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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)

CONTINUING CONNECTED TRANSACTIONS

- (1) CRH PMM FRAMEWORK AGREEMENT;**
- (2) CR BANK STRATEGIC COOPERATION AGREEMENT; AND**
- (3) CR TRUST STRATEGIC COOPERATION AGREEMENT**

Reference is made to the announcement dated November 7, 2019 and the circular dated December 6, 2019 in relation to, among other things, the entering into of (1) the 2019 CRH PMM Framework Agreement; (2) the 2019 CR Bank Strategic Cooperation Agreement; and (3) the 2019 CR Trust Strategic Cooperation Agreement. As the aforesaid agreements shall expire on December 31, 2022, the Company has entered into the New CCT Agreements on November 18, 2022 whereby the annual caps are also renewed thereupon.

LISTING RULES IMPLICATIONS FOR THE NEW CCT AGREEMENTS

As at the date of this announcement, CRC is the holding company of CRH, a controlling shareholder of the Company, and indirectly owns approximately 70.28% and 51% equity interests in CR Bank and CR Trust, respectively. Therefore, the New CCT Agreements will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) relating to each of the New CCT Agreements (among which, the amounts in relation to the financial products as provided by CR Bank and CR Trust are aggregated as they are similar in nature) exceed 5%, the transactions contemplated under the abovementioned New CCT Agreements and the corresponding annual caps are subject to the requirements of reporting, annual review, announcement and approval by the Independent Shareholders under Chapter 14A of the Listing Rules.

GENERAL INFORMATION AND EXTRAORDINARY GENERAL MEETING

The Company will convene the EGM for the Independent Shareholders to consider and, if thought fit, approve the transactions contemplated under the New CCT Agreements and the corresponding annual caps.

The Independent Board Committee, comprising all independent non-executive Directors, has been established to consider the transactions contemplated under the New CCT Agreements and the corresponding annual caps and to advise and make recommendations to the Independent Shareholders as to how to vote at the EGM on the ordinary resolutions regarding the transactions contemplated under the New CCT Agreements and the corresponding annual caps.

Maxa Capital has been appointed with the approval of the Independent Board Committee as the Independent Financial Adviser of the Company to advise the Independent Board Committee and the Independent Shareholders in relation to the transactions contemplated under the New CCT Agreements and the corresponding annual caps.

As at the date of this announcement, CRH is a controlling shareholder of the Company, and has a material interest in the New CCT Agreements. As such, CRH and its associates shall abstain from voting on the ordinary resolution(s) approving the transactions contemplated under the New CCT Agreements and the corresponding annual caps in the EGM.

A circular containing, among other things, (i) a letter from the Board setting out details of the transactions contemplated under the New CCT Agreements and the corresponding annual caps; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (iii) a letter of recommendation from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; (iv) a notice of the EGM; and (v) other information required under the Listing Rules, will be despatched to the Shareholders on or before December 9, 2022.

Reference is made to the announcement dated November 7, 2019 and the circular dated December 6, 2019 in relation to, among other things, the entering into of (1) the 2019 CRH PMM Framework Agreement; (2) the 2019 CR Bank Strategic Cooperation Agreement; and (3) the 2019 CR Trust Strategic Cooperation Agreement. As the aforesaid agreements shall expire on December 31, 2022, the Company has entered into the New CCT Agreements on November 18, 2022 whereby the annual caps are also renewed thereupon.

The details of the New CCT Agreements are set out below.

(1) CRH PMM FRAMEWORK AGREEMENT

Date: November 18, 2022

Parties: CRH and the Company

Term: From January 1, 2023 to December 31, 2025

Scope of Services

Pursuant to the CRH PMM Framework Agreement, members of the CR Group may supply PMM Items to the Group and the Sponsored Hospitals from time to time. The Group and the Sponsored Hospitals may place purchase orders for the PMM Items with members of the CR Group from time to time and members of the CR Group may sell the products to the Group and the Sponsored Hospitals at a price in accordance with the agreed pricing policy in the CRH PMM Framework Agreement. The details of each purchase order, including price, payment terms and delivery arrangement, are to be separately agreed in accordance with the principles laid down in the CRH PMM Framework Agreement.

Pricing policy for purchase of PMM Items

The price of the PMM Items under the CRH PMM Framework Agreement shall be determined in accordance with the applicable prescribed price or guided price of those products fixed by the PRC regulators, if applicable. If there is no such prescribed price or guided price for the particular product, the price shall be determined based on market prices and on normal commercial terms or terms no less favourable than those made available to the Group and the Sponsored Hospitals from independent third parties.

In accordance with the relevant guiding opinions and implementation notice issued by the PRC regulators in 2015, the procurement of pharmaceutical products by public hospitals and medical institutions in the PRC is subject to a centralized tendering process.

The centralized tendering process generally operates as follows:

- (i) Public hospitals and medical institutions in different provinces and cities in the PRC will submit the types of medical and pharmaceutical products and consumables (except for Chinese medicine decoction pieces) required in their ordinary course of business to the centralized procurement platform in the relevant province or region, where the suppliers will submit their bidding prices in respect of the relevant products and consumables.
- (ii) The relevant governmental authority will then determine the selling price of a particular medical and pharmaceutical product or consumable in the relevant province or region by taking into consideration mainly the bidding prices and quality of the product or consumable and the comprehensive capability of different suppliers, and from which supplier(s) the hospitals and medical institutions in that province or region may purchase the product or consumable at such selling price.
- (iii) Due to the nature and operation of the above tendering process, the selling price for the same type of product or consumable may vary across different provinces and regions.

Accordingly, the Group's and/or the Sponsored Hospitals' purchase of PMM Items from members of the CR Group is also subject to such centralized tendering system in the PRC and, CR Group, similar to other independent third party suppliers, is required to go through the selection and approval procedures adopted by the Group and the Sponsored Hospitals as well as the commercial negotiation process in order to become a supplier of the Group and the Sponsored Hospitals. The parties also negotiate the terms of sales based on the business needs of, and the suitability of PMM Items to, the Group and the Sponsored Hospitals in the ordinary and usual course of business. After completion of the abovementioned centralized tendering process and commercial negotiation, members of the CR Group will supply the PMM Items to the Group and the Sponsored Hospitals on the agreed terms and conditions upon receiving purchase orders specifying the brand, volume and types of products and consumables.

If the supply of PMM Items from members of the CR Group to the Group and the Sponsored Hospitals is subject to open tendering process, to ensure fairness of the process, certain designated personnel will be appointed to survey the price of designated PMM Items and ensure the tender pricing meets all such standards.

From time to time, sales agents are required to produce pricing guides as part of their pitching. With such pricing information and the accumulated market experience from the long operation track record of the Group and the Sponsored Hospitals, the Company is always able to stay aware of the fair market terms for different supplies.

Historical annual caps and transaction amounts

The table below sets out the historical annual caps for the three financial years ending December 31, 2022 and also the historical transaction amounts for the two years ended December 31, 2021 and the nine months ended September 30, 2022 under the 2019 CRH PMM Framework Agreement:

	Financial year ended December 31,		Financial year ending
	2020	2021	December 31,
	<i>(RMB million)</i>	<i>(RMB million)</i>	2022
			<i>(RMB million)</i>
Annual caps	1,000.0	1,140.0	1,400.0
			Nine months
			ended
	Financial year ended December 31,	2021	September 30,
	2020	2021	2022
	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>
Historical transaction amounts	417.0	396.0	357.0

The table above sets out the annual caps for the three financial years ending December 31, 2022, which were approved at the extraordinary general meeting of the Company on December 24, 2019.

As at the date of this announcement, the corresponding annual cap for the year ending December 31, 2022 has not been exceeded.

Annual Caps of CRH PMM Framework Agreement and Basis of Determination

The table below sets out the annual caps of the CRH PMM Framework Agreement for the three financial years ending December 31, 2025.

	Financial year ending December 31,		
	2023	2024	2025
	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>
Annual caps	900.0	1,100.0	1,200.0

The abovementioned annual caps are determined with reference to:

- (i) the total historical transaction amounts as set out above;
- (ii) the expected increase in the procurement of the PMM Items from members of the CR Group when compared with that of years 2020 and 2021 which was principally attributable to:
 - a. increase of inpatient and outpatient visit of for-profit hospitals and the Sponsored Hospitals managed by the Group as follows:
 - i. as at 31 December 2021, the number of inpatient visits of hospitals managed by the Group increased by 28.3% and 11.7% compared with 2020 and 2019, respectively; and
 - ii. as at 31 December 2021, the number of outpatient visits of hospitals managed by the Group increased by 39.9% and 22.8% compared with 2020 and 2019, respectively;
 - b. it is expected that the Group's hospital network (including for-profit hospitals and the Sponsored Hospitals) will further expand, which shall drive demand for PMM Items within the network;
 - c. the expected increase in the total purchase amounts of PMM Items by the Group (and the Sponsored Hospitals) from CRH (and its subsidiaries) due to further integration and centralized management of the Group's supply chain; and
 - d. a buffer of approximately 5% to 10% per year for the three financial years ending December 31, 2025 to accommodate the possible expansion of the Group's hospital network and any unforeseeable circumstances (including future price inflation).

(2) CR BANK STRATEGIC COOPERATION AGREEMENT

Date: November 18, 2022

Parties: CR Bank and the Company

Terms: From January 1, 2023 to December 31, 2025

Scope of services

The Group and the Sponsored Hospitals may place deposits with CR Bank and use other financial services and products of CR Bank, including but not limited to, credit services, settlement services, agency services, cash management services, financial advisory services, and other financial services and products as agreed by the parties.

Pricing basis

The deposits placed with CR Bank shall bear the same interest rate and shall be on the same terms and conditions as would apply to similar deposits made by any other customers of CR Bank, which rates are determined with reference to the rates published by the PBOC or such other preferred rates in the market.

The fees and charges for other financial services and products provided by CR Bank shall be determined by arm's length negotiations between the parties and based on normal commercial terms, and shall not be higher than the fee scales published by CR Bank.

(3) CR TRUST STRATEGIC COOPERATION AGREEMENT

Date: November 18, 2022

Parties: CR Trust and the Company

Terms: From January 1, 2023 to December 31, 2025

Scope of services

The Group and the Sponsored Hospitals may use the services and products provided by CR Trust, including but not limited to, cash management, asset management, factoring services for receivables, advisory and consultation services, bond underwriting services, funds including securities and currency funds, and other trust services.

Pricing basis

The fees for the financial and trust services and products shall be determined by arm's length negotiations between the parties and based on normal commercial terms and shall not be higher than the fee scales published by CR Trust applicable to its independent customers.

Historical annual caps and transaction amounts of CR Bank Strategic Cooperation Agreement and CR Trust Strategic Cooperation Agreement

The table below sets out the historical annual caps for the three financial years ending December 31, 2022 and also the historical transaction amounts for the two years ended December 31, 2021 and the nine months ended September 30, 2022 in respect of the maximum (1) daily deposits (inclusive of interest receivable) which may be placed by the Group and the Sponsored Hospitals with CR Bank; (2) daily principal amount and interest in relation to financial products provided by CR Bank and CR Trust; and (3) service fees and commissions payable by the Group and the Sponsored Hospitals for other financial products and services to be provided by CR Bank and CR Trust under the 2019 CR Bank Strategic Cooperation Agreement and the 2019 CR Trust Strategic Cooperation Agreement:

Annual caps	Financial year ended		Financial year
	December 31, 2020	2021	ending December 31, 2022
	(RMB million)	(RMB million)	(RMB million)
Maximum daily deposit amount placed with CR Bank (inclusive of interest receivable) ^(Note)	400.0	400.0	400.0
Maximum daily principal amount and interest in relation to financial products to be provided by CR Bank and CR Trust ^(Note)	400.0	400.0	400.0
Maximum service fees and commissions for other financial products and services to be provided by CR Bank and CR Trust	8.0	8.0	8.0

Historical transaction amounts	Financial year ended		Nine months
	December 31, 2020	2021	ended September 30, 2022
	(RMB million)	(RMB million)	(RMB million)
Maximum daily deposit amount placed with CR Bank (inclusive of interest receivable) ^(Note)	331	334	176
Maximum daily principal amount and interest in relation to financial products to be provided by CR Bank and CR Trust ^(Note)	156	50	50
Maximum service fees and commissions for other financial products and services to be provided by CR Bank and CR Trust	0	0	0

Note: The above maximum daily deposit amount or daily principal amount and interest is applicable for each day during the relevant period, and is calculated on an individual basis remaining as of the end of each day, without aggregating the amount incurred on the days before.

The table above sets out the annual caps for the three financial years ending December 31, 2022, which were approved at the extraordinary general meeting of the Company on December 24, 2019.

As at the date of this announcement, the corresponding annual caps for the year ending December 31, 2022 have not been exceeded.

Other Information

The Group and the Sponsored Hospitals have from time to time procured loan-related services from CR Bank, where the Group and the Sponsored Hospitals have not been required to provide any security for such loans. As no security over the assets of the Group and the Sponsored Hospitals has been or will be provided for the loans, such loan-related services provided by CR Bank have been or will be fully exempt from compliance with the relevant requirements in Chapter 14A of the Listing Rules pursuant to Rule 14A.90 of the Listing Rules. Accordingly, the interests and fees that the Group and the Sponsored Hospitals paid and are expected to pay for such loan-related services provided by CR Bank are not included in the above historical amounts and the annual caps set out below.

Annual Caps of CR Bank Strategic Cooperation Agreement and CR Trust Strategic Cooperation Agreement and Basis of Determination

The proposed annual caps in respect of the maximum (1) daily deposit amount (inclusive of interest receivable) which may be placed by the Group and the Sponsored Hospitals with CR Bank; (2) daily principal amount and interest in relation to financial products to be provided by CR Bank and CR Trust; and (3) service fees and commissions payable by the Group and the Sponsored Hospitals for other financial products and services to be provided by CR Bank and CR Trust, during the term of the CR Bank Strategic Cooperation Agreement and CR Trust Strategic Cooperation Agreement, are as follows:

Annual caps	Financial year ending December 31,		
	2023 (RMB million)	2024 (RMB million)	2025 (RMB million)
Maximum daily deposit amount placed with CR Bank (inclusive of interest receivable) ^(Note)	500.0	600.0	700.0
Maximum daily principal amount and interest in relation to financial products to be provided by CR Bank and CR Trust ^(Note)	500.0	600.0	700.0
Maximum service fees and commissions for other financial products and services to be provided by CR Bank and CR Trust	10.0	12.0	14.0

Note: The above maximum daily deposit amount or daily principal amount and interest is applicable for each day during the relevant period, and is calculated on an individual basis remaining as of the end of each day, without aggregating the amount incurred on the days before.

The proposed maximum daily amounts for the deposit balance under the CR Bank Strategic Cooperation Agreement are determined taking into account, among other things, (a) the amounts of historical transactions between the Group and the Sponsored Hospitals and CR Bank; (b) the Company's plan to start placing more deposits with CR Bank as part of the Company's plan to improve its cash management and diversify its investment risks which may arise from potential over-reliance on certain banks; (c) the liquidity and need for capital management of the Group and the Sponsored Hospitals; and (d) the anticipated growth in the business of the Group and the Sponsored Hospitals leading to increase in net cash inflow of the Group and the Sponsored Hospitals which may be deposited with CR Bank.

The proposed (1) maximum daily amounts for the principal amount and interest in relation to financial products to be provided by CR Bank and CR Trust and (2) annual caps for service fees and commissions for other financial products and services to be provided by CR Bank and CR Trust under the CR Bank Strategic Cooperation Agreement and the CR Trust Strategic Cooperation Agreement, are determined taking into account, among other things, (a) the liquidity and need for capital management of the Group and the Sponsored Hospitals; (b) the business needs of the Group and the Sponsored Hospitals; (c) the anticipated need for financial or trust services in relation to potential fund raising activities or other transactions to be engaged by the Group and the Sponsored Hospitals; and (d) the anticipated growth in the business of the Group and the Sponsored Hospitals leading to increase in net cash inflow of the Group and the Sponsored Hospitals which may be used for purchase of financial services or products from CR Bank and CR Trust.

Financial products and services from CR Bank and CR Trust

The pricing terms of the financial services and products provided by CR Bank and/or CR Trust vary depending on the type and nature of the financial services and products. To the best knowledge and information of the Company, the principal amount and interest in relation to financial products to be provided by CR Bank and CR Trust, and the service fees and commissions payable by the Group and the Sponsored Hospitals for other financial products and services to be provided by CR Bank and CR Trust, are normally determined by CR Bank and CR Trust (as the case may be) by taking into account various factors:

- (i) in relation to the financial products to be provided by CR Bank and CR Trust, the amount of principal and interests in relation to such financial products generally depend on the size, nature and quality of the financial products; and

- (ii) in relation to the financial services to be provided by CR Bank and/or CR Trust where only service fees and/or commissions are payable by the Group and the Sponsored Hospitals, such service fees and commissions are generally determined and charged by CR Bank and/or CR Trust based on the prevailing market rates for the similar type, nature and quality of financial services at the time of the transaction.

As part of the Group's internal approval and monitoring procedures relating to the transactions with CR Bank, the Group will obtain quote from other independent financial institutions for similar deposit services for similar duration before it enters into any new deposit arrangement with CR Bank and such quotes, together with the offer from CR Bank, will be reviewed and passed by the Group's internal approval procedures. In addition, the Group will also obtain quote from, or compare the amount of principal and interests of financial products or service fees offered by, other independent financial service providers before it decides to purchase the financial products or use the financial services offered by CR Bank and/or CR Trust.

Reasons for and benefits of the New CCT Agreements

About CRH PMM Framework Agreement

CRH through its subsidiaries has a long track record of supplying PMM Items in the PRC. A stable and long term procurement arrangement between CR Group, the Group and the Sponsored Hospitals has been in place for a number of years. The cooperation with CRH will help to secure a constant supply of the PMM Items which are essential for the daily operation of the Group and the Sponsored Hospitals. CR Group is currently selected as one of the suppliers of the Group and the Sponsored Hospitals mainly because of, among others, its competitiveness and willingness to offer favourable commercial terms following arm's length negotiations as compared to other existing suppliers of the Group and the Sponsored Hospitals. In addition, the Group and the Sponsored Hospitals have also considered the fact that CRH is one of the largest pharmaceutical distributors in the PRC with a prevailing market presence in the regions where the Group and Sponsored Hospitals operate, and its capability to offer better pricing and credit terms to the Group and the Sponsored Hospitals when compared with the other existing suppliers. In selecting the suppliers for the Group and the Sponsored Hospitals (whether such suppliers are connected persons or not), the Group and the Sponsored Hospitals are required to go through a stringent selection and approval process involving arm's length commercial negotiations. Members of the CR Group are required to comply with such selection process before becoming one of the suppliers of the Group and the Sponsored Hospitals.

The entering into of the CRH PMM Framework Agreement is beneficial to both CR Group and the Group and the Sponsored Hospitals. On the one hand, dealing with reputable customers like the Group and the Sponsored Hospitals can enhance CR Group's reputation and market shares in the pharmaceutical supply industry; on the other hand, the Group and the Sponsored Hospitals can achieve better operating efficiency and economies of scale through dealing with a fewer number of suppliers with better quality like CR Group.

The Directors (excluding the independent non-executive Directors whose views will be contained in the circular to be published by the Company after considering the advice from Maxa Capital) consider that the CRH PMM Framework Agreement was negotiated on an arm's length basis based on normal commercial terms and in the ordinary and usual course of business of the Group, and the relevant terms and annual caps thereunder are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

About CR Bank Strategic Cooperation Agreement and CR Trust Strategic Cooperation Agreement

The entering into of the CR Bank Strategic Cooperation Agreement and CR Trust Strategic Cooperation Agreement shall enable the Group to enhance its overall liquidity, optimize its utilization of cash and capital, and benefit from greater flexibility in the Group's cash and capital management for generation of better return. Under the strategic cooperation agreements, the Group is not required to exclusively use the deposit services or other financial services and products provided by CR Bank and/or CR Trust. The Group will retain the flexibility and discretion in selecting CR Bank, CR Trust, and/or other independent financial institutions or commercial banks after taking into consideration its business needs and the fees and quality of services and products to be offered.

The Directors (excluding the independent non-executive Directors whose views will be contained in the circular to be published by the Company after considering the advice from Maxa Capital) consider that the CR Bank Strategic Cooperation Agreement and CR Trust Strategic Cooperation Agreement were negotiated on an arm's length basis based on normal commercial terms and in the ordinary and usual course of business of the Group, and the relevant terms and annual caps thereunder are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

INFORMATION OF THE PARTIES

The Company and the Group

The Company is a limited liability company incorporated in the Cayman Islands with the Shares listed on the main board of the Stock Exchange. The Group is principally engaged in the provision of general healthcare services, hospital management services and the group purchasing organisation business in the PRC.

CRC and CRH

CRH is a company incorporated in Hong Kong with limited liability and its holding company and ultimate beneficial owner is CRC. CRC is a company established in the PRC with limited liability and is a state-owned enterprise under the supervision of the State-owned Assets Supervision and Administration Commission of the State Council in the PRC. It is a conglomerate which holds a variety of businesses in the PRC and Hong Kong including but not limited to consumer products, integrated energy, urban construction and operation, healthcare, industrial finance, technology and emerging sectors.

CR Bank

CR Bank is a licensed bank regulated by the China Banking and Insurance Regulatory Commission and is headquartered in Zhuhai, Guangdong Province, the PRC. It has branches and sub-branches in different locations in the PRC where it operates and provides financial and commercial banking services. As at the date of this announcement, CRC holds approximately 70.28% of CR Bank's equity interests.

CR Trust

CR Trust is an integrated financial service provider headquartered in Shenzhen, Guangdong Province, the PRC, and is authorized by the relevant regulatory body to operate and conduct business on a nationwide basis in the PRC. As at the date of this announcement, CRC and Shenzhen Investment Holdings Co., Ltd. (which is controlled by the State-owned Assets Supervision and Administration Commission of the People's Government of Shenzhen Municipal) hold 51% and 49% of CR Trust's equity interests, respectively.

LISTING RULES IMPLICATIONS

As at the date of this announcement, CRC is the holding company of CRH, a controlling shareholder of the Company, and indirectly owns approximately 70.28% and 51% equity interests in CR Bank and CR Trust, respectively. Therefore, the New CCT Agreements will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) relating to each of the New CCT Agreements (among which, the amounts in relation to the financial products as provided by CR Bank and CR Trust are aggregated as they are similar in nature) exceed 5%, the transactions contemplated under the abovementioned New CCT Agreements and the corresponding annual caps are subject to the requirements of reporting, annual review, announcement and approval by the Independent Shareholders under Chapter 14A of the Listing Rules.

INTERNAL CONTROL MEASURES

The Group has implemented adequate internal control measures for monitoring all of its continuing connected transactions, including (without limitation) the regular reporting of transaction volume to the Group's finance department for monitoring the annual caps of the relevant transactions.

In addition, the Company's auditors and independent non-executive Directors will conduct annual review of the transactions contemplated under the New CCT Agreements and provide annual confirmations in accordance with the Listing Rules that the transactions are conducted in accordance with the terms of the New CCT Agreements, on normal commercial terms, in the interest of the Company and its Shareholders as a whole, and in accordance with the relevant pricing policies.

To protect the Shareholders' interests, the Group will adopt the following internal control procedures and corporate governance measures when engaging the deposit business of CR Bank:

1. the Group will check the benchmark interest rates for deposits published by the PBOC and quoted by other commercial banks constantly;
2. before making a deposit with CR Bank, the Group will check the interest rates offered by CR Bank against those provided by at least three major commercial banks that have established business relationship with the Group, with the aim to ensure that the deposit interest rate is not lower than the then applicable interest rate for the same deposit services from other domestic commercial banks in the PRC;
3. the Group will closely monitor the transactions contemplated under any agreements for deposit businesses from CR Bank and will report on relevant transactions to the management of the Group on a regular basis;

4. to manage the relevant risks, the Group will request CR Bank to provide us with sufficient information on various financial indicators and annual financial statements so that the Group is able to monitor and review its financial conditions. Subject to compliance with the applicable laws and regulations, CR Bank must notify the Group of any judicial, legal or regulatory procedures or investigations having material effect on its financial conditions. If the Group considers that any material adverse changes have occurred in the financial conditions of CR Bank, the Group will adopt appropriate measures (including early withdrawal of deposits or suspension of placement of further deposits) to safeguard the financial conditions of the Group; and
5. the Group will review periodic report(s) submitted by CR Bank in order to monitor and ensure that the proposed annual caps will not be exceeded.

To protect the Shareholders' interests, the Group will adopt the following internal control procedures and corporate governance measures when engaging CR Bank and/or CR Trust for their financial products and services:

1. before entering into any contracts or agreements with CR Bank and/or CR Trust, the Group will check the tariffs or charges offered by CR Bank and/or CR Trust against those provided by major commercial banks and/or major trust companies that have established business relationship with the Group, with the aim to ensure that the tariffs or charges agreed with CR Bank and/or CR Trust are appropriate;
2. the Group will closely monitor the transactions contemplated under any agreements for financial products and services of CR Bank and/or CR Trust and will report on relevant transactions to the management of the Group on a regular basis;
3. to manage the relevant risks, the Company will request CR Bank and/or CR Trust to provide us with sufficient information on various financial indicators and annual financial statements so that the Group is able to monitor and review its financial conditions. Subject to compliance with the applicable laws and regulations, CR Bank and/or CR Trust must notify the Group of any judicial, legal or regulatory procedures or investigations having material effect on its financial conditions. If the Group considers that any material adverse changes have occurred in the financial conditions of CR Bank and/or CR Trust, the Group will adopt appropriate measures to safeguard the financial conditions of the Group; and
4. the Group will review periodic report(s) submitted by CR Bank and/or CR Trust in order to monitor and ensure that the proposed annual caps will not be exceeded.

GENERAL

No Directors are considered to have a material interest in the New CCT Agreements. As part of good corporate governance measures, Mr. Song Qing, Mr. Cheng Libing, Ms. Ren Yuan and Mr. Shan Baojie, the executive Directors, and Mr. Hu Hui, the non-executive Director have abstained from voting on the relevant Board resolutions, given that they serve as senior management in CRH and/or CR Healthcare.

The Company will convene the EGM for the Independent Shareholders to consider and, if thought fit, approve the transactions contemplated under the New CCT Agreements and the corresponding annual caps. The Independent Board Committee, comprising Mr. Wu Ting Yuk, Anthony, Mr. Kwong Kwok Kong, Ms. Chiu Kam Hing Kathy and Mr. Lee Kar Chung Felix, all being independent non-executive Directors, has been established to consider the transactions contemplated under the New CCT Agreements and the corresponding annual caps and to advise and make recommendations to the Independent Shareholders as to how to vote at the EGM on the ordinary resolutions regarding the transactions contemplated under the New CCT Agreements and the corresponding annual caps. None of the members of the Independent Board Committee has any material interest in the New CCT Agreements.

Maxa Capital has been appointed with the approval of the Independent Board Committee as the Independent Financial Adviser of the Company to advise the Independent Board Committee and the Independent Shareholders in relation to the transactions contemplated under the New CCT Agreements and the corresponding annual caps.

Any Shareholders who have a material interest in the New CCT Agreements shall abstain from voting on the resolutions in relation thereto to be proposed at the EGM. As at the date of this announcement, CRH is a controlling shareholder of the Company, and has a material interest in the New CCT Agreements. As such, CRH and its associates shall abstain from voting on the ordinary resolution(s) approving the transactions contemplated under the New CCT Agreements and the corresponding annual caps in the EGM.

Save as disclosed above, as at the date of this announcement, no other Shareholder has any material interests in the New CCT Agreements and no other Shareholder is required to abstain from voting on the ordinary resolution(s) approving the transactions contemplated under the New CCT Agreements and the corresponding annual caps at the EGM.

A circular containing, among other things, (i) a letter from the Board setting out details of the transactions contemplated under the New CCT Agreements and the corresponding annual caps; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (iii) a letter of recommendation from Maxa Capital to the Independent Board Committee and the Independent Shareholders; (iv) a notice of the EGM; and (v) other information required under the Listing Rules, will be despatched to the Shareholders on or before December 9, 2022.

DEFINITIONS

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

“2019 CRH PMM Framework Agreement”	the pharmaceuticals, medical devices and medical consumables framework agreement entered into between the Company and CRH on November 7, 2019
“2019 CR Bank Strategic Cooperation Agreement”	the strategic cooperation agreement entered into by the Company and CR Bank on November 7, 2019
“2019 CR Trust Strategic Cooperation Agreement”	the strategic cooperation agreement entered into by the Company and CR Trust on November 7, 2019
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“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
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“CR Bank”	China Resources Bank of Zhuhai Co., Ltd., a municipal commercial bank headquartered in Zhuhai, in which CRC indirectly holds approximately 70.28% equity interests as at the date of this announcement

“CR Bank Strategic Cooperation Agreement”	the strategic cooperation agreement entered into between the Company and CR Bank on November 18, 2022
“CR Group”	CRH and its associates (other than the Company)
“CR Healthcare”	China Resources Healthcare Group Limited, a company incorporated in Hong Kong with limited liability, a wholly-owned subsidiary of CRH
“CR Trust”	China Resources SZITIC Trust Co., Ltd., in which CRC indirectly holds 51% equity interests and Shenzhen Investment Holdings Co., Ltd. (which is controlled by the State-owned Assets Supervision and Administration Commission of the People’s Government of Shenzhen Municipal) holds 49% equity interests as at the date of this announcement
“CR Trust Strategic Cooperation Agreement”	the strategic cooperation agreement entered into between the Company and CR Trust on November 18, 2022
“CRC”	China Resources Company Limited, a company established in the PRC with limited liability and a state-owned enterprise under the supervision of the State-owned Assets Supervision and Administration of the State Council in the PRC, is the ultimate holding company of the Company
“CRH”	China Resources (Holdings) Company Limited, a company incorporated in Hong Kong with limited liability, indirectly owns approximately 36.58% of the issued shares of the Company as at the date of this announcement
“CRH PMM Framework Agreement”	the pharmaceuticals, medical devices and medical consumables framework agreement entered into between the Company and CRH on November 18, 2022
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for the Independent Shareholders to consider and, if thought fit, approve the transactions contemplated under the New CCT Agreements and the corresponding annual caps
“Group”	the Company and its subsidiaries

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent board committee of the Company comprising Mr. Wu Ting Yuk, Anthony, Mr. Kwong Kwok Kong, Ms. Chiu Kam Hing Kathy and Mr. Lee Kar Chung Felix, all being independent non-executive Directors, to consider the terms of the transactions contemplated under the New CCT Agreements and the corresponding annual caps, and to advise and make recommendations to the Independent Shareholders as to how to vote at the EGM on the ordinary resolutions regarding the transactions contemplated under the New CCT Agreements and the corresponding annual caps
“Independent Financial Adviser” or “Maxa Capital”	Maxa Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the transactions contemplated under the New CCT Agreements and the corresponding annual caps
“Independent Shareholders”	Shareholders who will not be required under the Listing Rules to abstain from voting at the EGM
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)
“New CCT Agreements”	collectively, the CRH PMM Framework Agreement, CR Bank Strategic Cooperation Agreement and CR Trust Strategic Cooperation Agreement
“PBOC”	the People’s Bank of China, the central bank of the PRC
“PMM Items”	pharmaceuticals, medical device, medical consumables and non-medical supply
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Share(s)”	share(s) with a par value of HK\$0.00025 each in the share capital of the Company

“Shareholder(s)”	holder(s) of the Share(s)
“Sponsored Hospital(s)”	the hospital(s) in the PRC whose sponsor is the Company or its subsidiary
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it under the Listing Rules

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

Beijing, November 18, 2022

As at the date of this announcement, the Board comprises Mr. SONG Qing, Mr. CHENG Libing, Ms. REN Yuan and Mr. SHAN Baojie as executive Directors; Mr. HU Hui as non-executive Director; 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.