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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 TRANSACTIONS LEASE AGREEMENT AND DECORATION AGREEMENT**

### **CONNECTED TRANSACTIONS — OFFICE LEASE AND DECORATION ARRANGEMENTS**

The Board announces that, on May 23, 2019, CR Hospital Management (a wholly-owned subsidiary of the Company) as lessee and CR Land Hongjing Fengtai Branch (a branch company of a subsidiary of CR Land) as lessor entered into the Lease Agreement in relation to the lease of the Property located in Fengtai District, Beijing from the lessor as the Group's new office. On the same day, CR Hospital Management, CR Healthcare Technology (a wholly-owned subsidiary of CR Healthcare) and Beijing Uconia (a wholly-owned subsidiary of CR Land) entered into the Decoration Agreement, pursuant to which, Beijing Uconia shall provide decoration services to the respective new offices of the Group and CR Healthcare (together with its subsidiaries) in Beijing.

### **LISTING RULES IMPLICATIONS**

At the date of this announcement, CR Holdings (a controlling shareholder of the Company) indirectly holds 61.27% equity interests in CR Land (a company listed on the Stock Exchange, stock code: 1109). CR Land Hongjing Fengtai Branch (as a branch company of a subsidiary of CR Land) and Beijing Uconia (as a subsidiary of CR Land) therefore are connected persons of the Company, and each of the Lease Agreement and the Decoration Agreement constitutes a connected transaction 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 Lease Agreement and the Decoration Agreement is higher than 0.1% but less than 5%, the Lease Agreement and the Decoration Agreement are subject to the reporting and announcement requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

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#### **LEASE AGREEMENT**

The major terms of the Lease Agreement are as follows:

Date: May 23, 2019

Parties:

1. CR Hospital Management (as lessee)
2. CR Land Hongjing Fengtai Branch (as lessor, and a connected person of the Company as defined under the Listing Rules)

The Property: the 14th floor of China Resources Kunlun Center Office Building, No. 5, Courtyard No. 9, Fuyi Street, Fengtai District, Beijing, with a total leasable floor area of 2,225.38 sq. m. for use as the Group's office. Beijing Yalinxi owns the Property. It also engaged CR Land Hongjing Fengtai Branch to handle the lease of the Property and the signing of corresponding lease agreement(s) for the period from September 1, 2018 to August 31, 2033 pursuant to its letter of entrusted assets management.

Lease term: For a period of 60 months from June 1, 2019 to May 31, 2024, both dates inclusive.

**Rent:**

1. For the period from June 1, 2019 to May 31, 2022: a sum of RMB393,246.90 (including value-added tax calculated at 9% and excluding utility charges) shall be payable in cash on a monthly basis and seven days in advance of each month.
2. For the period from June 1, 2022 to May 31, 2024: a sum of RMB405,063.67 (including value-added tax calculated at 9% and excluding utility charges and property management fees) shall be payable in cash on a monthly basis and seven days in advance of each month.
3. The lessee shall pay a sum of RMB879,959.76 by way of cash, cheque or telegraphic transfer to the lessor as deposits within 7 days after entering into the Lease Agreement or before delivery of the Property, whichever is the earlier.
4. A total rent of approximately RMB23.88 million payable within the lease term under the Lease Agreement is expected to be funded by the internal resources of the Group.

The said rental under the Lease Agreement was determined after arm's length negotiation with reference to market prices and the Lease Agreement is on normal commercial terms or better. It is estimated that the Lease Agreement will be recognized as right-of-use assets amounting to approximately RMB19.53 million in the consolidated statement of financial position of the Group. The value is only based on the preliminary assessment of the information in relation to the Property available to the management of the Company. It has not been audited or reviewed by the Company's auditor, and is subject to adjustments.

**DECORATION AGREEMENT**

Date: May 23, 2019

Parties: CR Hospital Management and CR Healthcare Technology (as principal)

Beijing Uconia (as contractor, and a connected person of the Company as defined under the Listing Rules)

Scope of Work: Decoration for 14th floor and 15th floor of China Resources Kunlun Center, No. 5, Courtyard No. 9, Fuyi Street, Fengtai District, Beijing as the respective offices of the Group and of CR Healthcare and its subsidiaries, including but not limited to electrical works, drainage works and overall revamp of air conditioning systems and so forth.

Decoration fees: Decoration fees for the two floors amount to RMB14,000,000 (tax inclusive) in total and will be equally shared between CR Hospital Management and CR Healthcare Technology (which amounts to RMB7,000,000 for each party) for the reason that their respective offices are of the same size. Out of the said amount, RMB14,000,000 is a preliminary estimate (“**Original Amount of the Agreement**”), and the final settlement amount shall be determined in accordance with principles of measurement and pricing stipulated in the agreement, with reference to the <Engineering Project Pricing Basis & Budget Quota in Beijing City> and other corresponding documents on price charges. The Board agreed that the cap amount for decoration fees to be borne by CR Hospital Management should be RMB8,000,000. The Decoration Agreement is determined after arm’s length negotiation with reference to market prices and is on normal commercial terms or better. In particular, the price under the Decoration Agreement is no less favorable than prices available from any independent third parties to the Group.

The payment method of the decoration fees under the Decoration Agreement is determined in accordance with market practice. Details are set out as follows:

- (1) 30% of Original Amount of the Agreement shall be paid within 20 working days after the signing of the Decoration Agreement and the issuance of valid invoice by Beijing Uconia (the “**Advance Payments**”);
- (2) 85% of the fees for the decoration work completed within the relevant month shall be paid on monthly basis and the Advance Payments shall be deducted from the payment for the first two months with 50% for each. Up to 85% of the Original Amount of the Agreement shall have been paid in aggregate upon the passing of the acceptance inspection;
- (3) up to 97% of the settlement amount shall have been paid in aggregate upon the completion of the overall decoration works and the finalisation of the settlement amount; and
- (4) 3% of the settlement amount of the Decoration Agreement shall be retained as retention money, which shall be paid to Beijing Uconia upon expiry of warranty period, completion of rectifying all defects by Beijing Uconia, and the principal signing and recognizing the warranty works.

Meanwhile, CR Healthcare Technology has authorized CR Hospital Management to handle the matters under the Decoration Agreement on its behalf, including the selection of materials and giving instructions in relation to the construction works.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE LEASE AGREEMENT AND THE DECORATION AGREEMENT**

The Group is principally engaged in the provision of general hospital services, hospital management services and GPO business in the PRC, with its headquarters located in Beijing. The Property under the Lease Agreement shall be used as the Group's new office, and the Decoration Agreement was entered into in contemplation of the use of the Property. The Company considered that the Lease Agreement can maintain stable rental expenses of the Group in the long and medium term and provide greater stability for the Group regarding operating activities.

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

No Directors are considered to have material interest in the Lease Agreement and the Decoration Agreement. As part of good corporate governance measures, Mr. Songqing, Mr. Cheng Libing, Mr. Han Yuewei 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.

## **GENERAL INFORMATION**

### **The Group and CR Hospital Management**

The Group is principally engaged in the provision of general hospital services, hospital management services and GPO business in the PRC. CR Hospital Management is a wholly-owned subsidiary of the Company incorporated in the PRC and is principally engaged in the provision of consulting services in respect of hospital management, investment and corporate management.

### **CR Land, Beijing Yalinxi, CR Land Hongjing Fengtai Branch and Beijing Uconia**

CR Land is a subsidiary of CR Holdings. Its shares are listed on the Main Board of the Stock Exchange. CR Land is an investment holding company and is principally engaged in the sales of development properties. CR Land and its subsidiaries are principally engaged in the development of properties for sale, property investments and management, hotel operations and the provision of construction, decoration and other property development related services in the PRC. Beijing Yalinxi is a subsidiary of CR Land. It owns the Property and is mainly engaged in property development, property management, sales of properties and rental business. CR Land Hongjing Fengtai Branch is a branch of a subsidiary of CR Land, and has been engaged to handle the lease of the

Property and signing of corresponding lease agreement(s) for the period from September 1, 2018 to August 31, 2033 on behalf of Beijing Yalinxi pursuant to a letter of entrusted assets management issued by Beijing Yalinxi. It is principally engaged in property development, property management, sales of properties, and leasing of commercial properties and offices. Beijing Uconia is also a subsidiary of CR Land and is principally engaged in design, decoration and furnishing business in the PRC.

### **CR Healthcare and CR Healthcare Technology**

CR Healthcare is a wholly-owned subsidiary of CR Holdings and also the parent company of the Company. At the date of this announcement, CR Healthcare is the Company's single largest shareholder which holds 35.7% shareholding interests in the Company according to the disclosure of interests information. CR Healthcare is a healthcare services platform specialized in investment, operation and management of healthcare industry under CR Holdings. With dedication to the long-term development of medical and healthcare industry in the PRC, leveraging on the consolidated strength, diverse investment portfolio and advanced management philosophies of CR Holdings, CR Healthcare takes active roles in medical system reform of the PRC and actively explores and practices investment and operation management of hospitals and healthcare industry. CR Healthcare Technology is a wholly-owned subsidiary of CR Healthcare incorporated in the PRC, and is principally engaged in the provision of consulting services in relation to healthcare and medical information.

### **LISTING RULES IMPLICATIONS**

At the date of this announcement, CR Holdings (a controlling shareholder of the Company) indirectly holds 61.27% equity interests in CR Land (a company listed on the Stock Exchange, stock code: 1109). CR Land Hongjing Fengtai Branch (as a branch company of a subsidiary of CR Land) and Beijing Uconia (as a subsidiary of CR Land) therefore are connected persons of the Company, and each of the Lease Agreement and the Decoration Agreement constitutes a connected transaction 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 Lease Agreement and the Decoration Agreement is higher than 0.1% but less than 5%, the Lease Agreement and the Decoration Agreement are subject to the reporting and announcement requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## DEFINITIONS

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

- “Beijing Uconia” 北京優高雅裝飾工程有限公司 (Beijing Uconia Decoration Engineering Co., Ltd.\*), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of CR Land;
- “Beijing Yalinxi” 北京亞林西房地產開發有限公司 (Beijing Yalinxi Property Development Co., Ltd.\*), a company incorporated in the PRC with limited liability, a subsidiary of CR Land, and owns the Property;
- “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 shares of which are listed on the Main Board of the Stock Exchange (stock code: 1515);
- “connected person(s)” has the meaning ascribed to it under the Listing Rules;
- “controlling shareholder” has the meaning ascribed to it under the Listing Rules;
- “CR Healthcare” China Resources Healthcare Group Limited, a company incorporated in Hong Kong with limited liability, a wholly-owned subsidiary of CR Holdings and the single largest shareholder of the Company as at the date of this announcement;
- “CR Healthcare Technology” 華潤健康科技產業發展(中國)有限公司 (China Resources Healthcare Technology Development (China) Co., Ltd\*), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of CR Healthcare;
- “CR Holdings” China Resources (Holdings) Company Limited, a company incorporated in Hong Kong with limited liability and an indirect holding company of CR Healthcare and CR Land;
- “CR Hospital Management” 華潤醫院管理諮詢有限公司 (China Resources Hospital Management & Consulting Co. Ltd.\*), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Company;



“CR Land”	China Resources Land 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: 1109). As at the date of this announcement, CR Holdings indirectly holds 61.27% equity interests in CR Land;
“CR Land Hongjing Fengtai Branch”	華潤置地弘景(北京)房地產開發有限公司豐台分公司 (the Fengtai branch of China Resources Land Hongjing (Beijing) Real Estate Development Co., Ltd.*), a branch established in Fengtai District, Beijing by China Resources Land Hongjing (Beijing) Real Estate Development Co., Ltd., which is a subsidiary of CR Land;
“Decoration Agreement”	a decoration agreement dated May 23, 2019 entered into among CR Hospital Management, CR Healthcare Technology and Beijing Uconia. Please refer to the section headed “Decoration Agreement” of this announcement for details;
“Director(s)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Lease Agreement”	a lease agreement dated May 23, 2019 entered into between CR Hospital Management and CR Land Hongjing Fengtai Branch. Please refer to the section headed “Lease Agreement” of this announcement for details;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“PRC”	the People’s Republic of China which, for the purpose of this announcement only, excludes the Hong Kong Special Administrative Region of the People’s Republic of China, the Macau Special Administrative Region of the People’s Republic of China and Taiwan;
“Property”	the 14th floor of China Resources Kunlun Center Office Building, No. 5, Courtyard No. 9, Fuyi Street, Fengtai District, Beijing, with a total leasable floor area of 2,225.38 sq. m.;
“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;

“%” per cent.

\* *for identification purposes only*

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

Beijing, May 23, 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 non-executive Director; Mr. SONG Qing, Mr. CHENG Libing, Mr. HAN Yuewei, Ms. REN Yuan and Ms. FU Yanjun as executive Directors.*