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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 TRANSACTION INFORMATION TECHNOLOGY SERVICES

CONTINUING CONNECTED TRANSACTION — INFORMATION TECHNOLOGY SERVICES

The Board announces that on January 11, 2023, CR Hospital Management (a wholly-owned subsidiary of the Company) and CR Digital (a wholly-owned subsidiary of CRC) entered into the Information Technology Services Annual Agreement (for the term from January 1, 2023 to December 31, 2023). The CR Digital Group shall provide the relevant information technology services to the Group and its Sponsored Hospitals pursuant to the Information Technology Services Annual Agreement.

LISTING RULES IMPLICATIONS

As at the date of this announcement, CRC is the holding company of CR Holdings (a controlling shareholder of the Company) and indirectly holds the entire equity interests in CR Digital. Hence, CR Digital is a connected person of the Company. Accordingly, the Information Technology Services Annual Agreement and the transactions thereunder 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) in respect of the proposed Annual Cap exceed 0.1% but all of them are less than 5%, the transactions contemplated under the Information Technology Services Annual Agreement, and the Annual Cap are subject to the reporting, announcement and annual review requirements but are exempt from the circular (including independent financial advice) and the shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

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Information Technology Services Annual Agreement

The major terms of the Information Technology Services Annual Agreement are set out as follows:

Date: January 11, 2023

Parties: 1. CR Hospital Management; and
2. CR Digital (as service provider)

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

Scope of services:

The CR Digital Group shall provide information technology services to the Group and its Sponsored Hospitals during the term of the agreement, including information technology operation and maintenance services and project based information technology services.

Service fees and payment arrangement:

The Group and its Sponsored Hospitals shall pay service fees to the CR Digital Group for the information technology services based on the pricing of each specific service as agreed by both parties. The service fees shall be calculated by multiplying the actual volume of services with the unit price of the corresponding services. In order to determine the unit price of specific categories of services, the intelligence and digitalization department of the Group shall gather information of the prevailing price of similar services in the open market as the reference price. The parties shall then determine the unit price with reference to the reference price as well as the development costs, operating costs, nature and scale of the relevant information technology systems/projects, subject to mutual negotiation and corresponding adjustments in line with the applicable market practice, to ensure that the price is no less favorable to the Group and its Sponsored Hospitals than the price offered by independent third-party suppliers for similar services and that the price is determined after arm's length negotiation between the parties on normal commercial terms. Payment arrangement for specific transactions will be negotiated and agreed in each formal service agreement. The above service fees are determined after arm's length negotiation between the parties on normal commercial terms taking into account the following factors: (i) nature and standard of services provided; (ii) budgeted costs of the relevant services; (iii) prevailing price of similar services in the open market; and (iv) the premise that the price shall be no less favorable to the Group and its Sponsored Hospitals than the price offered by independent third-party suppliers for similar services.

Annual Cap and basis of determination

The corresponding Annual Cap of the information technology services to be provided by the CR Digital Group to the Group and its Sponsored Hospitals under the Information Technology Services Annual Agreement, which are continuing connected transactions of the Company, is RMB16 million.

The above Annual Cap is determined with reference to: (i) the historical transaction amount; (ii) the expected growth of the Group's hospital services; (iii) the demand for information technology services of the newly acquired medical institutions of the Group; and (iv) the expected expansion of the hospital network of the Group. The historical transaction amount for the provision of information technology services by the CR Digital Group to the Group and its Sponsored Hospitals (which were conducted on normal commercial terms or better) for the year ended December 31, 2021 (since the signing date of the 2021 Information Technology Services Framework Agreement) and the year ended December 31, 2022 amounted to approximately RMB1.3 million and approximately RMB3.27 million (unaudited), respectively. From January 1, 2023 up to the date of this announcement, no service fees have been accrued for the information technology services as provided by the CR Digital Group to the Group and its Sponsored Hospitals.

REASONS FOR AND BENEFITS OF ENTERING INTO THE INFORMATION TECHNOLOGY SERVICES ANNUAL AGREEMENT

The Group and its Sponsored Hospitals require certain types of information technology services during their daily business operations. The entering into of a fixed term information technology services agreement with the CR Digital Group is considered beneficial to the Group and its Sponsored Hospitals as it can help the Group and its Sponsored Hospitals acquire stable and efficient information technology services at reasonable costs, thereby enhancing the efficiency of the daily operations of the Group and its Sponsored Hospitals and lowering their management costs.

Taking into account the above factors, the Directors (including the independent non-executive Directors) are of the view that the Information Technology Services Annual Agreement is entered into on normal commercial terms or better in the ordinary and usual course of business of the Group. The terms of the Information Technology Services Annual Agreement are fair and reasonable and in the interests of the Company and its Shareholders as a whole. None of the Directors is considered to have any material interest in the Information Technology Services Annual Agreement. 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 resolution(s), as they serve as senior management in CR Holdings and/or CR Healthcare.

GENERAL INFORMATION

CR Hospital Management and The Group

CR Hospital Management is principally engaged in the provision of consulting services in respect of hospital management, investment and corporate management. Headquartered in Beijing, the Group is mainly engaged in the provision of general healthcare services, hospital management services and group purchasing organisation business in the PRC.

CR Digital Group

CR Digital is a company established in the PRC with limited liability and is ultimately owned by CRC. The CR Digital Group is principally engaged in smart technology empowerment service, cloud computing service, management and business informationalisation consultancy and implementation services, general operational service and other innovative product incubation services in the PRC.

LISTING RULES IMPLICATIONS

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As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the proposed Annual Cap exceed 0.1% but all of them are less than 5%, the transactions contemplated under the Information Technology Services Annual Agreement, and the Annual Cap are subject to the reporting, announcement and annual review requirements but are exempt from the circular (including independent financial advice) and the shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

DEFINITIONS

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

“2021 Information Technology Services Framework Agreement”	the information technology services framework agreement entered into between CR Hospital Management and 華潤數字科技有限公司 (China Resources Digital Technology Co. Ltd.*) (formerly known as 潤聯軟件系統(深圳)有限公司, and being a wholly-owned subsidiary of CR Digital) on November 22, 2021;
“Annual Cap”	the annual cap of the continuing connected transactions under the Information Technology Services Annual Agreement entered into between CR Hospital Management and CR Digital for the information technology services provided by the CR Digital Group to the Group for the 2023 fiscal year;
“Board”	the board of directors of the Company;
“Company”	China Resources Medical Holdings Company Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the main board of the Stock Exchange (stock code: 1515);
“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;

“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 Commission of the State Council in the PRC;
“CR Digital”	華潤數科控股有限公司 (China Resources Digital Holdings Company Limited*) (formerly known as 潤聯智慧科技有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of CRC;
“CR Digital Group”	CR Digital and its subsidiaries;
“CR Healthcare”	China Resources Healthcare Group Limited, a company incorporated in Hong Kong with limited liability, a wholly-owned subsidiary of CR Holdings;
“CR Holdings”	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;
“CR Hospital Management”	華潤醫院管理諮詢有限公司 (China Resources Hospital Management & Consulting Co. Ltd.*), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Company;
“Director(s)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries;
“Information Technology Services Annual Agreement”	the information technology services annual agreement entered into between CR Hospital Management and CR Digital on January 11, 2023. Please refer to the section headed “Information Technology Services Annual Agreement” of this announcement for details;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China;
“RMB”	Renminbi, the lawful currency of the PRC;
“Share(s)”	ordinary share(s) of HK\$0.00025 each in the share capital of the Company;
“Shareholder(s)”	shareholder(s) of the Company;

“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; and

“subsidiary(ies)” 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, January 11, 2023

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 and Mr. LEE Kar Chung Felix as independent non-executive Directors.

* *For identification purpose only*