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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)

MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITIONS OF LH SUBJECT EQUITY, JE SUBJECT EQUITY AND JE SUBJECT DEBTS

Financial Adviser of the Company



Independent Financial Adviser



EQUITY TRANSFER AGREEMENT I — LH EQUITY ACQUISITION

The Board is pleased to announce that, on February 22, 2023, CR Hospital Investment (a wholly owned subsidiary of the Company) (as transferee) entered into the Equity Transfer Agreement I with LR Management (as transferor), pursuant to which LR Management has conditionally agreed to sell and CR Hospital Investment has conditionally agreed to purchase 76.10% equity interests in Liaoning CR Healthcare and 100% equity interests in Shenzhen CR Healthcare at a consideration of RMB3,394,607,000, which will be settled in cash. As at the date of this announcement, Liaoning CR Healthcare holds one wholly owned subsidiary and indirectly holds the sponsorship rights of 31 LH Member Institutions, whereas Shenzhen CR Healthcare has no subsidiaries.

EQUITY AND DEBT TRANSFER AGREEMENT II — JE EQUITY AND DEBT ACQUISITION

The Board is pleased to announce that, on February 22, 2023, CR Hospital Investment (a wholly owned subsidiary of the Company) (as transferee) entered into the Equity and Debt Transfer Agreement II with CR Technology (as transferor), pursuant to which CR Technology has conditionally agreed to sell and CR Hospital Investment has conditionally agreed to purchase 80% equity interests in the JE Subject and the debts owed by the JE Subject to CR Technology (the principal balance amounted to RMB316,944,600 as at December 31, 2022) at a consideration of RMB244,536,000, which will be settled in cash. As at the date of this announcement, the JE Subject directly holds the sponsorship rights of six JE Member Medical Institutions.

After the Completion Date, Liaoning CR Healthcare will become a non-wholly owned subsidiary of the Company, and Shenzhen CR Healthcare will become a wholly owned subsidiary of the Company. The financial results of Liaoning CR Healthcare Group and Shenzhen CR Healthcare will be consolidated into the consolidated financial statements of the Group. The JE Subject will become a non-wholly owned subsidiary of the Company, and the financial results of JE Subject Group will be consolidated into the consolidated financial statements of the Group.

LISTING RULES IMPLICATIONS

As LR Management (transferor under the Equity Transfer Agreement I) and CR Technology (transferor under the Equity and Debt Transfer Agreement II) share the same controlling shareholder, CR Healthcare, and the LH Equity Acquisition contemplated under the Equity Transfer Agreement I and the JE Equity and Debt Acquisition contemplated under the Equity and Debt Transfer Agreement II will constitute a series of transactions within a 12-month period, the LH Equity Acquisition shall be aggregated with the JE Equity and Debt Acquisition under Rule 14.22 of the Listing Rules.

As one or more of the applicable percentage ratio(s) stipulated under the Listing Rules in respect of the LH Equity Acquisition and JE Equity and Debt Acquisition exceed 25% but all of the applicable percentage ratios are less than 100%, the Acquisitions constitute a major transaction of the Company and are therefore subject to the reporting, announcement, shareholders' approval and circular requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, each of LR Management and CR Technology is indirectly wholly owned by CR Healthcare, and CR Healthcare is indirectly wholly owned by CRC, a controlling shareholder of the Company. Therefore, both LR Management and CR Technology are the connected persons of the Company. Under Chapter 14A of the Listing Rules, the Acquisitions contemplated under the Equity Transfer Agreement I and Equity and Debt Transfer Agreement II constitute a connected transaction of the Company and are subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

In accordance with the Listing Rules, the Independent Board Committee, comprising Mr. WU Ting Yuk, Anthony, Mr. KWONG Kwok Kong and Mr. LEE Kar Chung Felix, all being independent non-executive Directors, has been established to advise the Independent Shareholders on the Equity Transfer Agreement I, the Equity and Debt Transfer Agreement II and the Acquisitions.

Under Rule 14A.44 of the Listing Rules, Maxa Capital has been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the Equity Transfer Agreement I, the Equity and Debt Transfer Agreement II and the Acquisitions and as to how the Independent Shareholders should vote.

EGM

The Company will convene the EGM for the Independent Shareholders to consider and approve, among other things, the Equity Transfer Agreement I, the Equity and Debt Transfer Agreement II and the Acquisitions.

Pursuant to Rule 14A.36 of the Listing Rules, any Shareholder or their associates who have a material interest in the transactions shall abstain from voting at the EGM on the resolution approving the Equity Transfer Agreement I, the Equity and Debt Transfer Agreement II and the Acquisitions. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, apart from CRC and its associates, no other Shareholder is required to abstain from voting on the resolution approving the Equity Transfer Agreement I, the Equity and Debt Transfer Agreement II and the Acquisitions at the EGM.

DESPATCH OF CIRCULAR

A circular containing, among other things, (i) further details of the Equity Transfer Agreement I, the Equity and Debt Transfer Agreement II and the Acquisitions; (ii) a letter from the Independent Board Committee to the Independent Shareholders regarding the Equity Transfer Agreement I, the Equity and Debt Transfer Agreement II and the Acquisitions and its voting recommendations; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and Independent Shareholders regarding the Equity Transfer Agreement I, the Equity and Debt Transfer Agreement II and the Acquisitions and its voting recommendations; (iv) financial information of the Group, Liaoning CR Healthcare Group, Shenzhen CR Healthcare and JE Subject Group; and (v) a notice of the EGM will be despatched by the Company as required by the Listing Rules where practicable. The circular is expected to be despatched to the Shareholders on or before April 28, 2023 as it is expected that more than 15 Hong Kong Business Days will be required for the preparation and finalization of certain information to be contained in the circular (pursuant to Rules 14.60(7) and 14A.68(11) of the Listing Rules).

As completion of the LH Equity Acquisition contemplated under the Equity Transfer Agreement I and the JE Equity and Debt Acquisition contemplated under the Equity and Debt Transfer Agreement II is conditional upon the fulfilment or waiver (if applicable) of certain conditions precedent, the Acquisitions may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

INTRODUCTION

The Board is pleased to announce that, on February 22, 2023, CR Hospital Investment (a wholly owned subsidiary of the Company) (as transferee) entered into the Equity Transfer Agreement I with LR Management (as transferor), pursuant to which LR Management has conditionally agreed to sell and CR Hospital Investment has conditionally agreed to purchase 76.10% equity interests in Liaoning CR Healthcare and 100% equity interests in Shenzhen CR Healthcare at a consideration of RMB3,394,607,000, which will be settled in cash. As at the date of this announcement, Liaoning CR Healthcare holds one wholly owned subsidiary and indirectly holds the sponsorship rights of 31 LH Member Institutions, whereas Shenzhen CR Healthcare has no subsidiaries.

The Board is pleased to announce that, on February 22, 2023, CR Hospital Investment (a wholly owned subsidiary of the Company) (as transferee) entered into the Equity and Debt Transfer Agreement II with CR Technology (as transferor), pursuant to which CR Technology has conditionally agreed to sell and CR Hospital Investment has conditionally agreed to purchase 80% equity interests in the JE Subject and the debts owed by the JE Subject to CR Technology (the principal balance amounted to

RMB316,944,600 as at December 31, 2022) at a consideration of RMB244,536,000, which will be settled in cash. As at the date of this announcement, the JE Subject directly holds the sponsorship rights of six JE Member Medical Institutions.

MAJOR TERMS OF THE EQUITY TRANSFER AGREEMENT I

Date: February 22, 2023

Parties: (i) CR Hospital Investment (as transferee); and
(ii) LR Management (as transferor).

Assets to be Acquired

CR Hospital Investment has conditionally agreed to purchase and LR Management has conditionally agreed to sell 76.10% equity interests in Liaoning CR Healthcare and 100% equity interests in Shenzhen CR Healthcare on and subject to the terms and conditions of the Equity Transfer Agreement I. Based on the information provided by LR Management, the original acquisition cost of 76.10% equity interests in Liaoning CR Healthcare paid by LR Management was RMB2,352,302,600. Shenzhen CR Healthcare was established by China Resources Medical Company Limited, a wholly owned subsidiary of CR Healthcare, on August 3, 2018. On June 30, 2022, China Resources Medical Company Limited transferred 100% equity interests in Shenzhen CR Healthcare to LR Management at RMB1 (determined on the basis that it is an internal transfer within CR Healthcare Group).

LH Equity Transfer Consideration and Payment

The total consideration for the LH Equity Acquisition contemplated under the Equity Transfer Agreement I amounts to RMB3,394,607,000. CR Hospital Investment shall pay the LH Equity Transfer Consideration after deducting the taxes filed and paid by CR Hospital Investment on behalf of LR Management in accordance with the Equity Transfer Agreement I (the “**LH Equity Transfer Consideration Amount Payable**”) to LR Management in a lump sum within 75 days from the Completion Date. The payment of the LH Equity Transfer Consideration Amount Payable is subject to the completion of the filing for payment of taxes by CR Hospital Investment on behalf of LR Management in accordance with the Equity Transfer Agreement I and the completion of foreign exchange administration registration by LH Subjects. If CR Hospital Investment fails to pay the LH Equity Transfer Consideration Amount Payable within 75 days from the Completion Date, LR Management is entitled to claim the compensation for delayed payment of the LH Equity Transfer Consideration Amount Payable from CR Hospital Investment. Such compensation shall be an additional payment/extra fee to the LH Equity Transfer Consideration and shall be calculated as: the LH Equity Transfer Consideration Amount Payable* the number of days from the 76th day after the

Completion Date to the date of actual payment/365 days* the applicable one-year loan prime rate announced by the People's Bank of China on the 75th day after the Completion Date.

The LH Equity Transfer Consideration will be funded by the internal resources and bank loans of the Group.

Basis of Determination of the Consideration

The LH Equity Transfer Consideration was determined by CR Hospital Investment and LR Management after arm's length negotiations with reference to, among other things: (i) the market value of the entire shareholders' equity in each of Liaoning CR Healthcare and Shenzhen CR Healthcare of approximately RMB 4,453,074,000 and RMB136,958,000, respectively, as at December 31, 2022 according to the preliminary valuation prepared by the Independent Valuer based on the market approach; and (ii) the reasons for and benefits of the LH Equity Acquisition as stated in the section headed "Reasons for and Benefits of the Acquisitions" below.

Time of Taking Effect

The Equity Transfer Agreement I shall take effect on the date when the legal representatives or authorised representatives of the parties thereto sign and affix their respective company chops.

Conditions Precedent to Completion

The obligation of CR Hospital Investment to acquire the LH Subject Equity under the Equity Transfer Agreement I shall be conditional upon and subject to the following conditions to Completion being fulfilled or waived by the written consent of CR Hospital Investment (if applicable):

- (i) the representations, warranties and/or undertakings made by LR Management under the Equity Transfer Agreement I remaining to be true, complete, accurate and not misleading in material aspects from the signing date of the Equity Transfer Agreement I to the Completion Date, and there being no material breach by any party under the Equity Transfer Agreement I;
- (ii) LR Management having completed the approval procedures for state-owned assets in relation to the LH Equity Acquisition and obtained the approval;
- (iii) the LH Equity Acquisition and the JE Equity and Debt Acquisition having been approved by the Anti-monopoly Bureau of the PRC or its authorised authorities, and such approval not being revoked or withdrawn;

- (iv) the Equity and Debt Transfer Agreement II having been validly signed and become effective, and the conditions to Completion in the Equity and Debt Transfer Agreement II having been satisfied or waived in writing (where applicable) (save and except for the condition to Completion of Equity Transfer Agreement I having been validly signed and become effective, and the conditions to Completion thereunder having been satisfied or waived in writing (where applicable));
- (v) the LH Equity Acquisition and the JE Equity and Debt Acquisition having been approved at the general meeting of the Company in accordance with the Listing Rules, the articles of association of the Company and the relevant applicable laws;
- (vi) CR Healthcare having completed the approval procedures for state-owned assets in relation to the JE Equity and Debt Acquisition and obtained the approval;
- (vii) a resolution having been passed at the shareholders' meeting of Liaoning CR Healthcare regarding the transaction, and Liaoning Holdings Corporation Ltd.* (遼寧控股(集團)有限責任公司), Liaoning Water Resource Management Group Co., Ltd.* (遼寧省水資源管理集團有限責任公司) and Liaoning Provincial Transportation Investment Group Co., Ltd.* (遼寧省交通建設投資集團有限責任公司) having issued a written consent to waive their pre-emptive rights to 76.10% equity interests in Liaoning CR Healthcare or Liaoning CR Healthcare having passed a shareholders' resolution containing the aforesaid waiver of pre-emptive rights;
- (viii) due to the funds management arrangement of CR Healthcare, there are debts (excluding operating contract liabilities) between LR Management or its related companies (as debtor) and Liaoning CR Healthcare Group (as creditor). LR Management or its related companies having entered into borrowing agreements in relation to such debts as set out in the Equity Transfer Agreement I with Liaoning CR Healthcare Group ("**LH Borrowing Agreements**"), and the total principal amounts of borrowings and the corresponding interest rates repayable by LR Management or its related companies having been explicitly stated, and the term of repayment having been agreed upon, in the LH Borrowing Agreements;
- (ix) Liaoning CR Healthcare having divested its 70% equity interests in Liaogang Medical Management (Liaoning) Co., Ltd.* (遼港醫療管理(遼寧)有限責任公司) from it;
- (x) any other conditions required by the Stock Exchange and SFC (if any); and
- (xi) subsequent to the Basis Date and up to the Completion Date, there being no and expected to be no material adverse change in the businesses, operations, assets and liabilities of Shenzhen CR Healthcare and Liaoning CR Healthcare Group.

Both parties have undertaken to use their best endeavours to satisfy all the above conditions to Completion within 180 days from the date of the Equity Transfer Agreement I. If the conditions to Completion are not fully satisfied and waived by CR Hospital Investment in writing (if applicable) by then, CR Hospital Investment has the right to dismiss the Equity Transfer Agreement I by serving a unilateral notice to LR Management.

Except for conditions (ii) to (vii), (ix) and (x), all the above conditions can be waived in full or in part by CR Hospital Investment in writing. The conditions to Completion waived by CR Hospital Investment shall automatically become the post-Completion obligations of LR Management, and shall be fulfilled within a period otherwise specified by CR Hospital Investment.

Completion

LR Management shall cause the LH Subjects to proactively work with CR Hospital Investment in handling the procedures relating to the equity transfer in a timely manner within 5 Mainland Business Days from the date when all the above conditions to Completion are fulfilled or waived in writing (if applicable), including but not limited to recovering/changing the capital contribution certificate of LR Management, issuing the capital contribution certificate to CR Hospital Investment, changing the registers of members of the LH Subjects, signing and providing all the necessary documents for transferring the LH Subject Equity to CR Hospital Investment, launching the registration procedures for equity transfer with the company registration authorities, and ensuring that the registration authorities of the LH Subjects accept such applications within 10 Mainland Business Days from the date when all the conditions to Completion mentioned in the above section headed “Conditions Precedent to Completion” are fulfilled or waived in writing (if applicable). Upon the request of CR Hospital Investment, LR Management shall cause the LH Subjects to designate personnel to jointly handle the abovementioned procedures for the change of company registration with CR Hospital Investment or offer all the assistance necessary to facilitate the abovementioned change procedures.

With effect from the Completion Date, Liaoning CR Healthcare will become a non-wholly owned subsidiary of the Company, and Shenzhen CR Healthcare will become a wholly owned subsidiary of the Company. The financial results of Liaoning CR Healthcare Group and Shenzhen CR Healthcare will be consolidated into the consolidated financial statements of the Group.

Transitional Period

Both parties have agreed that Liaoning CR Healthcare shall engage a qualified accounting firm to perform a special audit on the profits and losses of the LH Subjects for the Transitional Period within 5 Mainland Business Days from the Completion Date. The report on LH Special Audit for the Transitional Period issued by such accounting firm shall be used by both parties as a basis for confirming the profits and losses of the LH Subjects for the Transitional Period. The profits and losses incurred during the

Transitional Period shall be calculated based on a profit-sharing model inclusive of taxes. The formula of calculation shall be: [consolidated net profit of Liaoning CR Healthcare set out in the report on LH Special Audit for the Transitional Period – consolidated net profit of LH Member Institutions for the Transitional Period + consolidated net profit of LH Member Institutions for the Transitional Period ÷ (1 + value-added tax rate of 6% on hospital management service fee) × (1 – income tax rate of 25%)] × 76.1% + net profit of Shenzhen CR Healthcare set out in the report on LH Special Audit for the Transitional Period × 100%.

Within 10 Mainland Business Days after the date when the report on LH Special Audit for the Transitional Period is officially issued and confirmed by both parties and the foreign exchange administration registration is completed by the LH Subjects, both parties shall settle the profits and losses for the Transitional Period in a lump sum in cash. In other words, any gains for the Transitional Period shall be paid by CR Hospital Investment to LR Management (after deducting the taxes filed and paid by CR Hospital Investment on behalf of LR Management as set out in the Equity Transfer Agreement I), while any losses for the Transitional Period shall be paid by LR Management to CR Hospital Investment.

Unless otherwise agreed by both parties, LR Management has undertaken to perform certain obligations during the Transitional Period, including (but not limited to):

- (i) operating, managing, running and maintaining Shenzhen CR Healthcare and Liaoning CR Healthcare Group as usual, keeping the integrity and good operational conditions of Shenzhen CR Healthcare and Liaoning CR Healthcare Group, and ensuring that they are not materially and adversely affected after Completion of the LH Subject Equity;
- (ii) CR Hospital Investment has the right to appoint personnel to sit in the directors' meetings and shareholders' meetings of Shenzhen CR Healthcare, Liaoning CR Healthcare and Liaoning Health Industry by giving prior written notice, and to require LR Management, Shenzhen CR Healthcare and Liaoning CR Healthcare Group to provide the relevant financial information for the Transitional Period for review by the personnel appointed by CR Hospital Investment;
- (iii) guaranteeing timely performance of the existing contracts, agreements or other documents of Shenzhen CR Healthcare and Liaoning CR Healthcare Group, guaranteeing that their existing structures and staffing remain basically unchanged, guaranteeing that the staffing of the operational and management teams of Shenzhen CR Healthcare and Liaoning CR Healthcare Group remain basically unchanged, guaranteeing to maintain the relationship with the clients and suppliers, and ensuring that the business operations are not materially and adversely affected after Completion of the LH Subject Equity; and

- (iv) without the prior written consent of CR Hospital Investment, no asset disposal, external guarantee, external investment, external loan, increase in debt or waiver of creditor's rights, profit distribution (or any arrangement for proposed dividend distribution or equivalent to or similar to dividend distribution, resulting in the cash or reserves of Shenzhen CR Healthcare and Liaoning CR Healthcare Group be transferred to LR Management before the Completion Date) and other behaviours that may lead to the impairment of the corresponding net asset value of Shenzhen CR Healthcare and Liaoning CR Healthcare Group shall be carried out, except those related to the daily business activities, including but not limited to the purchase of drugs and consumables, and the provision of medical services.

MAJOR TERMS OF EQUITY AND DEBT TRANSFER AGREEMENT II

Date: February 22, 2023

Parties: (i) CR Hospital Investment (as transferee); and
(ii) CR Technology (as transferor).

Assets to be Acquired

CR Hospital Investment has conditionally agreed to purchase and CR Technology has conditionally agreed to sell 80% equity interests in the JE Subject on and subject to the terms and conditions of the Equity and Debt Transfer Agreement II. Based on the information provided by CR Technology, the original acquisition cost of 80% equity interests in the JE Subject paid by CR Technology was RMB646,944,600 (including the capital injection amount of RMB160,000,000 paid by CR Technology and the loan totalling RMB486,944,600 provided by CR Technology to the JE Subject).

For information about the debts to be acquired, please refer to the section headed "Assignment of JE Subject Debts" below.

JE Equity Transfer Consideration and Payment

The total consideration for the JE Equity Acquisition contemplated under the Equity and Debt Transfer Agreement II amounts to RMB244,536,000. CR Hospital Investment shall pay the JE Equity Transfer Consideration to CR Technology within 10 Mainland Business Days from the Completion Date. If CR Hospital Investment fails to pay the consideration within 10 Mainland Business Days from the Completion Date, CR Technology is entitled to claim the compensation for delayed payment of the JE Equity Transfer Consideration from CR Hospital Investment. Such compensation shall be an additional payment/extra fee to the JE Equity Transfer Consideration and shall be calculated as: the JE Equity Transfer Consideration* the number of days from the 11th day after the Completion Date to the date of actual payment/365 days* the applicable one-year loan prime rate announced by the People's Bank of China on the 10th day after the Completion Date.

The JE Equity Transfer Consideration will be funded by the internal resources and bank loans of the Group.

Basis of Determination of the Consideration

The JE Equity Transfer Consideration was determined by CR Hospital Investment and CR Technology after arm's length negotiations with reference to, among other things: (i) the market value of the entire shareholders' equity in the JE Subject of approximately RMB 310,646,000 as at December 31, 2022 according to the preliminary valuation prepared by the Independent Valuer based on the market approach; and (ii) the reasons for and benefits of the JE Equity Acquisition as stated in the section headed "Reasons for and Benefits of the Acquisitions" below.

Time of Taking Effect

The Equity and Debt Transfer Agreement II shall take effect on the date when the legal representatives or authorised representatives of the parties thereto sign and affix their respective company chops.

Conditions Precedent to Completion

The obligation of CR Hospital Investment to acquire the JE Subject Equity under the Equity and Debt Transfer Agreement II shall be conditional upon and subject to the following conditions to Completion being fulfilled or waived by the written consent of CR Hospital Investment (as applicable):

- (i) the representations, warranties and/or undertakings made by CR Technology under the Equity and Debt Transfer Agreement II remaining to be true, complete, accurate and not misleading in material aspects from the signing date of the Equity and Debt Transfer Agreement II to the Completion Date, and there being no material breach by any party under the Equity and Debt Transfer Agreement II;
- (ii) CR Technology having completed the approval procedures for state-owned assets in relation to the JE Equity and Debt Acquisition and obtained the approval;
- (iii) the LH Equity Acquisition and the JE Equity and Debt Acquisition having been approved by the Anti-monopoly Bureau of the PRC or its authorised authorities, and such approval not being revoked or withdrawn;
- (iv) the Equity Transfer Agreement I having been validly signed and become effective, and the conditions to Completion under the Equity Transfer Agreement I having been satisfied or waived in writing (where applicable);
- (v) the LH Equity Acquisition and the JE Equity and Debt Acquisition having been approved at the general meeting of the Company in accordance with the Listing Rules, the articles of association of the Company and the relevant applicable laws;

- (vi) CR Healthcare having completed the approval procedures for state-owned assets in relation to the LH Equity Acquisition and obtained the approval;
- (vii) a resolution having been passed at the shareholders' meeting of the JE Subject regarding the transaction, and JE Group Company having issued a written consent to waive its pre-emptive rights to the JE Subject Equity as well as the relevant rights as stated in the Cooperation Agreement on the Cooperative Reform Project for Medical Institutions under Jiangxi Energy Group Co., Ltd.* (《江西省能源集團有限公司所屬醫療機構改革合作項目之合作協議》) and the Capital Increase Agreement for Jiangxi Jiangneng Medical Management Co., Ltd.* (《關於江西江能醫療管理有限公司增資協議》) (i.e. giving up its right to be a Shareholder of the Company) or the JE Subject having passed a shareholders' resolution containing the aforesaid waiver of pre-emptive rights and providing for the aforesaid giving up on becoming a Shareholder of the Company;
- (viii) due to the funds management arrangement of CR Healthcare, there are debts (excluding operating contract liabilities and the JE Subject Debts mentioned below) between CR Technology's related companies (as debtor) and the JE Subject and/or the JE Member Medical Institutions (as creditor). CR Technology or its related companies having entered into borrowing agreements in relation to such debts as set out in the Equity and Debt Transfer Agreement II with the JE Member Medical Institutions ("**JE Borrowing Agreements**"), and the total principal amounts of borrowings and the corresponding interest rates repayable by CR Technology or its related companies having been explicitly stated, and the term of repayment having been agreed upon, in the JE Borrowing Agreements;
- (ix) any other conditions required by the Stock Exchange and SFC (if any); and
- (x) subsequent to the Basis Date and up to the Completion Date, there being no and expected to be no material adverse change in the businesses, operations, assets and liabilities of the JE Subject and all JE Member Medical Institutions.

Both parties have undertaken to use their best endeavours to satisfy all the above conditions to Completion within 180 days from the date of the Equity and Debt Transfer Agreement II. If the conditions to Completion are not fully satisfied and waived by CR Hospital Investment in writing (if applicable) by then, CR Hospital Investment has the right to dismiss the Equity and Debt Transfer Agreement II by serving a unilateral notice to CR Technology.

Except for conditions (ii) to (vii) and (ix), all the above conditions can be waived in full or in part by CR Hospital Investment in writing. The conditions to Completion waived by CR Hospital Investment shall automatically become the post-Completion obligations of CR Technology (as if agreed by both parties in the Equity and Debt Transfer Agreement II), and shall be fulfilled within a period otherwise specified by CR Hospital Investment.

Completion

CR Technology shall cause the JE Subject to proactively work with CR Hospital Investment in handling the procedures relating to the equity transfer in a timely manner within 5 Mainland Business Days from the date when all the above conditions to Completion are fulfilled or waived in writing (if applicable), including but not limited to recovering/changing the capital contribution certificate of CR Technology, issuing the capital contribution certificate to CR Hospital Investment, changing the registers of members of the JE Subject, signing and providing all the necessary documents for transferring the JE Subject Equity to CR Hospital Investment, launching the registration procedures for equity transfer with the company registration authorities, and ensuring that the registration authorities of the JE Subject accept such applications within 10 Mainland Business Days from the date when all the above conditions to Completion are fulfilled or waived in writing (if applicable). Upon the request of CR Hospital Investment, CR Technology shall cause the JE Subject to designate personnel to jointly handle the abovementioned procedures for the change of company registration with CR Hospital Investment or offer all the assistance necessary to facilitate the abovementioned change procedures.

After the Completion Date, the JE Subject will become a non-wholly owned subsidiary of the Company, and the financial results of the JE Subject Group will be consolidated into the consolidated financial statements of the Group.

Transitional Period

Both parties have agreed that the JE Subject shall engage a qualified accounting firm to perform a special audit on the profits and losses of the JE Subject for the Transitional Period within 5 Mainland Business Days from the Completion Date. The report on JE Special Audit for the Transitional Period issued by such accounting firm shall be used by both parties as a basis for confirming the profits and losses of the JE Subject for the Transitional Period. The profits and losses incurred during the Transitional Period shall be calculated based on a profit-sharing model inclusive of taxes. The formula of calculation shall be: [consolidated net profit of the JE Subject set out in the report on JE Special Audit for the Transitional Period – consolidated net profit of JE Member Medical Institutions for the Transitional Period + consolidated net profit of JE Member Medical Institutions for the Transitional Period ÷ (1 + value-added tax rate of 6% on hospital management service fee) × (1 – income tax rate of 25%)] × 80%.

Both parties shall settle the profits and losses for the Transitional Period in a lump sum in cash within 10 Mainland Business Days after the date when the report on JE Special Audit for the Transitional Period is officially issued and confirmed by both parties. In other words, any gains for the Transitional Period shall be paid by CR Hospital Investment to CR Technology, while any losses for the Transitional Period shall be paid by CR Technology to CR Hospital Investment.

Unless otherwise agreed by both parties, CR Technology has undertaken to perform the following obligations during the Transitional Period, including (but not limited to):

- (i) operating, managing, running and maintaining the JE Subject as usual, keeping the integrity and good operational conditions of the JE Subject and JE Member Medical Institutions, and ensuring that they are not materially and adversely affected after Completion of the JE Subject Equity;
- (ii) CR Hospital Investment has the right to appoint personnel to sit in the directors' meetings and shareholders' meetings of the JE Subject by giving prior written notice, and to require CR Technology, JE Subject and JE Member Medical Institutions to provide the relevant financial information for the Transitional Period for review by the personnel appointed by CR Hospital Investment;
- (iii) guaranteeing timely performance of the existing contracts, agreements or other documents of the JE Subject and JE Member Medical Institutions, guaranteeing that their existing structures and staffing remain basically unchanged, guaranteeing that the staffing of the operational and management teams of the JE Subject and JE Member Medical Institutions remain basically unchanged, guaranteeing to maintain the relationship with the clients and suppliers, and ensuring that the business operations are not materially and adversely affected after Completion of the JE Subject Equity; and
- (iv) without the prior written consent of CR Hospital Investment, no asset disposal, external guarantee, external investment, external loan, increase in debt or waiver of creditor's rights, profit distribution (or any arrangement for proposed dividend distribution or equivalent to or similar to dividend distribution, resulting in the cash or reserves of the JE Subject and JE Member Medical Institutions be transferred to CR Technology before the Completion Date) and other behaviours that may lead to the impairment of the corresponding net asset value of the JE Subject and JE Member Medical Institutions shall be carried out, except those related to the daily business activities, including but not limited to the purchase of drugs and consumables, and the provision of medical services.

Assignment of JE Subject Debts

As at December 31, 2022, the existing debts (excluding operating contract liabilities) between CR Technology and the JE Subject are as follows:

Debtor	Creditor	Principal balance (RMB)
JE Subject	CR Technology	316,944,600**

** The applicable loan interest rate for the principal balance of RMB266,944,600 is based on the loan prime rate (more than five years) announced by the People's Bank of China minus 49 bp (1 bp=0.01%). The applicable loan interest rate for the principal balance of RMB50,000,000 is zero.

CR Technology has agreed to assign the above subject debts (including the principal balance and interests) owed by the JE Subject (“**JE Subject Debts**”) to CR Hospital Investment on the Completion Date, and CR Hospital Investment has agreed to acquire the JE Subject Debts.

The JE Debt Transfer Consideration shall be the sum of the principal balance of JE Subject Debts as at the day before the date of payment of the debt transfer consideration and the interests accrued from January 1, 2023 up to the day before the date of payment of the debt transfer consideration as agreed under the Loan Agreements (excluding interests for 2022). CR Hospital Investment shall pay the consideration for the assignment to CR Technology in RMB in a lump sum within 10 Mainland Business Days from the Completion Date.

With effect from the Completion Date, the JE Subject shall repay the debts to CR Hospital Investment (including the interests paid by CR Hospital Investment to CR Technology pursuant to the Equity and Debt Transfer Agreement II), and the method and term of repayment shall be the same as those agreed under the Loan Agreements. If the JE Subject fails to repay the debts by the due date, the JE Subject shall be liable to CR Hospital Investment for the breach of contract. If CR Hospital Investment fails to realise the subject debts because of reasons attributable to CR Technology, CR Technology shall be liable for compensation to CR Hospital Investment.

Matters Subsequent to Completion

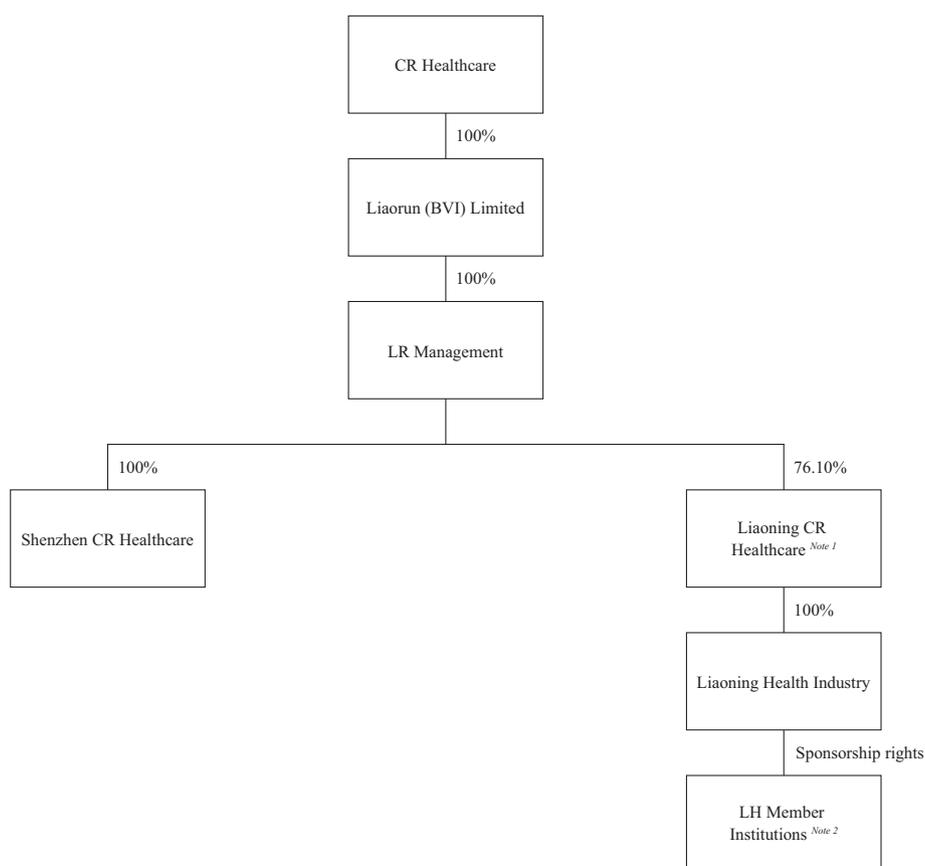
Ruizhou Hospital* (瑞州醫院) shall repay the outstanding loans obtained under the Entrusted Loan Agreements in an aggregate amount of RMB120,000,000 and the interests payable under the Entrusted Loan Agreements to Jiangxi Runrui Health Industry Co., Ltd.* (江西潤瑞健康產業有限公司) (a related company of CR Technology) within 10 Mainland Business Days from the Completion Date. The funds for repaying the above entrusted loans and interests shall be provided by CR Hospital Investment or its related companies to Ruizhou Hospital.

INFORMATION OF THE LH SUBJECTS AND THE JE SUBJECT

As at the date of this announcement, LR Management owns 76.10% equity interests in Liaoning CR Healthcare and 100% equity interests in Shenzhen CR Healthcare. Liaoning Health Industry is wholly owned by Liaoning CR Healthcare. Liaoning Health Industry directly holds the sponsorship rights of 31 LH Member Institutions.

The following diagram depicts the shareholding structure of Liaoning CR Healthcare Group and Shenzhen CR Healthcare as at the date of this announcement and immediately after Completion:

Shareholding structure of Liaoning CR Healthcare Group and Shenzhen CR Healthcare as at the date of this announcement:

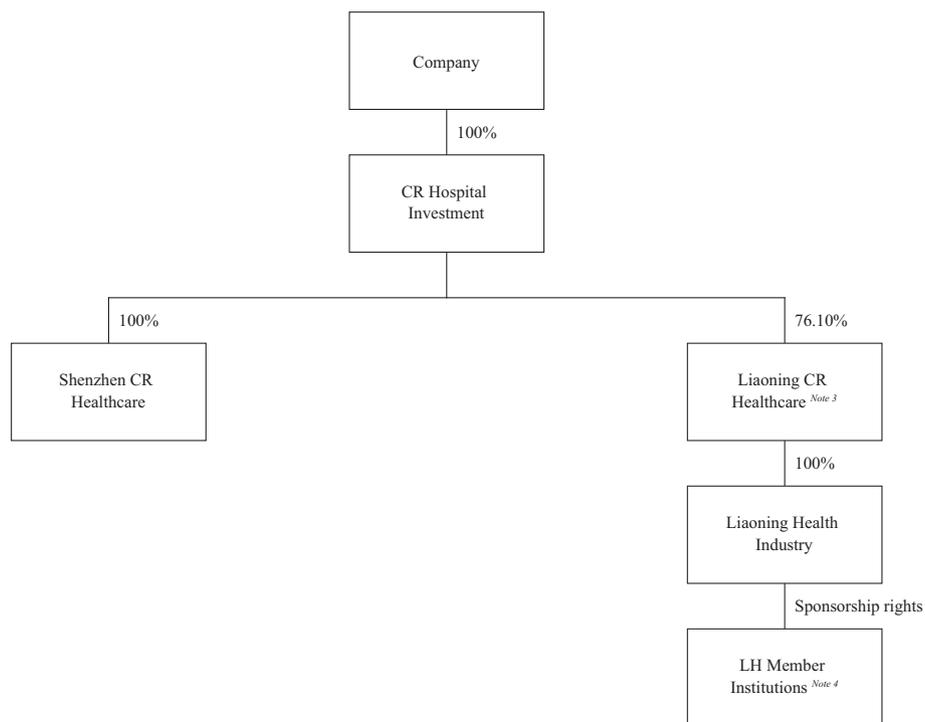


Note 1: On March 31, 2021, Liaoning CR Healthcare, Dalian Port Group Co., Ltd.* (大連港集團有限公司) (the “**Dalian Port Group**”), Yingkou Port Group Co., Ltd.* (營口港務集團有限公司) (the “**Yingkou Port Group**”) and Liaoning Port Company signed an equity transfer agreement, stipulating that Dalian Port Group and Yingkou Port Group would respectively transfer 67.21% and 2.79% equity interests in Liaoning Port Company to Liaoning CR Healthcare (the “**Liaoning Port Company Acquisition**”). Liaoning Port Company has two member medical institutions. Among them, the sponsor of Yingkou Port Hospital has been changed to Liaoning Port Company, but the change of sponsor of Dalian Port Hospital has not been handled. Therefore, as at the date of this announcement, the Liaoning Port Company Acquisition has not yet been completed and, notwithstanding that Liaoning CR Healthcare owns 70% equity interests in

Liaoning Port Company, Liaoning Port Company has not been included in Liaoning CR Healthcare Group, and Yingkou Port Hospital and Dalian Port Hospital have not been included in the LH Member Institutions. Pursuant to the conditions precedent of the Equity Transfer Agreement I, Liaoning CR Healthcare will dispose of its 70% equity interests in Liaoning Port Company before the Completion Date.

Note 2: The LH Member Institutions include: (1) Fushun Mining Bureau General Hospital of Liaoning Health Industry Group* (遼寧省健康產業集團撫礦總醫院); (2) Fushun Mining Bureau Brain Hospital of Liaoning Health Industry Group* (遼寧省健康產業集團撫礦腦科醫院); (3) Fushun Mining Bureau Laohutai Hospital of Liaoning Health Industry Group* (遼寧省健康產業集團撫礦老虎台醫院); (4) Fushun Mining Bureau Shengli Hospital of Liaoning Health Industry Group* (遼寧省健康產業集團撫礦勝利醫院); (5) Fushun Mining Bureau Jixiu Hospital of Liaoning Health Industry Group* (遼寧省健康產業集團撫礦機修醫院); (6) Fushun Mining Bureau Xilutian Hospital of Liaoning Health Industry Group* (遼寧省健康產業集團撫礦西露天醫院); (7) Shenfu Rehabilitation Medical Center of Liaoning Health Industry Group (遼寧省健康產業集團瀋撫康復醫療中心); (8) Shenyang Coal General Hospital of Liaoning Health Industry Group* (遼寧省健康產業集團瀋煤總醫院); (9) Shenyang Coal Qingshui Erjing Hospital of Liaoning Health Industry Group* (遼寧省健康產業集團瀋煤清水二井醫院); (10) Shenyang Coal Linsheng Mine Hospital of Liaoning Health Industry Group* (遼寧省健康產業集團瀋煤林盛礦醫院); (11) Shenyang Coal Hongling Mine Hospital of Liaoning Health Industry Group* (遼寧省健康產業集團瀋煤紅菱礦醫院); (12) Shenyang Coal Qiantun Mine Hospital of Liaoning Health Industry Group* (遼寧省健康產業集團瀋煤前屯礦醫院); (13) Shenyang Coal Hongyang Third Mine Hospital of Liaoning Health Industry Group* (遼寧省健康產業集團瀋煤紅陽三礦醫院); (14) Shenyang Coal Xima Mine Hospital of Liaoning Health Industry Group* (遼寧省健康產業集團瀋煤西馬礦醫院); (15) Benxi Iron and Steel General Hospital of Liaoning Health Industry Group* (遼寧省健康產業集團本鋼總醫院); (16) Benxi Disease Prevention and Control Centre of Liaoning Health Industry Group* (遼寧省健康產業集團本鋼疾病預防控制中心); (17) Benxi Iron and Steel Nandi Hospital of Liaoning Health Industry Group* (遼寧省健康產業集團本鋼南地醫院); (18) Benxi Iron and Steel Nanfen Hospital of Liaoning Health Industry Group* (遼寧省健康產業集團本鋼南芬醫院); (19) Benxi Iron and Steel Waitoushan Hospital of Liaoning Health Industry Group* (遼寧省健康產業集團本鋼歪頭山醫院); (20) Benxi Iron and Steel Chest Hospital of Liaoning Health Industry Group* (遼寧省健康產業集團本鋼胸科醫院); (21) Benxi Iron and Steel Beiyang Hospital of Liaoning Health Industry Group* (遼寧省健康產業集團本鋼北營醫院); (22) Benxi Iron and Steel Occupational Diseases Prevention and Treatment Institute of Liaoning Health Industry Group* (遼寧省健康產業集團本鋼職業病防治所); (23) Fuxin Mining General Hospital of Liaoning Health Industry Group* (遼寧省健康產業集團阜新礦總醫院); (24) Fuxin Mining Occupational Disease Hospital of Liaoning Health Industry Group* (遼寧省健康產業集團阜新礦職業病防治院); (25) Fuxin Mining Psychiatric Rehabilitation Hospital of Liaoning Health Industry Group* (遼寧省健康產業集團阜新礦精神康復醫院); (26) Fuxin Mining Pingan Hospital of Liaoning Health Industry Group* (遼寧省健康產業集團阜新礦平安醫院); (27) Fuxin Mining Chengnan Hospital of Liaoning Health Industry Group* (遼寧省健康產業集團阜新礦城南醫院); (28) 157 Hospital of Liaoning Health Industry Group* (遼寧省健康產業集團一五七醫院); (29) Huachen Hospital of Liaoning Health Industry Group* (遼寧省健康產業集團華晨醫院); (30) Tie Coal Group General Hospital of Liaoning Health Industry Group* (遼寧省健康產業集團鐵煤總醫院); and (31) Nuclear Industry General Hospital of Liaoning Health Industry Group* (遼寧省健康產業集團核工業總醫院).

Shareholding structure of Liaoning CR Healthcare Group and Shenzhen CR Healthcare immediately after Completion:



Note 3: Please see Note 1 above.

Note 4: Please see Note 2 above.

Financial Information of Liaoning CR Healthcare Group

Liaoning CR Healthcare is a company incorporated in the PRC with limited liability. Liaoning CR Healthcare Group is principally engaged in the operation and management of hospitals, clinics and medical facilities, and the provision of related extended services in the PRC. As at December 2022, Liaoning CR Healthcare Group comprises 5 grade III hospitals (including 4 grade IIIA hospitals), 11 grade II hospitals (including 10 grade IIA hospitals) and 11 grade I hospitals, among which 3 hospitals are clinical colleges of medical schools and 1 is a teaching hospital of a medical school. It has a total of approximately 9,174 beds and approximately 8,827 employees (including about 429 chief doctors, 656 deputy chief doctors, 865 attending doctors and 449 resident doctors), providing basic medical services to a population of nearly 16.375 million in the Liaoning region; in 2021, the number of annual discharges was over 229,500 and the number of annual outpatient visits was over 4,049,100. It has 21 national standardized professional training bases for resident doctors, 4 pharmaceutical clinical trial organizations (covering 6 specialties), 17 provincial key specialties and 31 municipal key specialties, and its disciplines such as neurology, neurosurgery, cardiology, emergency medicine and general surgery have reached a leading level in the region. In particular, the Fushun Mining Bureau General Hospital of Liaoning Health Industry Group* (遼寧省健康產業集團撫礦總醫院) and Tie Coal Group General Hospital of Liaoning Health Industry Group* (遼寧省健康產業集團鐵煤總醫院), as the leading hospitals in the locality, have a good reputation among patients.

Based on the financial statements of Liaoning CR Healthcare Group audited under the International Auditing Standards and prepared in accordance with the basis of preparation described in the notes to the financial statements, the total assets and net assets of Liaoning CR Healthcare Group as at June 30, 2022 were RMB3,492,754,000 and RMB1,356,668,000, respectively.

The profit before and after tax of Liaoning CR Healthcare Group for the years ended December 31, 2020 and 2021 and the six months ended June 30, 2022 is set out as below:

	Year ended December 31,		Six months ended
	2020	2021	June 30,
	RMB'000	RMB'000	2022
	(audited)	(audited)	(audited)
Profit before tax	167,850	222,489	222,083
Profit after tax	157,658	206,493	205,729

The audited revenue of Liaoning CR Healthcare Group for the year ended December 31, 2021 was RMB3,171,182,000.

Financial Information of Shenzhen CR Healthcare

Shenzhen CR Healthcare is a company incorporated in the PRC with limited liability and is principally engaged in the supply chain management services in the PRC.

Based on the financial statements of Shenzhen CR Healthcare audited under the International Auditing Standards and prepared in accordance with the basis of preparation described in the notes to the financial statements, the total assets and net assets of Shenzhen CR Healthcare as at June 30, 2022 were RMB29,372,000 and RMB13,117,000, respectively.

The profit before and after tax of Shenzhen CR Healthcare for the years ended December 31, 2020 and 2021 and the six months ended June 30, 2022 is set out as below:

	Year ended December 31,		Six months ended
	2020 ^(Note)	2021	June 30,
	RMB'000	RMB'000	2022
	(audited)	(audited)	(audited)
Profit before tax	—	5,286	10,471
Profit after tax	—	4,486	8,631

Note: Shenzhen CR Healthcare did not start operation until October 2021.

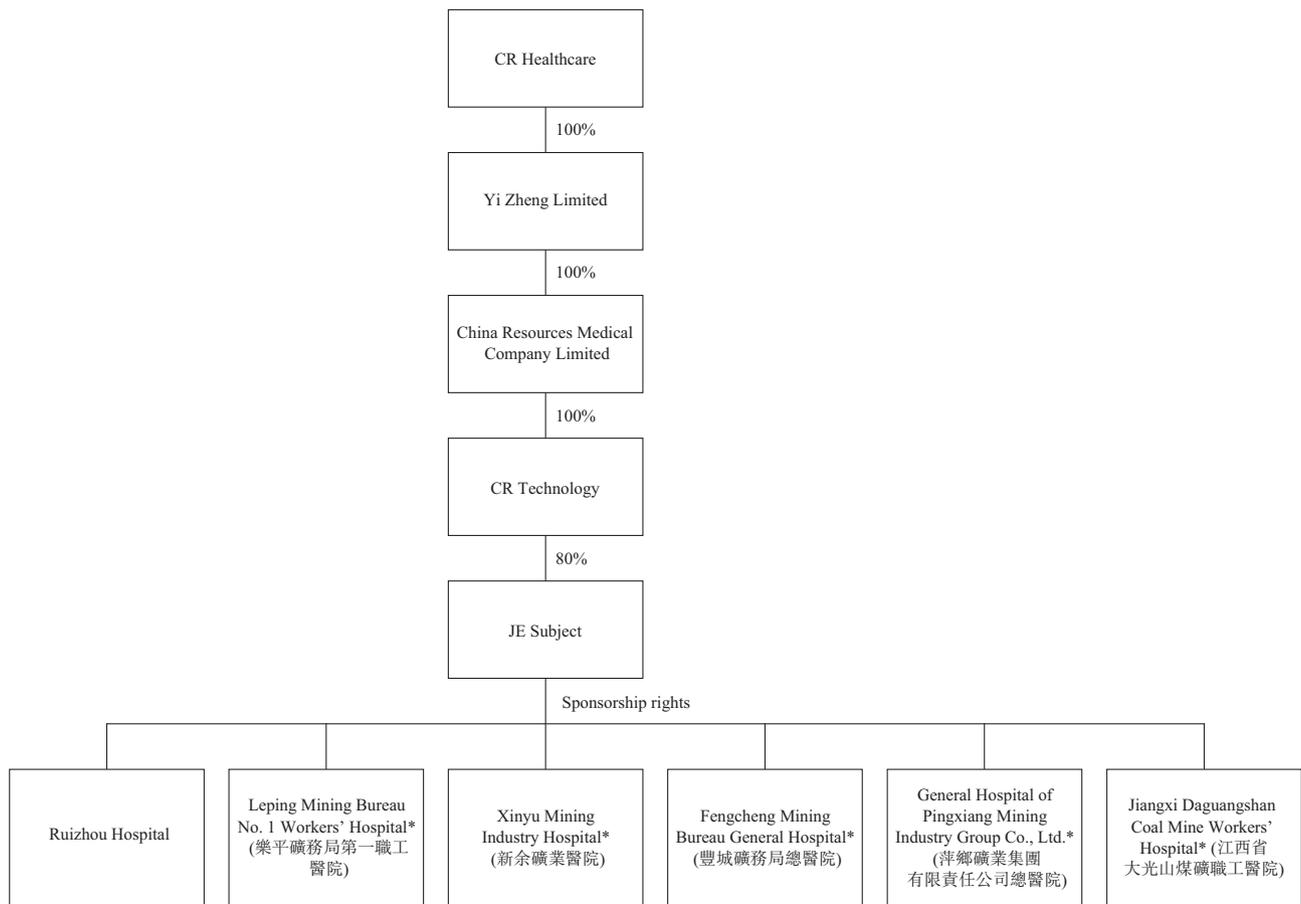
The audited revenue of Shenzhen CR Healthcare for the year ended December 31, 2021 was RMB10,148,000.

JE Subject Group

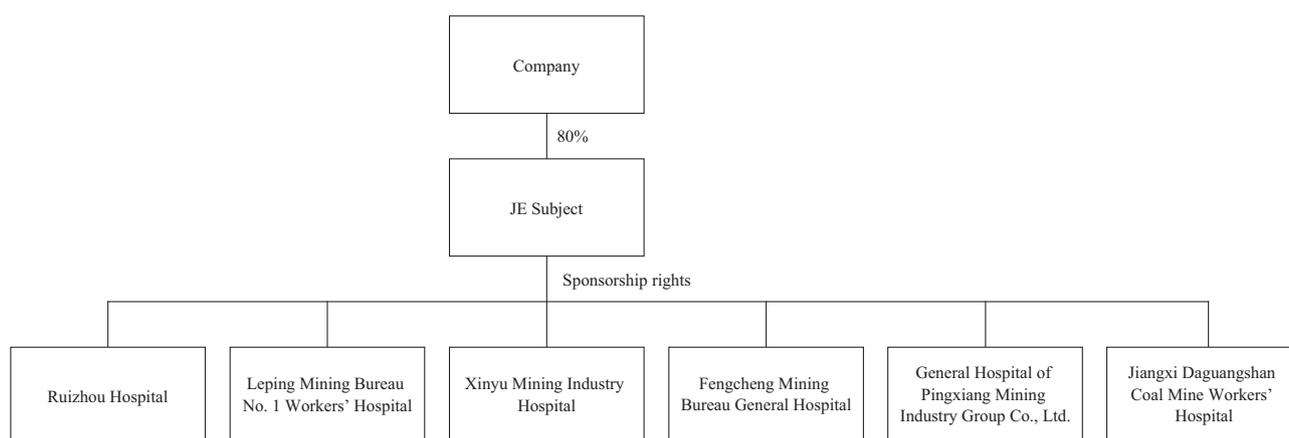
As at the date of this announcement, the JE Subject directly holds the sponsorship rights of six JE Member Medical Institutions.

The following diagram depicts the shareholding structure of the JE Subject Group as at the date of this announcement and immediately after Completion:

Shareholding structure of the JE Subject Group as at the date of this announcement:



Shareholding structure of the JE Subject Group immediately after Completion:



Financial Information of JE Subject Group

The JE Subject is a company incorporated in the PRC with limited liability and is an investment holding company. The JE Subject Group is principally engaged in the operation and management of hospitals, clinics and medical facilities in the PRC. As at December 2022, the JE Subject Group comprises 1 grade IIIA hospital, 4 grade II hospitals (including 1 grade IIA hospital) and 1 grade I hospital, among which 1 hospital is an affiliated hospital of a medical school. It has a total of approximately 2,370 beds and approximately 2,092 employees (including about 16 chief doctors, 135 deputy chief doctors, 168 attending doctors and 85 resident doctors), providing basic medical services to a population of nearly 6.4 million in the Jiangxi region; in 2021, the number of annual discharges was over 66,300 and the number of annual outpatient visits was over 597,800. It has 1 pharmaceutical clinical trial organization (covering 2 specialties), 1 provincial key specialty and 3 municipal key specialties, featuring disciplines such as Chinese medical nephrology, medical care and rehabilitation, where its featured disciplines have a good reputation among patients in the locality.

Based on the financial statements of the JE Subject Group audited under the International Auditing Standards and prepared in accordance with the basis of preparation described in the notes to the financial statements, the total assets and net assets of the JE Subject Group as at June 30, 2022 were RMB1,106,383,000 and RMB189,404,000, respectively.

The profit before and after tax of the JE Subject Group for the years ended December 31, 2020 and 2021 and the six months ended June 30, 2022 is set out as below:

	Year ended December 31,		Six months ended
	2020	2021	June 30,
	<i>RMB'000</i>	<i>RMB'000</i>	2022
	(audited)	(audited)	<i>RMB'000</i>
			(audited)
Profit before tax	6,142	23,243	13,733
Profit after tax	6,142	23,243	13,733

The audited revenue of the JE Subject Group for the year ended December 31, 2021 was RMB709,093,000.

REASONS FOR AND BENEFITS OF THE ACQUISITIONS

Being a listed company in the health sector of CR Holdings, the Company continues to implement the strategic initiative of building a healthy China and the Guidance on Deepening Reform of Educational and Medical Institutions Operated by State-owned Enterprises* (《關於國有企業辦教育醫療機構深化改革的指導意見》) published by the State-owned Assets Supervision and Administration Commission of the State Council. The Company has a clear business model with a strong track record. After the completion of the Acquisitions, the Group will be able to provide more room for the development of the acquired assets, which will further enhance synergies, reduce unit costs, improve operational efficiency and profitability, and further consolidate and strengthen the Company's market share and leading position in the medical sector, helping the Company to be the mainstay of maintaining the healthy development of the medical industry and state-operated hospitals.

After the acquisition of the assets and businesses of each of Liaoning CR Healthcare Group, Shenzhen CR Healthcare and JE Subject Group, the Company's business scale will be further expanded and the Company will become a leading integrated healthcare group in the capital markets of both the PRC and Hong Kong both in terms of the number of its medical institutions and the scale of the consolidated revenue, which constitutes new growth highlights. In addition, the Acquisitions will facilitate the Company's expansion of its nationwide footprint and continue to enhance its market influence. Moreover, the Company will continue to promote group operation and management and, by means of supply chain integration, complete cost management mechanism and service information system etc., fully empower the target assets of the Acquisitions and further enhance their profitability and unleash their growth rate to increase the Company's long-term value.

None of the Directors is considered to have a material interest in the Equity Transfer Agreement I, the Equity and Debt Transfer Agreement II and the Acquisitions. 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 CR Holdings and/or CR Healthcare. The Directors (except the members of the Independent Board Committee whose views will be given after taking into account of the advice from the Independent Financial Adviser) consider that the Equity Transfer Agreement I, the Equity and Debt Transfer Agreement II and the Acquisitions are conducted on normal commercial terms, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION OF THE PARTIES

Information of the Company

The Group is principally engaged in the provision of general healthcare services, hospital management services and the relevant centralised purchasing business in the PRC and is headquartered in Beijing.

Information of the Transferors

LR Management

LR Management is a company established in Hong Kong with limited liability and is principally engaged in hospital management services. As at the date of this announcement, LR Management is indirectly wholly owned by CR Healthcare, and CR Healthcare is indirectly wholly owned by CRC, a controlling shareholder of the Company. CRC, a company established in the PRC with limited liability, is a state-owned enterprise regulated by the State-Owned Assets Supervision and Administration Commission of the State Council of the PRC. CRC is an enterprise group operating multiple businesses in the PRC and Hong Kong, including but not limited to mass consumption, comprehensive energy, urban construction and operation, comprehensive health, industrial finance, technology and emerging industries.

CR Technology

CR Technology is a company incorporated in the PRC with limited liability and is principally engaged in hospital management services. As at the date of this announcement, CR Technology is indirectly wholly owned by CR Healthcare.

LISTING RULES IMPLICATIONS

As LR Management (transferor under the Equity Transfer Agreement I) and CR Technology (transferor under the Equity and Debt Transfer Agreement II) share the same controlling shareholder, CR Healthcare, and the LH Equity Acquisition contemplated under the Equity Transfer Agreement I and the JE Equity and Debt Acquisition contemplated under the Equity and Debt Transfer Agreement II will constitute a series of transactions within a 12-month period, the LH Equity Acquisition shall be aggregated with the JE Equity and Debt Acquisition under Rule 14.22 of the Listing Rules.

As one or more of the applicable percentage ratio(s) stipulated under the Listing Rules in respect of the LH Equity Acquisition and JE Equity and Debt Acquisition exceed 25% but all of the applicable percentage ratios are less than 100%, the Acquisitions constitute a major transaction of the Company and are therefore subject to the reporting, announcement, shareholders' approval and circular requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, each of LR Management and CR Technology is indirectly wholly owned by CR Healthcare, and CR Healthcare is indirectly wholly owned by CRC, a controlling shareholder of the Company. Therefore, both LR Management and CR Technology are the connected persons of the Company. Under Chapter 14A of the Listing Rules, the Acquisitions contemplated under the Equity Transfer Agreement I and Equity and Debt Transfer Agreement II constitute a connected transaction of the Company and are subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL

Independent Board Committee and Independent Financial Adviser

In accordance with the Listing Rules, the Independent Board Committee, comprising Mr. WU Ting Yuk, Anthony, Mr. KWONG Kwok Kong and Mr. LEE Kar Chung Felix, all being independent non-executive Directors, has been established to advise the Independent Shareholders on the Equity Transfer Agreement I, the Equity and Debt Transfer Agreement II and the Acquisitions.

Under Rule 14A.44 of the Listing Rules, Maxa Capital has been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the Equity Transfer Agreement I, the Equity and Debt Transfer Agreement II and the Acquisitions and as to how the Independent Shareholders should vote.

EGM

The Company will convene the EGM for the Independent Shareholders to consider and approve, among other things, the Equity Transfer Agreement I, the Equity and Debt Transfer Agreement II and the Acquisitions.

Pursuant to Rule 14A.36 of the Listing Rules, any Shareholder or their associates who have a material interest in the transactions shall abstain from voting at the EGM on the resolution approving the Equity Transfer Agreement I, the Equity and Debt Transfer Agreement II and the Acquisitions. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, apart from CRC and its associates, no other Shareholder is required to abstain from voting on the resolution approving the Equity Transfer Agreement I, the Equity and Debt Transfer Agreement II and the Acquisitions at the EGM.

DESPATCH OF CIRCULAR

A circular containing, among other things, (i) further details of the Equity Transfer Agreement I, the Equity and Debt Transfer Agreement II and the Acquisitions; (ii) a letter from the Independent Board Committee to the Independent Shareholders regarding the Equity Transfer Agreement I, the Equity and Debt Transfer Agreement II and the Acquisitions and its voting recommendations; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and Independent Shareholders regarding the Equity Transfer Agreement I, the Equity and Debt Transfer Agreement II and the Acquisitions and its voting recommendations; (iv) financial information of the Group, Liaoning CR Healthcare Group, Shenzhen CR Healthcare and JE Subject Group; and (v) a notice of the EGM will be despatched by the Company as required by the Listing Rules where practicable. The circular is expected to be despatched to the Shareholders on or before April 28, 2023 as it is expected that more than 15 Hong Kong Business Days will be required for the preparation and finalization of certain information to be contained in the circular (pursuant to Rules 14.60(7) and 14A.68(11) of the Listing Rules).

As completion of the LH Equity Acquisition contemplated under the Equity Transfer Agreement I and the JE Equity and Debt Acquisition contemplated under the Equity and Debt Transfer Agreement II is conditional upon the fulfilment or waiver (as applicable) of certain conditions precedent, the Acquisitions may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“Acquisitions”	the LH Equity Acquisition and the JE Equity and Debt Acquisition
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Basis Date”	December 31, 2022
“Board”	the board of Directors
“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)
“company registration authority(ies)”	(whichever is applicable) the Administration for Market Regulation of the place of registration of the LH Subjects or the JE Subject or its designated organization responsible for the registration matters of the LH Subjects or the JE Subject
“Completion”	(whichever is applicable) the transfer of the LH Subject Equity held by LR Management to CR Hospital Investment under the terms of the Equity Transfer Agreement I and the settlement of the LH Equity Transfer Consideration by CR Hospital Investment in RMB in cash, or the transfer of the JE Subject Equity and JE Subject Debts held by CR Technology to CR Hospital Investment under the terms of the Equity and Debt Transfer Agreement II and the settlement of the JE Equity Transfer Consideration and JE Debt Transfer Consideration by CR Hospital Investment in RMB in cash
“Completion Date”	(whichever is applicable) the date when the company registration authority has completed the change in registration for the transfer of the LH Subject Equity under the Equity Transfer Agreement I, or the date when the company registration authority has completed the change in registration for the transfer of the JE Subject Equity under the Equity and Debt Transfer Agreement II
“connected person(s)”	has the meaning ascribed to it under the Listing Rules

“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“CR Healthcare”	China Resources Healthcare Group Limited, a company incorporated in Hong Kong with limited liability
“CR Healthcare Group”	CR Healthcare and its subsidiaries
“CR Holdings”	China Resources (Holdings) Company Limited, a company incorporated in Hong Kong with limited liability, which is a wholly owned subsidiary of CRC and the indirect holding company of CR Healthcare
“CR Hospital Investment”	China Resources Hospital Investment (China) Co., Ltd.* (華潤醫院投資(中國)有限公司), a company established in the PRC with limited liability and a wholly owned subsidiary of the Company
“CR Technology”	China Resources Healthcare Technology Development (China) Co., Ltd.* (華潤健康科技產業發展(中國)有限公司), a company established in the PRC with limited liability and a wholly owned subsidiary of CR Healthcare
“CRC”	China Resources Company Limited, a company established in the PRC with limited liability
“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 Equity Transfer Agreement I, the Equity and Debt Transfer Agreement II and the Acquisitions
“Entrusted Loan Agreements”	the Corporate Entrusted Loan and Borrowing Contract (2021) entered into among a related company of CR Technology, Jiangxi Runrui Health Industry Co., Ltd.* (江西潤瑞健康產業有限公司) (client), Industrial and Commercial Bank of China Limited, Gaoan Sub-branch (fiduciary) and Ruizhou Hospital (borrower) on April 19, 2022 for a loan amount of RMB80,000,000; and the Corporate Entrusted Loan and Borrowing Contract (2022) entered into among a related company of CR Technology, Jiangxi Runrui Health Industry Co., Ltd. (client), Industrial and Commercial Bank of China Limited, Gaoan Sub-branch (fiduciary) and Ruizhou Hospital (borrower) on November 28, 2022 for a loan amount of RMB40,000,000

“Equity Transfer Agreement I”	the equity transfer agreement entered into between CR Hospital Investment and LR Management regarding the LH Equity Acquisition on February 22, 2023
“Equity and Debt Transfer Agreement II”	the equity and debt transfer agreement entered into between CR Hospital Investment and CR Technology regarding the JE Equity and Debt Acquisition on February 22, 2023
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong Business Day(s)”	any day on which commercial banks are open for business in Hong Kong (other than Saturday or Sunday)
“Independent Board Committee”	the independent board committee of the Company comprising Mr. WU Ting Yuk, Anthony, Mr. KWONG Kwok Kong and Mr. LEE Kar Chung Felix, all being the independent non-executive Directors
“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 Equity Transfer Agreement I, the Equity and Debt Transfer Agreement II and the Acquisitions
“Independent Shareholders”	Shareholders other than CRC and its associates, persons who are materially interested, interested or participate in the Equity Transfer Agreement I, the Equity and Debt Transfer Agreement II and the Acquisitions, and any of their respective associates
“Independent Valuer”	Jones Lang LaSalle Corporate Appraisal and Advisory Limited, a qualified independent valuer in Hong Kong

“JE Debt Acquisition”	the transaction in which CR Technology shall transfer the JE Subject Debts it held to CR Hospital Investment subject to the terms and conditions of the Equity and Debt Transfer Agreement II, and CR Hospital Investment shall acquire the JE Subject Debts to be transferred by CR Technology subject to the terms and conditions of the Equity and Debt Transfer Agreement II
“JE Debt Transfer Consideration”	the consideration for transferring the JE Subject Debts under the Equity and Debt Transfer Agreement II
“JE Equity Acquisition”	the transaction in which CR Technology shall transfer the JE Subject Equity it held to CR Hospital Investment subject to the terms and conditions of the Equity and Debt Transfer Agreement II, and CR Hospital Investment shall acquire the JE Subject Equity to be transferred by CR Technology subject to the terms and conditions of the Equity and Debt Transfer Agreement II
“JE Equity and Debt Acquisition”	JE Equity Acquisition and JE Debt Acquisition
“JE Equity Transfer Consideration”	the consideration for transferring the JE Subject Equity under the Equity and Debt Transfer Agreement II
“JE Group Company”	Jiangxi Energy Group Co., Ltd.* (江西省能源集團有限公司), a company established in the PRC with limited liability, holds 20% equity interests in the JE Subject as at the date of this announcement
“JE Member Medical Institution(s)”	medical institution(s) under the JE Subject and their respective subordinate organizations
“JE Special Audit for the Transitional Period”	the special audit to be performed on the profits and losses of the JE Subject for the Transitional Period by a qualified accounting firm engaged by the JE Subject
“JE Subject”	CR Healthcare (Jiangxi) Co., Ltd.* (華潤健康(江西)有限公司), a company incorporated in the PRC with limited liability
“JE Subject Debts”	debts (including principal balances and interests) owed by the JE Subject to CR Technology to be acquired by CR Hospital Investment pursuant to the Equity and Debt Transfer Agreement II
“JE Subject Equity”	80% equity interests in the JE Subject held by CR Technology

“JE Subject Group”	JE Subject, its subsidiaries from time to time and JE Member Medical Institutions
“Liaoning CR Healthcare”	China Resources Healthcare (Liaoning) Group Co., Ltd.* (華潤健康(遼寧)集團有限公司), a company established in the PRC with limited liability
“Liaoning CR Healthcare Group”	Liaoning CR Healthcare, its subsidiaries from time to time and LH Member Institutions
“Liaoning Health Industry”	Liaoning Health Industry Group Co., Ltd.* (遼寧省健康產業集團有限公司), a company established in the PRC with limited liability
“Liaoning Port Company”	Liaoning Port Medical Management (Liaoning) Co., Ltd.* (遼港醫療管理(遼寧)有限責任公司), a company established in the PRC with limited liability
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“LH Equity Acquisition”	the transaction in which LR Management shall transfer the LH Subject Equity it held to CR Hospital Investment subject to the terms and conditions of the Equity Transfer Agreement I, and CR Hospital Investment shall acquire the LH Subject Equity to be transferred by LR Management subject to the terms and conditions of the Equity Transfer Agreement I
“LH Equity Transfer Consideration”	the consideration for transferring the LH Subject Equity under the Equity Transfer Agreement I
“LH Member Institution(s)”	institution(s) under Liaoning Health Industry and their respective subordinate organizations
“LH Special Audit for the Transitional Period”	the special audit to be performed on the profits and losses of the LH Subjects for the Transitional Period by a qualified accounting firm engaged by Liaoning CR Healthcare
“LH Subjects”	Liaoning CR Healthcare and Shenzhen CR Healthcare
“LH Subject Equity”	76.10% equity interests in Liaoning CR Healthcare and 100% equity interests in Shenzhen CR Healthcare held by LR Management

“Loan Agreements”	the loan agreement entered into between CR Technology and the JE Subject on December 12, 2019, with a loan amount of RMB530,540,300; its supplemental agreement signed on June 3, 2020; its supplemental agreement II signed on May 14, 2021; and the shareholder loan agreement entered into between CR Technology and the JE Subject in May 2021, with a loan amount of RMB50,000,000
“LR Management”	LR Management Company Limited, a company established in Hong Kong with limited liability
“Mainland Business Day(s)”	any day other than Saturday, Sunday and national statutory holidays or other dates on which commercial banks are close for business in the PRC
“material adverse impact” or “material adverse change”	happening or non-happening of any matters, circumstances or events, whether by itself or together with the happening or non-happening of other matters, circumstances or events, which (i) has or is reasonably expected to have a substantial adverse impact on the businesses, operations, development, assets, properties, qualifications, prospects, financial conditions or operational results of Shenzhen CR Healthcare and Liaoning CR Healthcare Group (or the JE Subject and the JE Member Medical Institutions, as applicable) as a whole, and such substantial adverse impact will make the net assets of LH Subjects (or the JE Subject, as applicable) decrease by 5% or more than those set out in the audit report issued by Ernst & Young Hua Ming LLP. for the prior year; or (ii) has or is reasonably expected to have a substantial adverse impact on the ability of LR Management to perform its obligations under the Equity Transfer Agreement I (or of CR Technology to perform its obligations under the Equity and Debt Transfer Agreement II, as applicable)
“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
“SFC”	the Securities and Futures Commission of Hong Kong
“Share(s)”	ordinary share(s) in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)

“Shenzhen CR Healthcare”	Shenzhen China Resources Healthcare Industry Investment Co., Ltd.* (深圳華潤健康產業投資有限公司), a company established in the PRC with limited liability
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transitional Period”	the period from June 30, 2022 (day exclusive) up to and including the Completion Date
“%”	percent

* *Denotes English translation of the name of a Chinese entity and is provided for identification purposes only.*

By order of the Board
China Resources Medical Holdings Company Limited
SONG Qing
Chairman

Shenzhen, February 22, 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.