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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 AT SUBSIDIARY LEVEL IN RELATION TO CERTAIN RENTAL ARRANGEMENTS WITH THE WUGANG GROUP**

##### **THE RENTAL AGREEMENTS**

The Board announces that on September 25, 2023 (after trading hours), Wugang Group (as the lessor) entered into Agreement I, Agreement II and Agreement III (i.e. the Rental Agreements) with Wugang Hospital or Wugang No.2 Staff Hospital (as the lessees) under the Wugang Hospital Group, pursuant to which the lessees shall lease certain medical buildings and ancillary buildings with a total construction area of 135,963.38 square meters (“**sq. m.**”) for a lease period of five years.

##### **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Wugang Group is a substantial shareholder of CR Wugang, a non-wholly owned subsidiary of the Company, which does not fall within the ambit of insignificant subsidiaries under Rule 14A.09 of the Listing Rules. Accordingly, Wugang Group is a connected person of the Company at its subsidiary level. Wugang Hospital and Wugang No.2 Staff Hospital are sponsored hospitals wholly owned by CR Wugang.

Within the 12 months prior to the date of this announcement, the Group and Wugang Group have also entered into two other rental agreements (i.e. the Other Rental Agreements). As the highest applicable percentage ratio calculated in accordance with Rule 14.07 of the Listing Rules (either individually or in aggregate) for the Other Rental Agreements and the transactions thereunder is less than 1%, they are exempt from the reporting and announcement etc. requirements under Rule 14A of the Listing Rules.

Since the Rental Agreements and the Other Rental Agreements are all agreements entered into with Wugang Group within a 12-month period and the nature of the transactions thereunder is similar, the Rental Agreements and the Other Rental Agreements and the transactions contemplated thereunder are required to be aggregated pursuant to Rule 14.22 of the Listing Rules. The highest applicable percentage ratio under Rule 14.07 of the Listing Rules in respect of the entering into of the Rental Agreements and the transactions contemplated thereunder (i.e. the Rental Arrangements) together with the entering into of the Other Rental Agreements and the transactions thereunder in aggregate exceeds 1% but is less than 5%. As Wugang Group is a connected person of the Company only because of its connection with a subsidiary of the Company, the entering into of the Rental Agreements and the transactions contemplated thereunder are connected transactions at the subsidiary level of the Company and are only subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules, but are exempt from the circular, independent financial advice and shareholders' approval requirements under Rule 14A of the Listing Rules.

The Board announces that on September 25, 2023 (after trading hours), Wugang Group (as the lessor) entered into the Rental Agreements with Wugang Hospital or Wugang No.2 Staff Hospital (as the lessees) under the Wugang Hospital Group, pursuant to which the lessees shall lease certain medical buildings and ancillary buildings with a total construction area of 135,963.38 sq. m. for a lease period of five years.

#### **MAJOR TERMS OF THE RENTAL AGREEMENTS**

**Date:** September 25, 2023

**Lessor:** Wugang Group

**Other principal terms** of the Rental Agreements and details of the Relevant Properties are set out below:

	Lessee	Address of Relevant Properties	Lease Purposes	Construction Area (Sq. m.)	Lease Term (From the lease inception date)	Rent and deposit arrangement (RMB)	Initial amount of right-of-use to be recognized in the statement of assets and liabilities (RMB)
Agreement I	Wugang Hospital	Within the area of Wugang Hospital, Yejin Avenue, Wuhan City, Hubei Province	Medical buildings and ancillary buildings	79,047.48		1st Lease Year: 11,513,528.00 p.a. 2nd Lease Year: 11,628,663.28 p.a. 3rd Lease Year: 11,744,949.91 p.a. 4th Lease Year: 11,862,399.41 p.a. 5th Lease Year: 11,981,023.40 p.a.  Deposit not required	52,467,645.34
Agreement II	Wugang Hospital	No. 5-2, Kang Yuan, Yejin Avenue, Qingshan District, Wuhan City, Hubei Province	Office building of Wugang Hospital	5,800.89	From July 1, 2023 to June 30, 2028 (5 Lease Years)	1st Lease Period: 1,408,300.00 p.a. 2nd Lease Period: 1,422,256.63 p.a. 3rd Lease Period: 1,436,587.23 p.a. 4th Lease Period: 1,450,831.86 p.a. 5th Lease Period: 1,465,370.51 p.a.  Deposit not required	6,417,337.17
Agreement III	Wugang No.2 Staff Hospital	Within the area of Wugang No.2 Staff Hospital as located at Qingwang Road, Qingshan District, Wuhan City, Hubei Province	Medical buildings and ancillary buildings	51,115.01		1st Lease Period: 4,198,800.00 p.a. 2nd Lease Period: 4,240,788.00 p.a. 3rd Lease Period: 4,283,195.88 p.a. 4th Lease Period: 4,326,027.84 p.a. 5th Lease Period: 4,369,288.12 p.a.  Deposit not required	19,134,113.26
			<b>Total Construction Area</b> (Sq. m.)	<b>135,963.38</b>		<b>Initial amount of right-of-use to be recognized in the statement of assets and liabilities</b> (RMB)	<b>78,019,095.77</b>

**Rent payment schedule:** Rent is to be paid in advance on a monthly basis.

## **BASIS FOR THE DETERMINATION OF THE RENT**

The rents in the Rental Agreements are determined with reference to: (i) the total area of the Relevant Properties; (ii) the historical amount of rents of the Relevant Properties; and (iii) the recent level of rent of comparable property in the vicinity, after arm's length negotiation.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE RENTAL AGREEMENTS**

The Relevant Properties under the Rental Arrangements have been used as medical buildings and ancillary buildings of Wugang Hospital Group, and they are essential to the operation of the latter. The relevant rents have taken into account factors including historical rents and maintenance costs of the Relevant Properties, and are in line with or better than the rental level of comparable property projects in the vicinity. The Company believes that the Rental Arrangements can help our Wugang Hospital Group to maintain a relatively stable rental costs in the medium to long term, and afford it with greater stability in its operational activities.

Taking into account the above reasons and the terms of the Rental Agreements, all Directors (including the independent non-executive Directors) are of the view that (i) the terms of the Rental Agreements are fair and reasonable; (ii) the transactions contemplated under the Rental Agreements are on normal commercial terms and in the ordinary and usual course of business of the Group; and (iii) the transactions contemplated under the Rental Agreements are in the interests of the Company and the Shareholders as a whole.

None of the Directors has a material interest in the Rental Agreements and was required to abstain from voting on the relevant Board resolutions.

## THE OTHER RENTAL AGREEMENTS

Within the 12 months prior to the date of this announcement, the Group and Wugang Group have also entered into the Other Rental Agreements. As the highest applicable percentage ratio calculated in accordance with Rule 14.07 of the Listing Rules (either individually or in aggregate) for the Other Rental Agreements and the transactions thereunder is less than 1%, they are exempt from the reporting and announcement etc. requirements under Rule 14A of the Listing Rules. The principal terms of the Other Rental Agreements and details of the relevant properties are set out below:

	Lessee	Address of relevant properties	Lease Purposes	Construction Area (Sq. m.)	Lease Term (From the lease inception date)	Rent and deposit arrangement (RMB)	Initial amount of right-of-use to be recognized in the statement of assets and liabilities (RMB)
A rental agreement in relation to medical buildings (dated August 1, 2023)	Wugang No.2 Staff Hospital	No. 6, Kangshou Road, Qingshan District, Wuhan City, Hubei Province	Medical buildings	298.90	From April 1, 2023 to March 31, 2028	This agreement stipulates a total rent-free period of 3 months.  Total rent is 333,079.26, payable quarterly in advance.  The required deposit is 11,208.76.	296,941.60
A rental agreement in relation to the infectious disease department building (dated August 25, 2023)	Wugang No.2 Staff Hospital	Within the specialized hospital area of Wugang No.2 Staff Hospital as located at Qingwang Road, Qingshan District, Wuhan City, Hubei Province	Infectious diseases department building of specialist inpatient department	8,501.00	From December 1, 2023 to May 31, 2029 (4 rental periods in total)	From December 1, 2023 to August 31, 2024: 994,617.00 The rent-free period will be from September 1, 2024 to February 28, 2025 From March 1, 2025 to November 30, 2025: 994,617.00 From December 1, 2025 to November 30, 2027: 2,784,927.60 From December 1, 2027 to May 31, 2029: 2,192,747.94  Rent is to be paid in advance on a monthly basis.  The required deposit is 500,000.00.	6,094,875.09

The basis for determining the rent under the Other Rental Agreements is consistent with that of the Rental Agreements.

## **GENERAL INFORMATION**

### **The Group, Wugang Hospital and Wugang No.2 Staff Hospital**

Headquartered in Beijing, the Group is mainly engaged in the provision of general healthcare services, hospital management services and group purchasing organization business and other hospital-derived services 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 at present.

Wugang No.2 Staff Hospital is also a sponsored hospital under the Group. It is a grade 3 comprehensive hospital located in Qingshan District, Wuhan City, with over 640 beds at present.

### **Wugang Group**

Wugang Group is a company established in the PRC with limited liability. It is principally engaged in the construction of modern industrial parks in the PRC, assisting to structure a high-quality industrial ecosystem. As at the date of this announcement, Wugang Group holds 49% equity interests in CR Wugang, a non-wholly owned subsidiary of the Company.

As at the date of this announcement, Wugang Group is wholly owned by Baosteel Group Corporation\* (中國寶武鋼鐵集團有限公司), which is wholly owned by the State-owned Assets Supervision and Administration Commission of the State Council in the PRC.

Pursuant to the applicable Listing Rules, Wugang Group is a connected person of the Company at its subsidiary level.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Wugang Group is a substantial shareholder of CR Wugang, a non-wholly owned subsidiary of the Company, which does not fall within the ambit of insignificant subsidiaries under Rule 14A.09 of the Listing Rules. Accordingly, Wugang Group is a connected person of the Company at its subsidiary level. Wugang Hospital and Wugang No.2 Staff Hospital are sponsored hospitals wholly owned by CR Wugang.

Within the 12 months prior to the date of this announcement, the Group and Wugang Group have also entered into the Other Rental Agreements. As the highest applicable percentage ratio calculated in accordance with Rule 14.07 of the Listing Rules (either individually or in aggregate) for the Other Rental Agreements and the transactions thereunder is less than 1%, they are exempt from the reporting and announcement etc. requirements under Rule 14A of the Listing Rules.

Since the Rental Agreements and the Other Rental Agreements are all agreements entered into with Wugang Group within a 12-month period and the nature of the transactions thereunder is similar, the Rental Agreements and the Other Rental Agreements and the transactions contemplated thereunder are required to be aggregated pursuant to Rule 14.22 of the Listing Rules. The highest applicable percentage ratio under Rule 14.07 of the Listing Rules in respect of the entering into of the Rental Agreements and the transactions contemplated thereunder (i.e. the Rental Arrangements) together with the entering into of the Other Rental Agreements and the transactions thereunder in aggregate exceeds 1% but is less than 5%. As Wugang Group is a connected person of the Company only because of its connection with a subsidiary of the Company, the entering into of the Rental Agreements and the transactions contemplated thereunder are connected transactions at the subsidiary level of the Company and are only subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules, but are exempt from the circular, independent financial advice and shareholders' approval requirements under Rule 14A of the Listing Rules.

## **DEFINITIONS**

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

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|-----------------|--|
| “Agreement I”   | the rental agreement entered into between Wugang Group and Wugang Hospital on September 25, 2023 for the lease of property with a construction area of 79,047.48 sq. m by Wugang Hospital;                       |
| “Agreement II”  | the rental agreement entered into between Wugang Group and Wugang Hospital on September 25, 2023 for the lease of property with a construction area of 5,800.89 sq. m by Wugang Hospital;                        |
| “Agreement III” | the rental agreement entered into between Wugang Group and Wugang No.2 Staff Hospital on September 25, 2023 for the lease of property with a construction area of 51,115.01 sq. m by Wugang No.2 Staff Hospital; |

“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 thereto in the Listing Rules;
“connected transaction(s)”	has the meaning ascribed thereto in the Listing Rules;
“CR Wugang”	華潤武鋼(湖北)醫院管理有限公司 (China Resources Wugang (Hubei) Hospital Management Co., Ltd.*), a limited liability company established in PRC and a non-wholly owned subsidiary of the Company, in which the Company indirectly holds 51% equity interests and Wugang Group directly holds 49% equity interests as at the date of this announcement;
“Directors”	directors of the Company;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Lease”	the lease of the Relevant Properties as contemplated under the Rental Agreements;
“Lease Year”	the first lease year shall commence from the lease inception date to one day prior to the corresponding anniversary of the lease inception calendar date and so on for the subsequent rental years;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Other Rental Agreements”	the two rental agreements entered into between Wugang Group and Wugang No.2 Staff Hospital on August 1, 2023 and August 25, 2023, respectively, for the lease of properties with total construction area of 298.9 sq. m. and 8,501 sq. m., respectively, by Wugang No.2 Staff Hospital;



“PRC”	the People’s Republic of China, which for the purpose of this announcement does not include Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan;
“Relevant Properties”	the relevant properties leased by Wugang Hospital Group pursuant to the Rental Agreements;
“Rental Agreements”	Agreement I, Agreement II and Agreement III;
“Rental Arrangements”	the rental arrangements to be executed under the Rental Agreements;
“RMB”	Renminbi, the lawful currency of the PRC;
“Share(s)”	ordinary share(s) of HK\$0.00025 each in the share capital of the Company;
“Shareholder(s)”	the shareholder(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary(ies)”	has the meaning ascribed thereto in the Listing Rules;
“Wugang Group”	武鋼集團有限公司(Wugang Group Co., Ltd.*), a company incorporated in the PRC with limited liability. As at the date of this announcement, Wugang Group holds 49% equity interests in CR Wugang, a non-wholly owned subsidiary of the Company. Please refer to the section headed “General Information — Wugang Group” of this announcement for details;
“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, Wugang Hospital and Wugang No.2 Staff Hospital” of this announcement for details;
“Wugang Hospital Group”	collectively, Wugang Hospital, Wugang No.2 Staff Hospital and certain affiliated hospitals and community clinics;

“Wugang No. 2 Staff Hospital” 武漢鋼鐵(集團)公司第二職工醫院 (Wuhan Iron and Steel (Group) Corporation No. 2 Staff Hospital\*), a sponsored hospital under the Group. Please refer to the section headed “General Information — The Group, Wugang Hospital and Wugang No.2 Staff Hospital” of this announcement for details; and

“%” percent.

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

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

Shenzhen, September 25, 2023

*As at the date of this announcement, the Board comprises Mr. SONG Qing, Mr. YU Hai, Mr. SHAN Baojie and Ms. YANG Min as executive Directors; Ms. GE Lu as non-executive Director; Mr. WU Ting Yuk, Anthony, Mr. KWONG Kwok Kong, Mr. FU Tingmei and Mr. ZHOU Peng as independent non-executive Directors.*