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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 INVESTMENT TO THE FUND

CONNECTED TRANSACTION — INVESTMENT TO THE FUND

The Board is pleased to announce that on September 19, 2019, Unison Champ (which is a wholly-owned subsidiary of the Company, and as a Limited Partner to the Fund) and General Partner entered into the Subscription Agreement in relation to the Group's investment to the Fund. Pursuant to the Subscription Agreement entered into by Unison Champ, the proposed capital commitment of the Group shall amount to US\$40 million (equivalent to approximately RMB285 million), and the Fund intends to raise a total of US\$1 billion. Unison Champ shall appoint the General Partner as its attorney to sign the LP Agreement on its behalf.

LISTING RULES IMPLICATIONS

At the date of this announcement, CR Healthcare holds 35.7% of the issued shares of the Company and is the Company's single largest shareholder and controlling shareholder (as ascribed under the Listing Rules). CRHFM(HK), as a subsidiary of CR Healthcare, and therefore is a connected person of the Company. In addition, the General Partner is held 40% by CRHFM (Cayman) which is held as to 60% by our controlling shareholder, CR Healthcare through CRHFM (HK) (Unison Champ and CR Capital GP Holdings Limited, which is another wholly-owned subsidiary of CR Holdings, are respectively holding the remaining 20% and 20% shareholding interests), and the General Partner is therefore also a connected person of the Company by virtue of being an associate of our controlling shareholder. The Agreements therefore constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the Agreements is higher than 0.1% but less than 5%, the Agreements are subject to the reporting and announcement requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on September 19, 2019, Unison Champ (which is a wholly-owned subsidiary of the Company, and as a Limited Partner to the Fund) and General Partner entered into the Subscription Agreement in relation to the Group's investment to the Fund. Pursuant to the Subscription Agreement entered into by Unison Champ, the proposed capital commitment of the Group shall amount to US\$40 million (equivalent to approximately RMB285 million). The Fund intends to raise a total of US\$1 billion. Unison Champ shall appoint the General Partner as its attorney to sign the LP Agreement on its behalf.

SUBSCRIPTION AGREEMENT AND INVESTMENT TO THE FUND

On September 19, 2019, each of Unison Champ, CRHFM(HK), Mitsui and HOPU (as Subscribers) and the General Partner has entered into the Subscription Agreements and among which, Unison Champ's capital commitment to the Fund is US\$40 million. Pursuant to the Subscription Agreement of CR Healthcare, CR Healthcare should make total capital commitment amounted to US\$160 million to the Fund. The abovementioned capital commitment was determined after arm's length negotiations between the parties with reference to their respective interests in the Fund as well as the investment objective of the Fund. The Group will finance its capital commitment by internal resources.

Pursuant to the power of attorney of the Subscription Agreements, the General Partner should sign the LP Agreement on behalf of each Limited Partner. Please refer to the section headed "LP Agreement and formation of the Fund" to this announcement for the principal terms of the LP Agreement.

Other principal terms of the Subscription Agreement entered into by Unison Champ are set out as follows:

(1) Subscription for interest in the Fund

Unison Champ subscribes for and agrees to purchase on the Closing Date Interests in the Fund with the Commitment on the terms of the LP Agreement. With effect from the Closing Date, the General Partner will, on behalf of itself and as attorney on behalf of each of the other partner of the Fund, admit Unison Champ to the Fund and Unison Champ will receive the benefit of the terms and conditions of the LP Agreement as a Limited Partner.

(2) Subscriber bounded by LP Agreement

The Unison Champ agrees to become a party to and to be bound by all the terms and conditions of, and comply with its obligations under, the LP Agreement, as a Limited Partner in the Fund and the terms of the LP Agreement are incorporated by reference as if set out in the Subscription Agreement in full.

(3) Power of attorney

Pursuant to the power of attorney of the Subscription Agreement, Unison Champ appoints the General Partner as its lawful attorney on its behalf to execute and date the LP Agreement, any amendments thereto and any other agreement or instrument that is necessary or appropriate to admit Unison Champ as a Limited Partner of the Fund. The power of attorney granted by Unison Champ in favour of the General Partner under the Subscription Agreement shall terminate upon the complete withdrawal of Unison Champ from participation as an investor in the Fund.

LP AGREEMENT AND FORMATION OF THE FUND

The principal terms of the LP Agreement are set out as follows:

(1) Date: September 19, 2019

(2) Parties:

- (a) General Partner: CMH Healthcare Investment Co., Ltd. (“**General Partner**”);
- (b) Special Limited Partner: CMH Healthcare Fund Team, L.P. (“**Special Limited Partner**”); and
- (c) Initial Limited Partner: HOPU Healthcare Holdings Co., Ltd. (“**Initial Limited Partner**”)

(3) Purpose of the Fund

The Fund’s primary investment objective is to generate attractive risk-adjusted returns by investing in companies that are active in the healthcare sector and assisting their expansion globally. Its primary investment focus will be in businesses that have the potential to expand in the PRC generally, or to expand its business line in the PRC. Target assets will generally include, but will not be limited to:

- (a) Leading medical service providers such as clinics, specialty hospitals and healthcare facilities managers;
- (b) Advanced medical devices and equipment;
- (c) Cutting edge medical treatment technology, diagnostics and businesses involved in the provision of technology for healthcare; and

(d) Other businesses (not limited by reference to the above list) related to the provision of healthcare, including education for medical professionals.

(4) Duration of the Fund

The term of the Fund commences on the date of incorporation of the Fund continues until the expiry of eight (8) years from the Initial Closing Date. The term is subject to an additional one (1) year extension upon the approval of the LPAC and thereafter, another one (1) year extension upon the consent of the Limited Partners.

The investment period means the period beginning on the Initial Closing Date and ending until the earlier to occur of (a) the fifth anniversary of the Initial Closing Date; and (b) at the General Partner's election, any day after which 80% of the Aggregate Commitments have been invested or where the General Partner in its reasonable opinion deems it is impractical to continue the business of the Fund due to changes in applicable law or regulations, or that the investment objectives of the Fund have been largely achieved.

(5) Investment Committee

The General Partner shall establish an Investment Committee with representatives from China Resources, Mitsui and HOPU. All investment and divestment decisions, shall remain the sole responsibility of the General Partner subject to the prior decision or recommendation of the Investment Committee.

(6) Management of the Fund

The General Partner shall carry and manage the Fund. It should be responsible for the investment, management, utilisation and disposal of the assets of the Fund. It may also delegate to the investment manager all or any of the rights, powers or obligations accorded to the General Partner by the LP Agreement, provided that the management and the conduct of the activities of the Fund, including all investment and divestment decisions, shall remain the sole responsibility of the General Partner.

(7) Commitment and capital contribution

The Fund intends to raise US\$1 billion. The General Partner reserves the right to adjust the size of the Fund provided the total commitment to the Fund on the Initial Closing Date shall not be less than US\$500 million.

(8) LPAC

The General Partner shall establish the LPAC which is responsible for consenting to, approving, reviewing or waiving (including but not limited to) any changes to the Fund's investment objectives, policy and restrictions, extension of the investment period, distribution of marketable securities, delegation of management authority and power by the General Partner. The LPAC will take no part in the management or control of the business or affairs of the Fund.

REASONS FOR AND BENEFITS OF ENTERING INTO OF THE SUBSCRIPTION AGREEMENT

The Group is principally engaged in the provision of general healthcare services, hospital management services and GPO business in the PRC, with its headquarter located in Beijing. The Fund's business model enables the Group to capture market-driven investment opportunities and to enrich the group's current healthcare ecosystem with enhanced returns and adjusted financial risks, such as engaging in pre-IPO and early stage investments in projects of healthcare segment with growth potential in the PRC. As the Fund's primary investment focus will be in companies that are active in the healthcare sector with business that have the potential to expand in the PRC generally, or to expand its business line in the PRC, the Group's investment in the Fund is in line with the Group's business strategy to accelerate its development through strategic acquisitions and thereby further enhancing its competitiveness in the medical services industry in the PRC and promoting the sustainable growth of the Group. Upon completion of the Subscription Agreement, the Group's interest in the Fund as a Limited Partner will be accounted for as an asset which is measured at fair value in the consolidated financial statements of the Company.

The terms of the Agreements are made after arm's length negotiation among the parties. The Directors (including the independent non-executive Directors) consider that the terms of the Agreements are on normal commercial terms and fair and reasonable, and the investment to the Fund is in the interest of the Company and its Shareholders as a whole.

No Directors are considered to have material interest in the Agreements. As part of good corporate governance measures, Mr. Songqing, Mr. Cheng Libing, Mr. Han Yuewei and Ms. Ren Yuan, the executive Directors of the Company, and Mr. Wangyan, 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

CR Healthcare

CR Healthcare is a wholly-owned subsidiary of CR Holdings, the parent company of the Company. At the date of this announcement, CR Healthcare holds 35.7% Shares in the Company and is the Company's single largest shareholder. CR Healthcare is a healthcare services platform specialized for 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 CR Holdings' consolidated strength, diverse investment portfolio and advanced management philosophies, 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.

CRHFM (HK) and CRHFM (Cayman)

CRHFM (HK) is a direct and wholly-owned subsidiary of CR Healthcare incorporated in Hong Kong which is an investment holding platform.

CRHFM (Cayman) is an indirect subsidiary of CR Healthcare, which is owned as to 60% by CRHFM (HK), 20% owned by CR Capital GP Holdings Limited and 20% by Unison Champ (among which, CR Capital GP Holdings Limited is another wholly-owned subsidiary of CR Holdings) and an investment holding platform.

General Partner and Special Limited Partner

CMH Healthcare Investment Co., Ltd., the General Partner, is held as to 40% by CRHFM (Cayman). The remaining interest in the General Partner is beneficially owned by Mitsui and HOPU.

CMH Healthcare Fund Team, L.P., the Special Limited Partner, is established by the General Partner and its limited partners, certain members of the Investment Committee, Advisor Shareholders (or their Affiliates) and senior officers and employees of the advisor to the General Partner. The purpose of the Special Limited Partner is to act as a follow investor and to receive a portion of the carried interest pursuant the LP Agreement.

Mitsui

Mitsui is a Japanese conglomerate with its shares listed on The Tokyo Stock Exchange (stock code: 8031). Mitsui has long history of business since 1947. It is a general trading company engaged in a range of global business activities including worldwide trading of various commodities, arranging financing for customers and suppliers in connection with its trading activities, organizing and coordinating international industry projects by using its global network. It has business areas including Iron & Steel Products, Mineral & Metal Resources, Infrastructure Projects, Mobility, Chemicals, Energy, Food, Food & Retail Management, Healthcare & Service, IT & Communication Business and Corporate Development Business.

HOPU

HOPU Investments is a leading Asian alternative asset management group with principal offices in Beijing, Hong Kong, and Singapore. It specializes in creating proprietary investments driven by its unique network and strong fundamental analysis. Industry focuses include consumer, technology, healthcare, financial services and logistics/real estate. Since its inception in 2008, HOPU Investments has managed more than US\$10 billion of capital for global institutional clients. HOPU Investments differentiates itself from other PE funds as a solution provider with deep China insights and resources. HOPU Healthcare Holdings Co., Ltd. is incorporated in the Cayman Islands with limited liability, and is one of the investment arms of HOPU Investments in the healthcare industry.

LISTING RULES IMPLICATIONS

At the date of this announcement, CR Healthcare holds 35.7% of the issued shares of the Company and is the Company's single largest shareholder and controlling shareholder (as ascribed under the Listing Rules). CRHFM(HK), as a subsidiary of CR Healthcare, and therefore is a connected person of the Company. In addition, and the General Partner is held 40% by CRHFM (Cayman) which is held as to 60% by our controlling shareholder, CR Healthcare through CRHFM (HK) (Unison Champ and CR Capital GP Holdings Limited, which is another wholly-owned subsidiary of CR Holdings, are respectively holding the remaining 20% and 20% shareholding interests), and the General Partner is therefore also a connected person of the Company by virtue of being an associate of our controlling shareholder. The Agreements therefore constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the Agreements is higher than 0.1% but less than 5%, the Agreements 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:

“Advisor Shareholders”	CRHFM (Cayman), Mitsui and HOPU;
“Aggregate Commitments”	the aggregate amount of the commitments of all the Limited Partners from time to time;
“Agreements”	collectively, the Subscription Agreement and the LP Agreement;
“Board”	the board of Directors of the Company;

“BVI”	the British Virgin Islands;
“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 Healthcare”	China Resources Healthcare Group Limited, a company incorporated in Hong Kong with limited liability, a wholly-owned subsidiary of China Resources (Holdings) Company Limited and holds 35.7% equity interests in the Company at the date of this announcement;
“CR Holdings”	China Resources (Holdings) Company Limited (華潤(集團)有限公司), a company incorporated in Hong Kong with limited liability, which is a wholly-owned subsidiary of China Resources Company Limited (中國華潤有限公司);
“CRHFM (Cayman)”	China Resources Healthcare Fund Management Limited, a company incorporated in the Cayman Islands with limited liability which is 60% owned by CR Healthcare, 20% owned by CR Capital GP Holdings Limited and 20% owned by the Company;
“CRHFM (HK)”	China Resources Healthcare Fund Management (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of CR Healthcare;
“Director(s)”	the director(s) of the Company;
“Fund”	CMH Healthcare Fund, L.P., a Cayman Islands exempted limited partnership, established by the General Partner and the Initial Limited Partner and governed by the LP Agreement;
“General Partner”	CMH Healthcare Investment Co., Ltd., a company incorporated in Hong Kong with limited liability, and the general partner of the Fund;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;

“HOPU” and “Initial Limited Partner”	HOPU Healthcare Holdings Co., Ltd., a company incorporated in the Cayman Islands with limited liability. Please refer to the section headed “General Information — HOPU” of this announcement for more details;
“Initial Closing Date”	the date upon which the investors’ total commitments to the Fund reach US\$500 million. At the Initial Closing Date, the General Partner will confirm the initial closing of the Fund, at which time the Advisor Shareholders (or their Affiliates) and other investor (if applicable) will be admitted as Limited Partners;
“Limited Partner(s)”	each person admitted as a limited partner in the Fund from time to time;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“LP Agreement”	the limited partnership agreement dated September 19, 2019 entered into among the General Partner, the Special Limited Partner and the Initial Limited Partner. Please refer to the section headed “LP Agreement and formation of the Fund” of this announcement for more details;
“LPAC”	the Limited Partner Advisory Committee of the Fund. Please refer to the section headed “LP Agreement and formation the Fund — LPAC” of this announcement for more details;
“Mitsui”	Mitsui & Co., Ltd., a company incorporated in Japan with limited liability. The shares of which are listed on The Tokyo Stock Exchange (stock code: 8031). Please refer to the section headed “General Information — Mitsui” of this announcement for more details;
“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;
“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;

“Special Limited Partner”	CMH Healthcare Fund Team, L.P., a Cayman Islands exempted limited partnership, established by the General Partner and its limited partners, certain members of the Investment Committee, Advisor Shareholders (or their Affiliates) and senior officers and employees of the advisor to the General Partner;
“Subscription Agreement(s)”	the subscription agreements dated September 19, 2019 entered into between the General Partner and each of the Limited Partners. Please refer to the section headed “Subscription Agreement and investment to the Fund” of this announcement for more details;
“Unison Champ”	Unison Champ Limited, a company incorporated in BVI with limited liability and a direct wholly-owned subsidiary of the Company;
“US\$”	US dollar, the lawful currency of the United States of America

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

Beijing, September 19, 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 Directors; Mr. SONG Qing, Mr. CHENG Libing, Mr. HAN Yuewei, Ms. REN Yuan and Ms. FU Yanjun as executive Directors.