repayment schedule.

In any given period, the Management Fees that the Company is entitled to should not exceed the Yan Hua Hospital Group's net income before taxation and the Investment Repayment. At the end of each year, after the total Management Fees have been determined based on Yan Hua Hospital Group's results of operations, the quarterly Incentive Fee that have already been paid in that year are credited towards such amount, and any remaining balance is settled between Yan Hua Hospital Group and the Group. If the total amount of the Base Management Fee and the Incentive Fee is lower than the aggregate amount of the quarterly Incentive Fees that have already been paid in that year, the Group is obligated to return the excess amount to Yan Hua Hospital Group. Pursuant to the Yan Hua IOT Agreement, CR Hospital Management & Consulting has agreed to compensate Yan Hua Hospital Group for losses incurred by Yan Hua Hospital Group in any calendar year such that Yan Hua Hospital Group would break even in that calendar year by setting off the compensation against the Management Fees in that calendar year. If the Management Fees in that year are insufficient, the compensation will be set off against the Management Fees in subsequent years until the loss is fully compensated. As at the Latest Practicable Date, CR Hospital Management & Consulting has not paid any such compensation to Yan Hua Hospital Group. Yan Hua Hospital Group has entered into an undertaking to CR Hospital Management & Consulting dated November 18, 2013 that it will not enforce the right to loss top-up payment from CR Hospital Management & Consulting as long as the Yan Hua IOT Agreement remains in force.

### *Consideration, Investment amounts and Investment Repayment*

As at the Latest Practicable Date, the Consideration had been paid in full. The carrying amount of such initial investment (the "**Carrying Amount**") under the Yan Hua IOT Agreement is determined as if the Consideration is amortized equally over the IOT term of 48 years. Yan Hua Phoenix has undertaken to reimburse CR Hospital Management & Consulting the Carrying Amount in full

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## LETTER FROM THE BOARD

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upon termination or discontinuation of the Yan Hua IOT Agreement. Ms. Xu Jie and her daughter Ms. Xu Xiaojie have jointly and severally guaranteed the performance of the above undertaking. As at the Latest Practicable Date, the carrying amount of the intangible assets and receivables related to the initial investment for acquisition of the management right of Yan Hua Hospital paid to Yan Hua Phoenix was approximately RMB157 million and RMB32.4 million, respectively.

CR Hospital Management & Consulting had made the Investment, which is repayable, in Yan Hua Hospital Group of an aggregate amount of RMB150 million as at the Latest Practicable Date.

Pursuant to the Yan Hua IOT Agreement, CR Hospital Management & Consulting agreed to invest the Investment of a total amount of RMB150 million by tranches into Yan Hua Hospital Group. Each tranche of the Investment that is paid will be repaid by Yan Hua Hospital Group to CR Hospital Management & Consulting in equal installments annually from the year after the payment until the end of the term of the Yan Hua IOT Agreement.

CR Hospital Management & Consulting has paid all the Investment prior to 2015 and has the right to receive the Investment Repayment each year. The discontinuation or termination of the Yan Hua IOT Agreement would not affect the Investment Repayment schedule.

### ***Loss top-up obligations***

Details of the loss top-up obligations remain unchanged as follows:

As disclosed in the Prospectus, pursuant to the Yan Hua IOT Agreement, CR Hospital Management & Consulting had agreed to compensate Yan Hua Hospital Group of any losses incurred by Yan Hua Hospital Group in any calendar year such that Yan Hua Hospital Group would break even in that calendar year by setting off the compensation against the Management Fees in that calendar year. If the Management Fees in that year is insufficient, the compensation will be set off against the Management Fees in subsequent years until the loss is fully compensated.

As at the Latest Practicable Date, CR Hospital Management & Consulting had not paid any such compensation to Yan Hua Hospital. In any event, Yan Hua Hospital Group and Yan Hua Phoenix have signed an undertaking dated the date of the Prospectus that they will not enforce any loss top-up payment from CR Hospital Management & Consulting for as long as the Yan Hua IOT Agreement remains in force.

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## LETTER FROM THE BOARD

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### **(5) Yan Hua Hospital Group's executive committee**

As disclosed in the Prospectus, Yan Hua Hospital's executive committee (燕化醫院集團理事會) consists of five members, four of whom are appointed by Yan Hua Phoenix and one of whom is elected by an employee committee (職工代表大會). The executive committee exercises key decision-making powers over important business decisions at Yan Hua Hospital Group, such as the approval of annual hospital budgets and business plan, the establishment of new departments and the hiring of key personnel. Each member of the executive committee has one vote. Matters before the executive committee are decided by a simple majority of the executive committee.

### **INFORMATION ABOUT YAN HUA HOSPITAL GROUP**

Yan Hua Hospital Group includes Yan Hua Hospital (a not-for-profit Grade III general hospital in Beijing), Xingcheng Hospital (a branch of Yan Hua Hospital), and certain affiliated community clinics. Yan Hua Hospital has remained a not-for-profit medical institution after its privatization, as it is accredited as a regional medical center by the Fangshan District government and is entrusted with significant public health and contingency planning responsibilities. Yan Hua Hospital is a Medical Insurance Designated Medical Institution in Beijing.

As the Latest Practicable Date, the sponsor of Yan Hua Hospital is Yan Hua Phoenix and, according to the National Enterprise Credit Information Publicity System of the State Administration for Market Regulation of the People's Republic of China, Yan Hua Phoenix's ultimate controlling shareholder is Ms. Xu Jie. Ms. Xu Jie used to be a controlling shareholder and an executive Director of the Company.

### **REASONS FOR AND BENEFITS OF THE TRANSACTIONS CONTEMPLATED UNDER THE YAN HUA IOT AGREEMENT AND THE YAN HUA HOSPITAL INVESTMENT MANAGEMENT AGREEMENT**

The Yan Hua IOT Agreement (including the Yan Hua Hospital Investment Management Agreement) entitles the Group to significant control and influence over Yan Hua Hospital Group's management and development strategy, which allows sharing of medical equipments, facilities, technologies, human resources, and other resources between Yan Hua Hospital Group and the Group's other medical institutions. The Board is of the view that the terms of each of the Yan Hua IOT Agreement (including the Yan Hua Hospital Investment Management Agreement), were entered into after arm's length negotiation, are on normal commercial terms and in the ordinary and usual course of business of the Company and are in the interests of the Company and the Shareholders as a whole.

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## LETTER FROM THE BOARD

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### UPDATE ON YAN HUA IOT AGREEMENT LITIGATION

Reference is made to the Agreement Dispute Announcements dated November 23, 2021 in relation to the Yan Hua IOT Agreement dispute. The Company wishes to update the Shareholders of the latest progress after the final judgement (the “**Final Judgement**”) of the Beijing Second Intermediate People’s Court on Yan Hua IOT Agreement dispute as follows:

The Group has submitted an application to the Beijing Second Intermediate People’s Court in January 2022 for the enforcement of the Final Judgment, and as of the Latest Practicable Date, the court has not notified the enforcement situation. The Company will make further announcement(s) on the Yan Hua IOT Agreement dispute as and when appropriate in accordance with the Listing Rules.

### LISTING RULES IMPLICATION

Yan Hua IOT Agreement (including the Yan Hua Hospital Investment Management Agreement) and transaction contemplated thereunder do not constitute notifiable transaction under Chapter 14 of the Listing Rules.

According to the National Enterprise Credit Information Publicity System of the State Administration for Market Regulation of the People’s Republic of China, Yan Hua Phoenix’s ultimate controlling shareholder is Ms. Xu Jie, who used to be a controlling shareholder and an executive Director of the Company. To the best of our Directors’ knowledge, information and belief, having made all reasonable enquiries, as at the Latest Practicable Date, Yan Hua Hospital Group, Yan Hua Phoenix and Ms. Xu Jie are currently third parties independent of the Company and connected persons of the Company and Yan Hua IOT Agreement (including the Yan Hua Hospital Investment Management Agreement) and transactions contemplated thereunder do not constitute connected transaction under Chapter 14A of the Listing Rules.

To the best of our Directors’ knowledge, information and belief, having made all reasonable enquiries, all Shareholders are Shareholders who do not have a material interest in the Yan Hua IOT Agreement (including the Yan Hua Hospital Investment Management Agreement) and the transactions contemplated thereunder and no Shareholders is required to abstain from voting.

An ordinary resolution will be proposed at the AGM to seek for approval for the continuation of the Yan Hua Hospital Investment Management Agreement for the fourth three-year period since the Listing Date from November 23, 2022 to November 22, 2025.

### RESPONSIBILITY STATEMENT

This circular, for which the Directors jointly and severally accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this

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## LETTER FROM THE BOARD

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circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

### 7. ANNUAL GENERAL MEETING AND PROXY ARRANGEMENT

The notice of the Annual General Meeting is set out on pages 25 to 29 of this circular.

Pursuant to the Listing Rules and the Articles of Association, any vote of Shareholders at a general meeting must be taken by poll except where the chairman decides to allow a resolution relating to a procedural or administrative matter to be voted on by a show of hands. An announcement on the poll results will be published by the Company after the Annual General Meeting in the manner prescribed under the Listing Rules.

A form of proxy for use at the Annual General Meeting is enclosed with this circular and such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.crmedical.hk](http://www.crmedical.hk)). To be valid, the form of proxy must be completed and signed in accordance with the instructions printed thereon and deposited, together with the power of attorney or other authority, if any, under which it is signed or a certified copy of power of attorney or authority, must be deposited at the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the Annual General Meeting (i.e. not later than 10:00 a.m. on Tuesday, May 31, 2022 (Hong Kong time)) or any adjournment thereof. Completion and delivery of the form of proxy will not preclude you from attending and voting at the Annual General Meeting should you so wish.

### 8. RECOMMENDATION

The Directors consider that the proposed re-election of retiring Directors, granting of the Repurchase Mandate and the Issuance Mandate, and the approval for the continuation of Yan Hua Hospital Investment Management Agreement are in the interest of the Company and the Shareholders. Accordingly, the Directors recommend the Shareholders to vote in favour of the relevant resolutions to be proposed at the Annual General Meeting.

Yours faithfully,  
For and on behalf of the Board  
**China Resources Medical Holdings Company Limited**  
**Cheng Libing**  
*Executive Director & Chief Executive Officer*

The following are details of the Directors who will retire and being eligible, offer themselves for re-election at the Annual General Meeting.

**(1) Mr. SHAN Baojie**

Mr. SHAN Baojie, aged 50, joined the Group in August 2021 as a non-executive Director and was re-designated as an executive Director in December 2021.

Mr. SHAN obtained a master degree in Accounting from Renmin University in Beijing in June 2002 and a bachelor degree in Chemistry from Wuhan University in Wuhan in July 1992. Mr. SHAN is currently the vice general manager of China Resources Healthcare Group Limited (“**CR Healthcare**”), the Company’s controlling shareholder, and is also taking the office as a director of a number of its subsidiaries. CR Healthcare, as one of the primary healthcare platforms of the China Resources Group, is specialised in the investment and operations management in the healthcare industry. CR Healthcare is committed to the long-term development of China’s medical and healthcare services, actively participates in China’s medical system reform, and proactively explores and involves in the investment, operation and management of hospitals and healthcare industries in the PRC. In addition to being the single largest shareholder of the Company, CR Healthcare also operates and manages a number of medical institutions in certain provinces of China including Liaoning, Jiangxi, Yunnan and Guangdong and Guangxi, etc. Prior to joining CR Healthcare, Mr. SHAN was with the Group from 2011 to 2016 as the executive general manager and then the vice general manager, and he was also an executive Director of the Company from February 2016 to November 2016. He had served in a variety of roles at the State Food and Drug Administration from 1998 to 2011. Mr. SHAN also completed a training program at the World Health Organization in 2007, where he gained experience in the U.S. pharmaceutical supervision and management system. From July 1992 to July 1998, Mr. SHAN worked in the general manager’s office of the Northeast Pharmaceutical Group Co., Ltd.

Save as disclosed above, Mr. SHAN (i) did not hold any directorship in other listed companies in Hong Kong or overseas in the past three years; (ii) does not hold any other positions within the Company and other members of the Group; (iii) does not have any relationship with any Directors, senior management, or substantial or controlling shareholders (as defined in the Listing Rules) of the Company; and (iv) does not have any other major appointments or professional qualifications.

Mr. SHAN has entered into a service agreement with the Company for a term from August 25, 2021 to August 24, 2024, and subject to termination before expiry by either party giving not less than one month’s notice in writing to the other. He is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Articles of Association. Mr. SHAN is not entitled to remuneration from the Group in respect of his appointment as an executive Director.

As at the Latest Practicable Date, Mr. SHAN does not have any interests in the Shares within the meaning of Part XV of the SFO. Save for the information disclosed above, there is no information which is discloseable nor is Mr. SHAN involved in any of the matters required to be disclosed pursuant to any of the requirements under Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules and there are no other matters concerning Mr. SHAN that need to be brought to the attention of the Shareholders and the Stock Exchange.

**(2) Mr. HU Hui**

Mr. HU Hui, aged 53, joined the Group in December 2021 as a non-executive Director and a member of the audit committee of the Company (the “**Audit Committee**”).

Mr. HU obtained a master’s degree in international economic law from the School of Management of Dalian Maritime University (大連海事大學) in June 1996; he graduated with a bachelor’s degree in the major of ocean-going vessel manoeuvring from the Maritime Department of Dalian Maritime University in July 1989. Mr. HU currently serves as the general manager of the Legal and Compliance Department (and Assets Management Department) of CR Healthcare (the controlling shareholder of the Company) and is also taking the office as a director of a number of its subsidiaries. CR Healthcare, as one of the primary healthcare platforms of the China Resources Group, is specialised in the investment and operations management in the healthcare industry. CR Healthcare is committed to the long-term development of China’s medical and healthcare services, actively participates in China’s medical system reform, and proactively explores and involves in the investment, operation and management of hospitals and healthcare industries in the PRC. In addition to being the single largest shareholder of the Company, CR Healthcare also operates and manages a number of medical institutions in certain provinces of China including Liaoning, Jiangxi, Yunnan and Guangdong and Guangxi, etc. He was previously the Senior Director of the Device Division of CR Healthcare (then named China Resources Medical Group Co., Ltd.) from November 2011 to November 2014, the General Manager of the Legal Department of CR Healthcare from November 2014 to November 2019, and the head of the Comprehensive Management Department of CR Healthcare from November 2019 to December 2020. Prior to this, Mr. HU served as a senior manager of China Resources Pharmaceutical Group Co., Ltd. from January 2008 to October 2011, and a senior manager of the Strategic & Management Department of China Resources (Holdings) Co., Ltd. from June 2007 to December 2007. He worked at China Resources Investment Development Co., Ltd. from March 2001 to May 2007, and at China Resources Company Limited from July 1996 to February 2001.

Save as disclosed above, Mr. HU (i) did not hold any directorship in other listed companies in Hong Kong or overseas in the past three years; (ii) does not hold any other positions within the Company and other members of the Group; (iii) does not have any relationship with any Directors, senior management, or substantial or controlling shareholders (as defined in the Listing Rules) of the Company; and (iv) does not have any other major appointments or professional qualifications.

Mr. HU has entered into a service contract with the Company for a term from December 30, 2021 to December 29, 2024 and subject to termination before expiry by either party giving not less than one month's notice in writing to the other. He is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Articles of Association. Mr. HU is not entitled to remuneration from the Group in respect of his appointment as a non-executive Director.

As at the Latest Practicable Date, Mr. HU does not have any interests in the Shares within the meaning of Part XV of the SFO. Save for the information disclosed above, there is no information which is discloseable nor is Mr. HU involved in any of the matters required to be disclosed pursuant to any of the requirements under Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules and there are no other matters concerning Mr. HU that need to be brought to the attention of the Shareholders and the Stock Exchange.

### **(3) Mr. KWONG Kwok Kong**

Mr. KWONG Kwok Kong, aged 74, joined the Group in September, 2013 as an independent non-executive Director and also the chairman of the Audit Committee and has been appointed as a member of the Nomination Committee on March 23, 2018.

Mr. KWONG was the chief executive officer of Pok Oi Hospital, a well-known non-profit hospital in Hong Kong. As the chief executive officer, Mr. KWONG provided corporate governance and management support to the board of directors for development, management and supervision of the units under Pok Oi Hospital for the past 10 years. He joined Pok Oi Hospital as an internal audit manager in 2003. Mr. KWONG is a director of Yuen Long District Healthy City Association Company Limited, a non-profit organization supporting the government to promote public healthcare messages to people in the district. Before joining Pok Oi Hospital, Mr. KWONG served as the principal auditor of the Audit Commission of the Government of the Hong Kong Special Administrative Region. Mr. KWONG served in the Audit Commission of the Government of Hong Kong since 1980. Mr. KWONG has been a member of the Hong Kong Institute of Certified Public Accountants since 1982.

Save as disclosed above, Mr. KWONG (i) did not hold any directorship in other listed companies in Hong Kong or overseas in the past three years; (ii) does not hold any positions within the Company and other members of the Group; (iii) does not have any relationship with any Directors, senior management, or substantial or controlling shareholders (as defined in the Listing Rules) of the Company; and (iv) does not have any other major appointments or professional qualifications.

Mr. KWONG has entered into a letter of appointment with the Company for a term from January 1, 2021 to December 31, 2023 and subject to termination before expiry by either party giving not less than one month's notice in writing to the other. He is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Articles of Association. Mr. KWONG is entitled to a director fee of HK\$300,000 per annum from the Group in respect of his appointment as an independent non-executive Director. The emolument of Mr. KWONG was determined by the Board, upon recommendation by the Remuneration Committee with reference to the prevailing market situation and his duties and responsibilities to the Group.

As at the Latest Practicable Date, Mr. KWONG does not have any interests in the Shares within the meaning of Part XV of the SFO. Save for the information disclosed above, there is no information which is discloseable nor is Mr. KWONG involved in any of the matters required to be disclosed pursuant to any of the requirements under Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules and there are no other matters concerning Mr. KWONG that need to be brought to the attention of the Shareholders and the Stock Exchange.

**(4) Ms. CHIU Kam Hing Kathy**

Ms. CHIU Kam Hing Kathy, aged 72, joined the Group in March 2018 as an independent non-executive Director, and also the chairman of the Remuneration Committee and a member of the Audit Committee.

Ms. CHIU has years of banking experience in Canada and the Asia Pacific Region. Ms. CHIU was a senior vice president at the Republic National Bank of New York and was responsible for the management and investment of third party client's funds. Ms. CHIU has been an associate and a fellow of the Institute of Canadian Bankers since July 1975 and August 1976, respectively. Ms. CHIU was appointed as a Justice of the Peace by the Hong Kong government in July 1992 and as a Cavaliere by the Italian Government in December 1998. Ms. CHIU is the chairman of Prime Investments Group Limited and the responsible officer of Masan Capital Limited. She is currently an independent non-executive director of Sau San Tong Holdings Limited (stock code: 8200) and CPM Group Limited (stock code: 1932), whose shares are all listed on the Stock Exchange. She was also an independent non-executive director of National Agricultural Holdings Limited (stock code: 1236) from 1999 to 2019. Ms. CHIU is licenced to carry out asset management business under Type 9 regulated activities under the SFO.

Save as disclosed above, Ms. CHIU (i) did not hold any directorship in other listed companies in Hong Kong or overseas in the past three years; (ii) does not hold any positions within the Company and other members of the Group; (iii) does not have any relationship with any Directors, senior management, or substantial or controlling shareholders (as defined in the Listing Rules) of the Company; and (iv) does not have any other major appointments or professional qualifications.

Ms. CHIU has entered into a letter of appointment with the Company for a term from January 1, 2021 to December 31, 2023 and subject to termination before expiry by either party giving not less than one month's notice in writing to the other. She is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Articles of Association. Ms. CHIU is entitled to a director fee of HK\$300,000 per annum from the Group in respect of her appointment as an independent non-executive Director. The emolument of Ms. CHIU was determined by the Board, upon recommendation by the Remuneration Committee with reference to the prevailing market situation and her duties and responsibilities to the Group.

As at the Latest Practicable Date, Ms. CHIU does not have any interests in the Shares within the meaning of Part XV of the SFO. Save for the information disclosed above, there is no information which is discloseable nor is Ms. CHIU involved in any of the matters required to be disclosed pursuant to any of the requirements under Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules and there are no other matters concerning Ms. CHIU that need to be brought to the attention of the Shareholders and the Stock Exchange.

**(5) Mr. LEE Kar Chung Felix**

Mr. LEE Kar Chung Felix, aged 40, joined the Group in August 2015 as an independent non-executive Director and also a member of the Remuneration Committee and the Nomination Committee.

Mr. LEE is currently a senior vice president of Chow Tai Fook Enterprises Limited (“CTFE”) with responsibilities in making investments in the healthcare sector in Asia and globally and a director of Healthcare Ventures Holdings Limited, a wholly owned subsidiary of CTFE. Mr. LEE is an executive director of UMP Healthcare Holdings Limited (stock code: 722; CTFE is a substantial shareholder of this company, and the Company also indirectly owns 11.84% of this company as at the date of this circular). He is also an independent non-executive director of Asymchem Laboratories (Tianjin) Company Limited which is listed on both the main board of the Stock Exchange (stock code: 6821) and the Shenzhen Stock Exchange (stock code: 002821). He has over 15 years of experience in law and finance. He was an associate with the law firm Freshfields Bruckhaus Deringer before he left in February 2008 to join UBS AG, Hong Kong branch as an analyst in the investment banking department until January 2009. He then joined the investment banking department of Deutsche Bank AG, Hong Kong branch and last held the position of director in the Corporate Advisory Group, where he worked from January 2009 to August 2014. Mr. LEE obtained a Bachelor of Laws from the London School of Economics and Political Sciences and a Postgraduate Certificate in Laws from the University of Hong Kong in July 2003 and June 2004, respectively. He is a solicitor of the High Court of Hong Kong since September 2007 and a solicitor (non-practicing) in the Senior Courts of England and Wales since February 2013. Mr. LEE is also a Vice Chairman of the China Committee, the Hong Kong General Chamber of Commerce.

Save as disclosed above, Mr. LEE (i) did not hold any directorship in other listed companies in Hong Kong or overseas in the past three years; (ii) does not hold any positions within the Company and other members of the Group; (iii) does not have any relationship with any Directors, senior management, or substantial or controlling shareholders (as defined in the Listing Rules) of the Company; and (iv) does not have any other major appointments or professional qualifications.

Mr. LEE has entered into a letter of appointment with the Company for a term from January 1, 2021 to December 31, 2023 and subject to termination before expiry by either party giving not less than one month's notice in writing to the other. He is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Articles of Association. Mr. LEE is entitled to a director fee of HK\$300,000 per annum from the Group in respect of his appointment as an independent non-executive Director. The emolument of Mr. LEE was determined by the Board, upon recommendation by the Remuneration Committee with reference to the prevailing market situation and his duties and responsibilities to the Group.

As at the Latest Practicable Date, Mr. LEE does not have any interests in the Shares within the meaning of Part XV of the SFO. Save for the information disclosed above, there is no information which is discloseable nor is Mr. LEE involved in any of the matters required to be disclosed pursuant to any of the requirements under Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules and there are no other matters concerning Mr. LEE that need to be brought to the attention of the Shareholders and the Stock Exchange.

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## **APPENDIX II EXPLANATORY STATEMENT ON THE REPURCHASE MANDATE**

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The following is an explanatory statement required by the Listing Rules to provide the Shareholders with requisite information reasonably necessary for them to make an informed decision on whether to vote for or against the ordinary resolution to be proposed at the Annual General Meeting in relation to the granting of the Repurchase Mandate.

### **1. SHARE CAPITAL**

As at the Latest Practicable Date, the issued share capital of the Company comprised 1,296,676,516 Shares.

Subject to the passing of the ordinary resolution set out in item 10 of the notice of the Annual General Meeting in respect of the granting of the Repurchase Mandate and on the basis that the issued share capital of the Company remains unchanged on the date of the Annual General Meeting, i.e. being 1,296,676,516 Shares, the Directors would be authorized under the Repurchase Mandate to repurchase, during the period in which the Repurchase Mandate remains in force, a total of 129,667,651 Shares, representing 10% of the total number of Shares in issue as at the date of the Annual General Meeting.

### **2. REASONS FOR SHARE REPURCHASE**

The Directors believe that the granting of the Repurchase Mandate is in the interests of the Company and the Shareholders.

Shares repurchase may, depending on the market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made when the Directors believe that such a repurchase will benefit the Company and the Shareholders.

### **3. FUNDING OF SHARE REPURCHASE**

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its Articles of Association, the laws of Cayman Islands and/or any other applicable laws, as the case may be.

### **4. IMPACT OF SHARE REPURCHASE**

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited accounts contained in the annual report of the Company for the year ended December 31, 2021) in the event that the Repurchase Mandate was to be carried out in full at any time during the proposed repurchase period. However, the Directors do not intend to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which, in the opinion of the Directors, are from time to time appropriate for the Company.

**5. MARKET PRICES OF SHARES**

The highest and lowest prices per Share at which Shares have traded on the Stock Exchange during each of the previous 12 months up to and including the Latest Practicable Date were as follows:

<b>Month</b>	<b>Highest <i>HK\$</i></b>	<b>Lowest <i>HK\$</i></b>
April 2021	7.19	6.00
May 2021	8.53	6.55
June 2021	11.66	8.10
July 2021	9.77	6.10
August 2021	7.54	6.14
September 2021	7.27	5.86
October 2021	6.36	5.39
November 2021	5.57	4.80
December 2021	4.94	4.25
January 2022	5.01	4.13
February 2022	4.88	4.31
March 2022	4.78	3.50
April 2022 (up to the Latest Practicable Date)	4.90	4.36

**6. GENERAL**

To the best of their knowledge and having made all reasonable enquiries, none of the Directors nor any of their respective close associates (as defined in the Listing Rules) have any present intention to sell any Shares to the Company in the event that the granting of the Repurchase Mandate is approved by the Shareholders.

The Company has not been notified by any core connected persons (as defined in the Listing Rules) of the Company that they have a present intention to sell any Shares to the Company, or that they have undertaken not to sell any Shares held by them to the Company in the event that the granting of the Repurchase Mandate is approved by the Shareholders.

The Directors have undertaken to the Stock Exchange to exercise the power of the Company to repurchase Shares pursuant to the Repurchase Mandate in accordance with the Listing Rules and the applicable laws of the Cayman Islands.

**7. TAKEOVERS CODE**

If as a result of a repurchase of Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition of voting rights for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert (as defined in the Takeovers Code), depending on the level of increase in the Shareholder's interest, could obtain or consolidate control of the Company and thereby become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

To the best knowledge of the Company, as at the Latest Practicable Date, China Resources Company Limited, the substantial shareholder of the Company (as defined in the Listing Rules), was interested in 474,319,516 Shares, representing approximately 36.58% of the total issued share capital of the Company. In the event that the Directors exercise the proposed Repurchase Mandate in full, the aggregate shareholding interest of China Resources Company Limited would be increased to approximately 40.64% of the issued share capital of the Company.

The Directors consider that such increase in shareholding may give rise to an obligation for China Resources Company Limited to make a mandatory offer under Rule 26 of the Takeovers Code. The Directors do not have any present intention to exercise the proposed Repurchase Mandate to such an extent as would give rise to such an obligation.

In addition, the Directors do not have any intention to exercise the proposed Repurchase Mandate to the effect that it will result in the public float to fall below the percentage as required under the Listing Rules or such other minimum percentage agreed by the Stock Exchange from time to time.

**8. REPURCHASE OF SHARES MADE BY THE COMPANY**

During the 6 months immediately preceding the Latest Practicable Date, the Company has not repurchased any of the Shares (whether on the Stock Exchange or otherwise).



**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)**

**NOTICE IS HEREBY GIVEN THAT** an annual general meeting (the “**Annual General Meeting**”) of China Resources Medical Holdings Company Limited (華潤醫療控股有限公司) (the “**Company**”) will be held at 10:00 a.m. on Thursday, June 2, 2022 at 14/F, Kunlun Center Office Building, No. 9, Fuyi Street, Fengtai District, Beijing, the People’s Republic of China for the following purposes:

1. To receive and adopt the audited consolidated financial statements of the Company and its subsidiaries and the reports of the directors of the Company (the “**Directors**”) and auditors of the Company for the year ended December 31, 2021;
2. To declare a final dividend of HK\$12 cents (equivalent to approximately RMB9.8 cents) per ordinary share of the Company for the year ended December 31, 2021;
3. To re-elect Mr. SHAN Baojie as an executive Director;
4. To re-elect Mr. HU Hui as a non-executive Director;
5. To re-elect Mr. KWONG Kwok Kong as an independent non-executive Director;
6. To re-elect Ms. CHIU Kam Hing Kathy as an independent non-executive Director;
7. To re-elect Mr. LEE Kar Chung Felix as an independent non-executive Director;
8. To authorize the board of Directors (the “**Board**”) to fix the respective Directors’ remuneration;
9. To re-appoint Ernst & Young as the independent auditor of the Company and to authorise the Board to fix their remuneration;

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## NOTICE OF ANNUAL GENERAL MEETING

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10. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

“**THAT:**

- (a) subject to paragraph (b) below, a general mandate be and is hereby generally and unconditionally given to the Directors to exercise during the Relevant Period (as defined below) all the powers of the Company to repurchase its shares in accordance with all applicable laws, rules and regulations;
- (b) the total number of shares of the Company to be repurchased pursuant to the mandate in paragraph (a) above shall not exceed 10% of the total number of issued shares of the Company as at the date of passing of this resolution, and if any subsequent consolidation or subdivision of shares is conducted, the maximum number of shares that may be repurchased under the mandate in paragraph (a) above as a percentage of the total number of issued shares at the date immediately before and after such consolidation or subdivision shall be the same; and
- (c) for the purposes of this resolution, “**Relevant Period**” means the period from the passing of this resolution until whichever is the earliest of:
  - (i) the conclusion of the next annual general meeting of the Company;
  - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws to be held; and
  - (iii) the date on which the authority set out in this resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting.”;

11. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

“**THAT:**

- (a) subject to paragraph (c) below, a general mandate be and is hereby generally and unconditionally given to the Directors during the Relevant Period (as defined below) to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options which might require the exercise of such powers;
- (b) the mandate in paragraph (a) above shall authorize the Directors to make or grant offers, agreements and options during the Relevant Period which would or might require the exercise of such powers after the end of the Relevant Period;

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## NOTICE OF ANNUAL GENERAL MEETING

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- (c) the total number of shares allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to the mandate in paragraph (a) above, otherwise than pursuant to:
  - (i) a Rights Issue (as defined below);
  - (ii) the exercise of options under a share option scheme of the Company;
  - (iii) any scrip dividend scheme or similar arrangement providing for the allotment of shares of the Company in lieu of the whole or part of a dividend on shares of the Company in accordance with the articles of association of the Company; or
  - (iv) the exercise of rights of subscription or conversion under the term, of any warrants of the Company or any securities of the Company which carry rights to subscribe for or are convertible into shares of the Company,

shall not exceed 20% of the total number of issued shares of the Company as at the date of passing of this resolution, and if any subsequent consolidation or subdivision of shares of the Company is conducted, the maximum number of shares of the Company that may be issued under the mandate in paragraph (a) above as a percentage of the total number of issued shares of the Company at the date immediately before and after such consolidation or subdivision shall be the same; and

- (d) for the purposes of this resolution, “**Relevant Period**” means the period from the passing of this resolution until whichever is the earliest of:
  - (i) the conclusion of the next annual general meeting of the Company;
  - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws to be held; and
  - (iii) the date on which the authority set out in this resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting.

“**Rights Issue**” means an offer of shares or offer or issue of warrants, options or other securities giving rights to subscribe for shares open for a period fixed by the Directors to holders of shares of the Company or any class thereof on the register on a fixed record date in proportion to their then holdings of such shares or class thereof (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of any relevant jurisdiction or the requirements of any recognized regulatory body or any stock exchange).”;

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## NOTICE OF ANNUAL GENERAL MEETING

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12. As special business, to consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

“**THAT** conditional upon the passing of the resolutions set out in items 10 and 11 of the notice convening this meeting (the “**Notice**”), the general mandate referred to in the resolution set out in item 11 of the Notice be and is hereby extended by the addition to the total number of shares which may be allotted and issued or agreed conditionally or unconditionally to be allotted and issued by the Directors pursuant to such general mandate of the number of shares repurchased by the Company pursuant to the mandate referred to in resolution set out in item 10 of the Notice, provided that such amount shall not exceed 10% of the total number of issued shares of the Company as at the date of passing of this resolution.”; and

13. “**THAT**:

- (a) the continuation of the Yan Hua Hospital Investment Management Agreement (as defined in the circular of the Company dated April 26, 2022 (the “**Circular**”)) (copy of the Yan Hua Hospital Investment Management Agreement has been produced to the meeting and marked “A” and initialed by the chairman of the meeting for the purpose of identification) for the period from November 23, 2022 to November 22, 2025 be and are hereby approved; and
- (b) any one of the directors of the Company be and is hereby authorized to do all such acts and things and sign, agree, ratify, execute, perfect or deliver all such agreements, deeds, instruments and any other documents (and, where required, under the common seal of the Company in accordance with the Articles of Association of the Company) and take all such steps as the director in his/her discretion may consider necessary, appropriate, desirable or expedient to implement, give effect to or in connection with the continuation of the Yan Hua Hospital Investment Management Agreement and any of the transactions contemplated thereunder.”

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

Beijing, April 26, 2022

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## NOTICE OF ANNUAL GENERAL MEETING

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### Notes:

1. Any member of the Company entitled to attend and vote at the above meeting is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at the above meeting. A proxy need not be a member of the Company. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
2. In order to be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power of attorney or authority, must be deposited at the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for the holding of the meeting (i.e. not later than 10:00 a.m. on Tuesday, May 31, 2022 (Hong Kong time)) or any adjournment thereof. Delivery of the form of proxy shall not preclude a shareholder of the Company from attending and voting in person at the meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
3. For determining the entitlement to attend and vote at the above meeting, the register of members of the Company will be closed from Monday, May 30, 2022 to Thursday, June 2, 2022, both dates inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the Annual General Meeting, unregistered holders of shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than Hong Kong Time 4:30 p.m. on Friday, May 27, 2022.
4. For determining the entitlement to the proposed final dividend (subject to approval by the shareholders at the Annual General Meeting), the register of members of the Company will be closed from Thursday, June 9, 2022 to Monday, June 13, 2022, both dates inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, unregistered holders of shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than Hong Kong time 4:30 p.m. on Wednesday, June 8, 2022.
5. All the resolutions set out in this notice shall be decided by poll.