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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)

CONNECTED TRANSACTION PROPERTY MANAGEMENT SERVICE ARRANGEMENTS TO WUGANG HOSPITAL

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The Board announces that on November 17, 2021, Wugang Hospital under the Group and Runjia Property Service (a wholly-owned subsidiary of CR Mixc) (as service provider) entered into the Property Services Agreement, pursuant to which the latter shall provide property management services, including cleaning, security and fire safety control, to Wugang Hospital for a term of one year at a fee of approximately RMB5.5 million (inclusive of value added tax).

LISTING RULES IMPLICATIONS

As at the date of this announcement, CR Holdings (a controlling shareholder of the Company) indirectly holds approximately 73.72% equity interests in CR Mixc (a company listed on the Stock Exchange, stock code: 1209). As such, Runjia Property Service, as a wholly-owned subsidiary of CR Mixc, is a connected person of the Company. Accordingly, the Property Services Agreement and the transaction contemplated thereunder constitute a connected transaction of the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the transaction amounts under the Property Services Agreement exceed 0.1% but all of them are less than 5%, such transaction is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement pursuant to Chapter 14A of the Listing Rules.

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Property Services Agreement

The major terms of the Property Services Agreement are set out as follows:

Date: November 17, 2021

Parties:

1. Wugang Hospital; and
2. Runjia Property Service (as service provider)

Scope of services:

Runjia Property Service shall provide property management services as required by Wugang Hospital, including cleaning service, security service and fire safety control, within the area of Wugang Hospital to help the hospital to keep the environment clean and maintain its orderly daily operations. The Property Services Agreement shall be effective retrospectively from October 23, 2021 and for a term of one year.

Service fees and payment arrangement:

Wugang Hospital shall pay a monthly service fee of approximately RMB455,000 to Runjia Property Service for the services as provided pursuant to the Property Services Agreement (i.e. approximately RMB5.5 million in total when calculated based on a service term of 12 months). Such service fees may be reduced correspondingly based on an internal evaluation mechanism.

The above service fees and payment method are determined through a tender and bidding process required by the Group after arm's length negotiation between the parties on normal commercial terms taking into account the following factors: (1) property type and area involved; (2) scope and standard of services provided; and (3) estimated costs of providing the services, market prices offered by third-party service providers for similar services and the similar fees paid by Wugang Hospital in the past.

Besides, the accumulated fees incurred from the provision of property management services by other subsidiaries of CR Holdings to the Group (including its medical institutions) for the 12 months up to the date of this announcement (which were conducted on normal commercial terms or better, and has included the property management services as provided by Runjia Property Service to Wugang Hospital since October 23, 2021) amounted to approximately RMB943,000.

REASONS FOR AND BENEFITS OF ENTERING INTO THE PROPERTY SERVICES AGREEMENT

In light of its daily operations, Wugang Hospital has to acquire property management services to keep the environment clean and maintain its orderly daily operations, in order to facilitate the business development of the hospital. Taking into account the expiry of the original property services agreement of Wugang Hospital, it is decided to select a professional and efficient service provider with controllable costs through the recognised tender and bidding process of the Group, and Runjia Property Service then won the bid. The Company and Wugang Hospital both believe that Runjia Property Service enjoys geographical advantage and is able to solve problems arising from its property management service in a timely manner, which can facilitate the efficient and orderly business operation of the hospital and effectively lower its transaction costs. Besides, Wugang Hospital has also taken into account the fact that the property management service providers under CR Mixc have always been capable of providing high quality property management services.

Taking into account the above factors, the Directors (including independent non-executive Directors) are of the view that the Property Services Agreement is entered into on normal commercial terms or better in the ordinary and usual course of business of the Group. The terms of the Property Services Agreement are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

None of the Directors is considered to have any material interest in the Property Services Agreement. As part of good corporate governance measures, Mr. SONG Qing, Mr. CHENG Libing and Ms. REN Yuan, the executive Directors, and Mr. SHAN Baojie, the non-executive Director, have abstained from voting on the relevant Board resolutions, as they serve as senior management in CR Holdings.

GENERAL INFORMATION

The Group and Wugang Hospital

Headquartered in Beijing, the Group is mainly engaged in the provision of general hospital services, hospital management services and group purchasing organisation business in the PRC. Wugang Hospital is a sponsored hospital under the Group. It is a grade 3A comprehensive hospital located in Qingshan District, Wuhan City, with over 1,000 beds.

CR Mixc and Runjia Property Service

CR Mixc is a company incorporated in the Cayman Islands with limited liability and its issued shares are listed on the Main Board of the Stock Exchange (stock code: 1209). As at the date of this announcement, approximately 73.72% of its issued shares are indirectly held by CR Holdings, which is in turn ultimately owned by China Resources Company Limited (a Chinese state-owned entity supervised by the State-owned Assets Supervision and Administration Commission of the State Council). CR Mixc is principally engaged in property management and commercial operational services in the PRC, covering residential property management and value-added services, as well as management and operational services for commercial property portfolio (including shopping malls and office buildings). Runjia Property Service is a wholly-owned subsidiary of CR Mixc and a company incorporated in the PRC with limited liability. It is principally engaged in the provision of property management services.

LISTING RULES IMPLICATIONS

As at the date of this announcement, CR Holdings (a controlling shareholder of the Company) indirectly holds approximately 73.72% equity interests in CR Mixc (a company listed on the Stock Exchange, stock code: 1209). As such, Runjia Property Service, as a wholly-owned subsidiary of CR Mixc, is a connected person of the Company. Accordingly, the Property Services Agreement and the transaction contemplated thereunder constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the transaction amounts under the Property Services Agreement exceed 0.1% but all of them are less than 5%, such transaction is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement pursuant to Chapter 14A 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;
“Company”	China Resources Medical Holdings Company Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 1515);
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“CR Holdings”	China Resources (Holdings) Company Limited, a company incorporated in Hong Kong with limited liability and an indirect controlling company of CR Mixc;
“CR Mixc”	China Resources Mixc Lifestyle Services 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: 1209);
“Director(s)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“PRC”	the People’s Republic of China;
“Property Services Agreement”	the property services agreement entered into between Wugang Hospital and Runjia Property Service on November 17, 2021. Please refer to the section headed “Property Services Agreement” of this announcement for details;
“RMB”	Renminbi, the lawful currency of the PRC;
“Runjia Property Service”	潤加物業服務(武漢)有限公司 (Runjia Property Service (Wuhan) Co. Ltd.*), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of CR Mixc;
“Share(s)”	ordinary share(s) of HK\$0.00025 each in the share capital of the Company;
“Shareholder(s)”	shareholder(s) of the Company; and

“Wugang Hospital” 華潤武鋼總醫院 (China Resources Wugang General Hospital*), a sponsored hospital under the Group. Please refer to the section headed “General Information — The Group and Wugang Hospital” of this announcement for details.

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

Beijing, November 17, 2021

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

* *For identification purpose only*