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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 PHARMACEUTICALS, MEDICAL DEVICES AND
MEDICAL CONSUMABLES FRAMEWORK AGREEMENT**

(2) CR BANK STRATEGIC COOPERATION AGREEMENT

(3) CR TRUST STRATEGIC COOPERATION AGREEMENT

AND

(4) CR LEASING FINANCE LEASE COOPERATION AGREEMENT

Reference is made to (1) the announcement dated October 5, 2016, the circular dated October 7, 2016 and the announcement dated October 31, 2016 of the Company in relation to, among other things, the entering into of the 2016 CRH PMM Framework Agreement; (2) the announcement of the Company dated July 21, 2017 in relation to the entering of the 2017 CRH PMM Framework Agreement to replace the original agreement, the 2017 CR Bank Strategic Cooperation Agreement and the 2017 CR Trust Strategic Cooperation Agreement; and (3) the announcement of the Company dated June 21, 2018 in relation to, among other things, the entering into of the 2018 CR Leasing Finance Lease Cooperation Agreement. As the aforesaid agreements in (2) & (3) shall expire on December 31, 2019, the Company has entered into the new arrangements whereby the annual caps are also renewed under the New CCT Agreements.

LISTING RULES IMPLICATIONS FOR THE NEW CCT AGREEMENTS

At the date of this announcement, CRC is the holding company of CRH, a controlling shareholder of the Company, and owns approximately 75.33% and 51% interests in CR Bank and CR Trust, respectively, and CRH and CR Pharm (its subsidiary) indirectly and respectively hold 60% and 40% interests in CR Leasing. 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 set out in Rule 14.07 of the Listing Rules in respect of the annual caps under the CR Leasing Finance Lease Cooperation Agreement exceed 0.1% but are less than 5%, the transactions contemplated thereunder are only subject to reporting, announcement and annual review requirements but are exempted from the independent shareholders' approval requirement 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 CRH PMM Framework Agreement, CR Bank Strategic Cooperation Agreement and CR Trust Strategic Cooperation Agreement (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) exceeds 5%, the transactions contemplated under the abovementioned three 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 CRH PMM Framework Agreement, CR Bank Strategic Cooperation Agreement and CR Trust Strategic Cooperation Agreement 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 CRH PMM Framework Agreement, CR Bank Strategic Cooperation Agreement and CR Trust Strategic Cooperation Agreement 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 CRH PMM Framework Agreement, CR Bank Strategic Cooperation Agreement and CR Trust Strategic Cooperation Agreement and the corresponding annual caps.

Gram 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 CRH PMM Framework Agreement, CR Bank Strategic Cooperation Agreement and CR Trust Strategic Cooperation Agreement and the corresponding annual caps.

As at the date of this announcement, CRH is a controlling shareholder of the Company, and has material interest in the CRH PMM Framework Agreement, CR Bank Strategic Cooperation Agreement and CR Trust Strategic Cooperation Agreement. As such, CRH and its associates shall abstain from voting on the ordinary resolution(s) approving the transactions contemplated under the CRH PMM Framework Agreement, CR Bank Strategic Cooperation Agreement and CR Trust Strategic Cooperation Agreement 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 CRH PMM Framework Agreement, CR Bank Strategic Cooperation Agreement and CR Trust Strategic Cooperation Agreement 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 Gram 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 6, 2019.

Reference is made to (1) the announcement dated October 5, 2016, the circular dated October 7, 2016 and the announcement dated October 31, 2016 of the Company in relation to, among other things, the entering into of the 2016 CRH PMM Framework Agreement; (2) the announcement of the Company dated July 21, 2017 in relation to, the entering into of the 2017 CRH PMM Framework Agreement to replace the original agreement, the 2017 CR Bank Strategic Cooperation Agreement and the 2017 CR Trust Strategic Cooperation Agreement; and (3) the announcement of the Company dated June 21, 2018 in relation to, among other things, the entering into of 2018 CR Leasing Finance Lease Cooperation Agreement. As the aforesaid agreements in the (2) & (3) shall expire on December 31, 2019, the Company has entered into the new arrangements whereby the annual caps are also renewed under the New CCT Agreements.

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

(1) CRH PMM FRAMEWORK AGREEMENT

Date : November 7, 2019
Parties : CRH and the Company
Term : From January 1, 2020 to December 31, 2022

Pursuant to the CRH PMM Framework Agreement, CRH may, through its subsidiaries, 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 CRH or its subsidiaries from time to time and CRH or its subsidiaries may sell the products to the Group and the Sponsored Hospitals at a price in accordance with the agreed pricing policy. 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 PMM Item purchase

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 arm's length negotiation between the parties and with reference to the then prevailing market price as evidenced by the invoices provided by CRH or its subsidiaries for their supply of the relevant product to no less than three hospitals of similar grade.

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 centralised tendering process.

The centralised 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 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, 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 CRH or its subsidiaries is also subject to such centralised tendering system in the PRC and, CRH 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 above-mentioned centralised tendering process and commercial negotiation, CRH or its subsidiaries 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 CRH or its subsidiaries to the Group and the Sponsored Hospitals are 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, 2019 and also the historical transaction amounts for the two years ended December 31, 2018 and the nine months ended September 30, 2019 under the 2017 CRH PMM Framework Agreement:

	Financial year ended December 31, 2017 <i>(RMB million)</i>	Financial year ended December 31, 2018 <i>(RMB million)</i>	Financial year ending December 31, 2019 <i>(RMB million)</i>
Annual caps	<u>970.0</u>	<u>1,500.0</u>	<u>1,710.0</u>
	Financial year ended December 31, 2017 <i>(RMB million)</i>	Financial year ended December 31, 2018 <i>(RMB million)</i>	Nine months ended September 30, 2019 <i>(RMB million)</i>
Historical transaction amounts	<u>566.1</u>	<u>489.6</u>	<u>309.2</u>

The table above sets out the annual caps for the three financial years ending December 31, 2019, which were approved at the extraordinary general meeting of the Company on September 4, 2017.

As at the date of this announcement, the corresponding annual cap for the year ending December 31, 2019 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, 2022.

	Financial year ending December 31, 2020 <i>(RMB million)</i>	Financial year ending December 31, 2021 <i>(RMB million)</i>	Financial year ending December 31, 2022 <i>(RMB million)</i>
Annual Caps	<u>1,000.0</u>	<u>1,140.0</u>	<u>1,400.0</u>

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 CRH (or its subsidiaries) when compared with the amounts of year 2017 and 2018 which was principally attributable to:
 - a. increase of inpatient and outpatient visit of hospitals managed by the Group as follows:
 - The compound annual growth rate of approximately 1.2% of inpatient visit of hospitals managed by the Group for the two financial years ended December 31, 2018, and further growth is expected;
 - The compound annual growth rate of approximately 2.9% of outpatient visit of hospitals managed by the Group for the three financial years ended December 31, 2018, and further growth is expected;
 - b. It is expected that the Group's hospital network (including for-profit hospitals and Sponsored Hospitals) will further expand which shall drive demand for PPM items within the network;
 - c. the expected increase in purchase of medical devices and medical consumables from CRH due to further integration and centralized management of the Group's supply chain;
 - d. a buffer of approximately 5% to 10% per year for the three financial years ending December 31, 2022 to accommodate the possible expansion of the Group's hospital network and the unforeseeable circumstances (including future price inflation increase).

(2) CR BANK STRATEGIC COOPERATION AGREEMENT

Date : November 7, 2019

Parties : CR Bank and the Company

Terms : From January 1, 2020 to December 31, 2022

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) the provision of letters of credit, guarantee, loans with collaterals, bill of exchange and discount services, assignment of receivables, RMB and foreign exchange settlement, entrusted loans and collaterals, financial and 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 will bear the same interest and will be on the same terms and conditions as would apply to similar deposits made by other independent customers of CR Bank, which rates are determined with reference to the rates published by the People's Bank of China ("PBOC") or such other preferred rates in the market.

The fees and charges for other financial services and products provided by CR Bank will be determined by arm's length negotiations between the parties and based on normal commercial terms, and shall not be higher than the rates published by CR Bank that are applicable to its independent customers.

The table below sets out the historical annual caps for the three financial years ending December 31, 2019 and also the historical transaction amounts for the two years ended December 31, 2018 and the nine months ended September 30, 2019 under the 2017 CR Bank Strategic Cooperation Agreement:

Annual caps	Financial year ended December 31, 2017 (RMB million)	Financial year ended December 31, 2018 (RMB million)	Financial year ending December 31, 2019 (RMB million)
Maximum daily deposit amount placed with CR Bank (inclusive of interest receivable) ^(Note)	300.0	300.0	300.0
Maximum daily principal amount and interest in relation to financial products to be provided by CR Bank ^(Note)	200.0	200.0	200.0
Maximum service fees and commissions for other financial products and services to be provided by CR Bank	<u>3.0</u>	<u>3.0</u>	<u>3.0</u>

Historical transaction amounts	Financial year ended December 31, 2017 (RMB million)	Financial year ended December 31, 2018 (RMB million)	Nine months ended September 30, 2019 (RMB million)
Maximum daily deposit amount placed with CR Bank (inclusive of interest receivable) ^(Note)	100.5	204.3	234.5
Maximum daily principal amount and interest in relation to financial products to be provided by CR Bank ^(Note)	183.1	200.0	130.0
Maximum service fees and commissions for other financial products and services to be provided by CR Bank	<u>—</u>	<u>—</u>	<u>—</u>

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.

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 exempted 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.

(3) CR TRUST STRATEGIC COOPERATION AGREEMENT

Date : November 7, 2019

Parties : CR Trust and the Company

Terms : From January 1, 2020 to December 31, 2022

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, custodian trust loan services, assignment of receivables, advisory services in relation to redemptory monetary capital for sale, and other financial or trust services and products as agreed by the parties.

Pricing basis

The services and products will be provided by CR Trust on normal commercial terms which apply to its other independent customers.

Historical annual caps and transaction amounts

The historical annual caps of each of the three financial years ending December 31, 2019 are:

- (1) maximum daily principal and interest — RMB100 million; and
- (2) the corresponding service fees and commissions — RMB3 million.

The Group and the Sponsored Hospitals had not used other services or products of CR Trust.

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

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

	For the years ended December 31,		
	2020	2021	2022
	<i>(RMB</i>	<i>(RMB</i>	<i>(RMB</i>
	<i>million)</i>	<i>million)</i>	<i>million)</i>
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	<u>8.0</u>	<u>8.0</u>	<u>8.0</u>

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 deposit with CR Bank as a part of the Company's plan to improve its cash management and diversify its investment risk 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 provided by CR Bank and CR Trust and (2) annual caps for service fees and commissions for other financial products and services 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 from 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 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 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 depends 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.

(4) CR LEASING FINANCE LEASE COOPERATION AGREEMENT

Date : November 7, 2019
Parties : CR Leasing and the Company
Terms : From January 1, 2020 to December 31, 2022

Scope of services

The Group may use general finance lease services (“Finance Lease Services”), factoring services and related consultancy services (“Other Financial Services”) provided by CR Leasing.

Pricing basis

The commission and/or services fees to be paid by the Company to CR Leasing in relation to the Finance Lease Services and Other Financial Services to be provided under the CR Leasing Finance Lease Cooperation Agreement will be determined at following arm’s length negotiation between the parties with reference to the prevailing market prices for comparable services, after taking into account various factors, such as finance costs and normal market rate. Such commission and/or services fees shall not be less favourable than those offered for other independent customers by CR Leasing.

Historical annual caps and transaction amounts

The table below sets out the historical annual caps for the two financial years ending December 31, 2019 and also the historical transaction amounts for the year ended December 31, 2018 and the nine months ended September 30, 2019 under the 2018 CR Leasing Finance Lease Cooperation Agreement:

Annual caps	Financial year ended December 31, 2018 (RMB million)	Financial year ending December 31, 2019 (RMB million)
The maximum aggregate amount of the Finance Lease Services	100.0	200.0
Maximum commission and/or service fees in relation to Finance Lease Services	8.0	13.0
Maximum commission and/or service fees for Other Financial Services	<u>27.0</u>	<u>28.0</u>

Historical transaction amounts	Financial year ended December 31, 2018 (RMB million)	Nine months ended September 30, 2019 (RMB million)
The maximum aggregate amount of the Finance Lease Services	6.0	5.3
Maximum commission and/or service fees in relation to Finance Lease Services	0.1	—
Maximum commission and/or service fees for Other Financial Services	<u>—</u>	<u>—</u>

Annual caps and basis of determination

The proposed annual caps for (a) the maximum aggregate amount of the Finance Lease Services plus relevant commission and/or service fees; and (b) commission and/or services fee for Other Financial Services payable by the Company to CR Leasing during the term of the CR Leasing Finance Lease Cooperation Agreement are as follows:

	Financial year ending December 31, 2020 (RMB million)	Financial year ending December 31, 2021 (RMB million)	Financial year ending December 31, 2022 (RMB million)
The maximum aggregate amount of the Finance Lease Services	200.0	200.0	200.0
Maximum commission and/or service fees in relation to Finance Lease Services	13.0	13.0	13.0
Maximum commission and/or service fees for Other Financial Services	<u>28.0</u>	<u>28.0</u>	<u>28.0</u>

The above proposed annual caps are determined taking into account, among other things, (a) the amounts of historical transactions between the Group and CR Leasing; (b) the anticipated need for the Finance Lease Services and Other Financial Services to be provided under the CR Leasing Finance Lease Cooperation Agreement; and (c) the anticipated growth of the businesses of the Group.

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 CRH, 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. CRH 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 negotiation 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 the second largest pharmaceutical distributor 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 Company 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 negotiation. CRH and its subsidiaries are required to comply with such selection process before becoming one of the suppliers of the Group and the Sponsored Hospitals.

The execution of the CRH PMM Framework Agreement is beneficial to both CRH and the Group and the Sponsored Hospitals. On the one hand, dealing with reputable customers like the Group and the Sponsored Hospitals can enhance CRH'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 CRH.

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 Gram 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 and other financial services and products provided by CR Bank and/or CR Trust. The Board is of the view that the Group will retain the flexibility and discretion in selecting CR Bank, CR Trust, and/or other independent financial institutions or commercial banks taking into consideration its business needs and the fees and quality of services and products 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 Gram 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.

About CR Leasing Finance Lease Cooperation Agreement

The entering into of the CR Leasing Finance Lease 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 CR Leasing Finance Lease Cooperation Agreement, the Group is not required to exclusively use the Finance Lease Services and Other Financial Services provided by CR Leasing. The Board is of the view that the Group will retain the flexibility and discretion in selecting CR Leasing and/or other independent financial institutions or commercial banks taking into consideration its business needs and the fees and quality of services offered.

All Directors (including the independent non-executive Directors) consider that the CR Leasing Finance Lease Cooperation 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.

INFORMATION ON 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 hospital services, hospital management services and the GPO business in the PRC.

CRC and CRH

CRH is a diversified conglomerate in the Greater China, which is one of the key and large scale state-owned enterprises under the administration of the State-owned Assets Supervision and Administration Commission of the State Council in the PRC. CRC is the holding company of CRH.

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.

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.

CR Leasing

CR Leasing is principally engaged in financial leasing, leasing, factoring and other related consultancy and guarantee services and is headquartered in Shenzhen, Guangdong Province, the PRC.

Listing Rules implications for the New CCT Agreements

At the date of this announcement, CRC is the holding company of CRH, a controlling shareholder of the Company, and owns approximately 75.33% and 51% interests in CR Bank and CR Trust, respectively, and CRH and CR Pharm (its subsidiary) indirectly also respectively hold 60% and 40% interests in CR Leasing. 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 set out in Rule 14.07 of the Listing Rules in respect of the annual caps under the CR Leasing Finance Lease Cooperation Agreement exceed 0.1% but are less than 5%, the transactions contemplated thereunder

are only subject to reporting, announcement and annual review requirements but are exempted from the independent shareholders' approval requirements 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 CRH PMM Framework Agreement, CR Bank Strategic Cooperation Agreement and CR Trust Strategic Cooperation Agreement (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) exceeds 5%, the transactions contemplated under the abovementioned three 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.

GENERAL

No Directors are considered to have material interest in the New CCT Agreements. As part of good corporate governance measures, Mr. Song Qing, Mr. Cheng Libing and Ms. Ren Yuan, the executive Directors, and Mr. Wang Yan, 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 Company will convene the EGM for the Independent Shareholders to consider and, if thought fit, approve the transactions contemplated under the CRH PMM Framework Agreement, CR Bank Strategic Cooperation Agreement and CR Trust Strategic Cooperation Agreement 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 CRH PMM Framework Agreement, CR Bank Strategic Cooperation Agreement and CR Trust Strategic Cooperation Agreement 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 CRH PMM Framework Agreement, CR Bank Strategic Cooperation Agreement and CR Trust Strategic Cooperation Agreement and the corresponding annual caps. None of the members of the Independent Board Committee has any material interest in the New CCT Agreements.

Gram 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 CRH PMM Framework Agreement, CR Bank Strategic Cooperation Agreement and CR Trust Strategic Cooperation Agreement 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 material interest in the CRH PMM Framework Agreement, CR Bank Strategic Cooperation Agreement and CR Trust Strategic Cooperation Agreement. As such, CRH and its associates shall abstain from voting on the ordinary resolution(s) approving the transactions contemplated under the CRH PMM Framework Agreement, CR Bank Strategic Cooperation Agreement and CR Trust Strategic Cooperation Agreement 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 CRH PMM Framework Agreement, CR Bank Strategic Cooperation Agreement and CR Trust Strategic Cooperation Agreement 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 CRH PMM Framework Agreement, CR Bank Strategic Cooperation Agreement and CR Trust Strategic Cooperation Agreement 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 Gram 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 6, 2019, as additional time is required for preparing and finalising the content of the circular.

DEFINITIONS

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

“2016 CRH PMM Framework Agreement”	the pharmaceuticals, medical devices and medical consumables framework agreement entered into between the Company and CRH on October 5, 2016;
“2017 CR Bank Strategic Cooperation Agreement”	the strategic cooperation agreement entered into by CR Bank and the Company on July 21, 2017;
“2017 CR Trust Strategic Cooperation Agreement”	the strategic cooperation agreement entered into by CR Trust and the Company on July 21, 2017;
“2017 CRH PMM Framework Agreement”	the pharmaceuticals, medical devices and medical consumables framework agreement entered into between the Company and CRH on July 21, 2017 which replaced the 2016 CRH PMM Framework Agreement;
“2018 CR Leasing Finance Lease Cooperation Agreement”	the finance lease cooperation agreement entered into between the Company and CR Leasing on June 21, 2018;
“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 given to it under the Listing Rules;

“CR Bank”	China Resources Bank of Zhuhai Co., Ltd.* (珠海華潤銀行股份有限公司), a municipal commercial bank headquartered in Zhuhai, in which CRC holds approximately a 75.33% equity interest 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 7, 2019;
“CR Healthcare”	China Resources Healthcare Group Limited, a company incorporated in Hong Kong with limited liability, a wholly-owned subsidiary of CRH and the single largest shareholder of the Company at the date of this announcement;
“CR Leasing”	China Resources Leasing Company Limited* (華潤租賃有限公司), a company incorporated in the PRC, in which CRH and CR Pharm respectively hold 60% and 40% indirect interest as at the date of this announcement;
“CR Leasing Finance Lease Cooperation Agreement”	the finance lease cooperation agreement entered into between the Company and CR Leasing on November 7, 2019;
“CR Pharm”	China Resources Pharmaceutical Group Limited, a company incorporated in Hong Kong with limited liability and the shares of which are listed on the Stock Exchange (stock code: 3320). It is an indirect subsidiary of CRH;
“CR Trust”	China Resources SZITIC Trust Co., Ltd. (華潤深國投信託有限公司), in which CRC holds a 51% equity interest 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 7, 2019;
“CRC”	China Resources Inc., a joint stock limited liability company incorporated in the PRC;
“CRC Group”	CRC, CRH and their respective subsidiaries;
“CRH”	China Resources (Holdings) Company Limited, a company incorporated in Hong Kong with limited liability and the intermediate holding company of the CRC Group in Hong Kong, holding all the CRC Group’s material interests apart from its banking and trust activities;

“CRH PMM Framework Agreement”	the pharmaceuticals, medical devices and medical consumables framework agreement entered into between the Company and CRH on November 7, 2019;
“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 CRH PMM Framework Agreement, CR Bank Strategic Cooperation Agreement and CR Trust Strategic Cooperation Agreement 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 CRH PMM Framework Agreement, CR Bank Strategic Cooperation Agreement and CR Trust Strategic Cooperation Agreement 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 CRH PMM Framework Agreement, CR Bank Strategic Cooperation Agreement and CR Trust Strategic Cooperation Agreement and the corresponding annual caps;
“Independent Financial Adviser” or “Gram Capital”	Gram Capital Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity 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 CRH PMM Framework Agreement, CR Bank Strategic Cooperation Agreement and CR Trust Strategic Cooperation Agreement 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 of Hong Kong Limited;
“New CCT Agreements”	collectively, the CRH PMM Framework Agreement, CR Bank Strategic Cooperation Agreement, CR Trust Strategic Cooperation Agreement and CR Leasing Finance Lease Cooperation Agreement;
“PMM Items”	pharmaceuticals, medical device and medical consumables;
“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; and
“subsidiary”	has the meaning given to it under the Listing Rules.

* *For identification purpose only*

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

Beijing, November 7, 2019

As at the date of this announcement, the Board comprises Mr. WU Ting Yuk, Anthony, Mr. KWONG Kwok Kong, Ms. CHIU Kam Hing Kathy and Mr. LEE Kar Chung Felix as independent non-executive Directors; Mr. WANG Yan as the non-executive Director; Mr. SONG Qing, Mr. CHENG Libing, Ms. REN Yuan and Ms. FU Yanjun as executive Directors.