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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)

VOLUNTARY ANNOUNCEMENT FORMATION OF A JOINT VENTURE AND PARTICIPATION IN A HOSPITAL REFORMATION PROJECT

The Board is pleased to announce that on December 3, 2019, CR Hospital Holdings, a wholly-owned subsidiary of the Company, entered into the Joint Venture Agreement with CNHTC, pursuant to which CR Hospital Holdings and CNHTC will establish the Joint Venture. Upon its formation, the Joint Venture will be held as to 75% by CR Hospital Holdings and 25% by CNHTC, and the Group will participate in a hospital reformation project through the Joint Venture.

SALIENT ARRANGEMENTS OF THE JOINT VENTURE AGREEMENT

Under the Joint Venture Agreement, the Joint Venture will be held as to 75% by CR Hospital Holdings and 25% by CNHTC, and will become a subsidiary of the Group. The contribution from CNHTC will be in the form of Hospital-Related Assets held by it, including medical equipment, land use right in respect of the old hospital zone and buildings of the Target Hospital, whilst the contribution from CR Hospital Holdings will be in the form of cash of RMB254,235,300 which was determined based on the value of the Hospital-Related Assets appraised by an independent valuer. Shareholders of the Joint Venture will have a right of first refusal in respect of any remaining equity interests.

INFORMATION OF THE TARGET HOSPITAL AND THE JOINT VENTURE

The Target Hospital is a Grade IIA general hospital located in Jinan City, Shandong Province. A total of 450 beds will be made available when both the new and old hospital zones of the Target Hospital become fully operational in future. The new hospital zone was launched at the beginning of 2018. Apart from providing medical services to the employees of CNHTC and their families, the hospital is currently open to residents in the neighboring regions. The total number of annual in-patient visits of the Target Hospital based on discharges exceeded 6,000 and its total number of annual out-patient visits exceeded 450,000. The Target Hospital has its core strengths in cardiology, and with vascular surgery, Chinese medicine and rehabilitation as its other key disciplines. The Joint Venture is established with an intention to facilitate the reformation of the Target Hospital.

INFORMATION OF CNHTC

Established in 1956, CNHTC is an entity under the State-Owned Assets Supervision and Administration Commission of Jinan City and is one of the largest manufacturers of heavy-duty vehicles in the PRC. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, CNHTC and its ultimate beneficial owners are independent third parties.

REASONS FOR AND BENEFITS OF ENTERING INTO THE JOINT VENTURE AGREEMENT

The Group is principally engaged in the provision of general hospital services, hospital management services and GPO (Group Purchasing Organization) business in the PRC, with its headquarters located in Beijing.

The Joint Venture arrangement represents a key milestone of the Parties in the furtherance of the reform of state-owned enterprises' non-core assets initiatives guided by various PRC ministries. While it will contribute to the segregation of core and non-core businesses of CNHTC, the cooperation will also add to the Group's ongoing efforts in developing its healthcare business and solidifying the expansion of its medical services in Shandong region and footprints in provincial capitals. The Joint Venture arrangement will channel funding, medical and management resources of the Group to the Target Hospital, which will contribute to maintaining a stable staff team and asset appreciation favorable to the sustainable development of the Target Hospital as a whole. Further, the Target Hospital will explore the possibility of the comprehensive reformation of its business model, which will set a precedent for other state-owned enterprises in implementing their respective non-core business/assets reforms.

LISTING RULES IMPLICATIONS

This announcement is voluntarily made by the Company. Since all the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Joint Venture Agreement and the formation of the Joint Venture are less than 5%, the Joint Venture Agreement and the formation of the Joint Venture do not constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors of the Company;
“CNHTC”	China National Heavy Duty Truck Group Co., Ltd.* (中國重型汽車集團有限公司), a company established in the PRC with limited liability, details of which are set out in the section headed “INFORMATION OF CNHTC” in this announcement;
“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 (stock code: 1515);
“CR Hospital Holdings”	China Resources Hospital Holdings Company Limited* (華潤醫院控股有限公司), a company established in the PRC with limited liability, a wholly-owned subsidiary of the Company and one of the major platform of investment and operation in the medical care sector;
“Director(s)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hospital-Related Assets”	the related assets of the Target Hospital, including medical equipment, land use right in respect of the old hospital zone and buildings of the Target Hospital, to be contributed from CNHTC under the Joint Venture Agreement as its in-specie contribution for the formation of the Joint Venture;
“Joint Venture”	has the meaning ascribed to it under the Joint Venture Agreement;

“Joint Venture Agreement”	the agreement on the formation of the Joint Venture entered into by and between the Parties on December 3, 2019, details of which are set out in the section headed “SALIENT ARRANGEMENTS OF THE JOINT VENTURE AGREEMENT” in this announcement;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Parties”	the parties to the Joint Venture Agreement, namely CR Hospital Holdings and CNHTC;
“PRC”	the People’s Republic of China which, for the purpose of this announcement only, excludes the Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC and Taiwan;
“RMB”	Renminbi, the lawful currency of the PRC;
“Share(s)”	ordinary shares of HK\$0.00025 each in the share capital of the Company;
“Shareholder(s)”	the shareholder(s) of the Company;
“Target Hospital”	CNHTC Hospital, details of which are set out in the section headed “INFORMATION OF THE TARGET HOSPITAL AND THE JOINT VENTURE” in this announcement; and
“%”	per cent.

* *For identification purpose only*

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

Beijing, December 4, 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.