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RICI HEALTHCARE HOLDINGS LIMITED

瑞慈醫療服務控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1526)

DISCLOSEABLE TRANSACTION COOPERATION AGREEMENT FOR ESTABLISHMENT OF AN OBSTETRICS AND GYNECOLOGY AND PEDIATRICS HOSPITAL

COOPERATION AGREEMENT FOR ESTABLISHMENT OF AN OBSTETRICS AND GYNECOLOGY AND PEDIATRICS HOSPITAL

The Board is pleased to announce that on September 1, 2017 (after trading hours), Shanghai Rich Medical, an indirectly wholly-owned subsidiary of the Company, and Jiangyang Industry entered into the Cooperation Agreement in relation to the establishment of the Joint Venture for the purpose of the establishment and operation of a large-scale premium obstetrics and gynecology and pediatrics hospital (the “**Hospital**”) in Gaojing Town, Baoshan District, Shanghai, PRC. Pursuant to the Cooperation Agreement, the total investment of the Joint Venture is RMB420.0 million, of which Shanghai Rich Medical will contribute RMB143.0 million (equivalent to approximately HK\$185.9 million) and Jiangyang Industry will contribute RMB77.0 million (equivalent to approximately HK\$87.0 million) according to their respective equity interest in the Joint Venture (i.e. 65%: 35%). The rest of the total investment is expected to be financed by bank loans to be obtained by the Joint Venture. There is currently no agreement or commitment for Shanghai Rich Medical or the Company to provide guarantee or indemnity for such bank loans.

IMPLICATION OF THE LISTING RULES

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the transaction contemplated under the Cooperation Agreement are more than 5% but less than 25%, the transaction contemplated under the Cooperation Agreement constitutes a discloseable transaction for the Company under the Listing Rules and is subject to the reporting and announcement requirements as set out in Chapter 14 of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on September 1, 2017 (after trading hours), Shanghai Rich Medical, an indirectly wholly-owned subsidiary of the Company, and Jiangyang Industry entered into the Cooperation Agreement in relation to the establishment of the Joint Venture for the purpose of the establishment and operation of a large-scale premium obstetrics and gynecology and pediatrics Hospital in Gaojing Town, Baoshan District, Shanghai, PRC. Pursuant to the Cooperation Agreement, the total investment of the Joint Venture is RMB420.0 million, of which Shanghai Rich Medical will contribute RMB143.0 million (equivalent to approximately HK\$185.9 million) and Jiangyang Industry will contribute RMB77.0 million (equivalent to approximately HK\$87.0 million) according to their respective equity interest in the Joint Venture (i.e. 65%: 35%). The rest of the total investment is expected to be financed by bank loans to be obtained by the Joint Venture. There is currently no agreement or commitment for Shanghai Rich Medical or the Company to provide guarantee or indemnity for such bank loans.

THE COOPERATION AGREEMENT

The principal terms of the Cooperation Agreement are summarized as below:

Date

September 1, 2017

Parties

- (1) Shanghai Rich Medical; and
- (2) Jiangyang Industry

To the best knowledge, information and belief of the Directors after having made all reasonable enquiry, Jiangyang Industry and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Principal Activities of the Joint Venture

The Joint Venture will establish, construct and operate a large-scale premium specialty hospital in Gaojing Town, Baoshan District, Shanghai, PRC. The Hospital is planned to have 300 registered beds and mainly provides professional obstetrics, gynecology and pediatrics medical services and complementary medical services.

Capital Contribution

Pursuant to the Cooperation Agreement, the total investment of the Joint Venture is RMB420.0 million, of which Shanghai Rich Medical will contribute RMB143.0 million (equivalent to approximately HK\$185.9 million) and Jiangyang Industry will contribute RMB77.0 million (equivalent to approximately HK\$87.0 million) according to their respective equity interest in the Joint Venture (i.e., 65%: 35%). The rest of the total investment is expected to be financed by bank loans to be obtained by the Joint Venture. There is currently no agreement or commitment for Shanghai Rich Medical or the Company to provide guarantee or indemnity for such bank loans. The Company shall comply with the relevant requirements under the Listing Rules, where applicable, if any member of the Group shall agree to or commit to provide guarantee or indemnity for such bank loans.

The registered capital of the Joint Venture will be RMB100.0 million (equivalent to approximately HK\$113.0 million), to be contributed as follows:

- (1) 65% (amounting to RMB65.0 million (equivalent to approximately HK\$73.5 million)) by Shanghai Rich Medical; and
- (2) 35% (amounting to RMB35.0 million (equivalent to approximately HK\$39.5 million)) by Jiangyang Industry.

The registered capital of the Joint Venture will be paid by Shanghai Rich Medical and Jiangyang Industry synchronously by installments after the business license of the Joint Venture is obtained. The payment of registered capital shall be in a manner which shall comply with the relevant laws and regulations. The capital contribution to be made by Shanghai Rich Medical will be funded by the internal resources of the Group.

The amount of the capital contribution to be made by Shanghai Rich Medical and Jiangyang Industry was arrived at after arm's length negotiations between the Parties having taken into account the expected capital requirements of the Joint Venture, their respective intended equity interest in the Joint Venture and the relevant PRC laws and regulations.

Corporate Governance

The Joint Venture will have a board of five directors, three of which shall be appointed by Shanghai Rich Medical, and two of which shall be appointed by Jiangyang Industry. The chairman of the board and the legal representative of the Joint Venture shall be appointed by Shanghai Rich Medical. The vice chairman of the board shall be appointed by Jiangyang Industry. The Joint Venture will have a supervisory committee of three supervisors, two of which shall be appointed by Shanghai Rich Medical, and one of which shall be appointed by Jiangyang Industry. The chairman of the supervisory committee shall be recommended by Jiangyang Industry. The directors and supervisors of the Joint Venture will have a term of office of three years subject to re-election.

The superintendent of the Hospital will be recommended by Shanghai Rich Medical and appointed by the board of directors of the Joint Venture. The financial administrator of the Hospital will be appointed by Shanghai Rich Medical.

Distribution of Profit

Profit available for distribution in accordance with relevant PRC laws and regulations will be distributed to the Parties in proportion to their respective equity interest in the Joint Venture.

Termination

Either Party may terminate the Cooperation Agreement upon the occurrence of an event of force majeure that makes the performance of the Cooperation Agreement become impossible, unnecessary or meaningless and neither Party shall be liable.

If the Joint Venture is unable to obtain the land use right for its operation due to market factors, the Cooperation Agreement will lapse automatically and neither Party shall be liable.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Group is primarily engaged in the operation of general hospital, specialty hospitals, medical examination centers and clinics, with focus in Yangtze River Delta region. The Group is actively developing its obstetrics and gynecology and pediatrics specialty hospital businesses. The Hospital will consolidate and provide premium gynecology and pediatrics medical services, and supplement the shortage of mid to high-end gynecology and pediatric medical services in Shanghai and its surrounding areas. Hence, the Board considers this cooperation will promote the overall development of the Group's premium specialty hospital business in Yangtze River Delta region.

The reform of healthcare system in China encourages social capital and private medical institutions to further participate in the national healthcare system. Premium medical services and obstetrics and gynecology specialty hospital businesses will be the main sector that benefited from the increasing domestic demand and favorable policies such as the "two-child policy".

The Cooperation Agreement mainly involves the establishment and operation of a large-scale premium obstetrics and gynecology and pediatrics hospital. Leveraging on its local resources and experience in property management, Jiangyang Industry will provide assistance to the Joint Venture with respect to the establishment of the Hospital and the property management. Upon the establishment of the Hospital, we plan to form close alliance with the Obstetrics and Gynecology Hospital of Fudan University (復旦大學附屬婦產科醫院) and the Pediatrics Hospital of Fudan University(復旦大學附屬兒科醫院) in terms of technology cooperation. Based on the Group's mature operation and management system and professional medical team and supported by the advanced technologies in medical care of the Obstetrics and Gynecology Hospital of Fudan University and the Pediatrics Hospital of Fudan University, the Hospital would better meet the local medical service demand with the adoption of internationally advanced service concept and create synergy for both the Group and its partners while expanding the Group's local market share and brand influence.

The Directors (including the independent non-executive Directors) consider that the cooperation will enhance the long-term growth and Shareholders' value of the Group, strengthen the diversified service portfolio of the Group, and improve the Group's core competitiveness. They are also of the view that the terms of the Cooperation Agreement are on normal commercial terms, fair and reasonable and in the interest of the Company and the Shareholders as a whole.

INFORMATION ABOUT THE COMPANY AND THE PARTIES

The Company

The Company was incorporated under the laws of Cayman Islands on July 11, 2014 as an exempted company with limited liability. The principal activity of the Company is investment holding. The Group is principally engaged in the operation of general hospital, specialty hospitals, medical examination centers and clinics in the PRC.

Shanghai Rich Medical

Shanghai Rich Medical is a company established in the PRC with limited liability on August 25, 2014. The principal activity of Shanghai Rich Medical is investment holding.

Jiangyang Industry

Jiangyang Industry is a company established in the PRC with limited liability on December 23, 1992. The principal activity of Jiangyang Industry is enterprise management and property management.

IMPLICATION OF THE LISTING RULES

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the transaction contemplated under the Cooperation Agreement are more than 5% but less than 25%, the transaction contemplated under the Cooperation Agreement constitutes a discloseable transaction for the Company under the Listing Rules and is subject to the reporting and announcement requirements as set out in Chapter 14 of the Listing Rules.

DEFINITIONS

“Board”	the Board of Directors
“Cooperation Agreement”	a cooperation agreement entered into between the Parties for the purpose of the establishment and operation of the Hospital on September 1, 2017
“Company”	Rici Healthcare Holdings Limited (瑞慈醫療服務控股有限公司), a company incorporated in the Cayman Islands with limited liability on July 11, 2014 and the Shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited
“connected person”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“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
“Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
“Parties”	Shanghai Rich Medical and Jiangyang Industry (each, a Party)

“Jiangyang Industry”	Shanghai Jiangyang Industry Company (上海江楊實業有限公司), a company established in the PRC with limited liability on December 23, 1992
“PRC” or “China”	The People’s Republic of China, which expression for the purpose of this announcement, except where the context requires otherwise, does not include Hong Kong, the Macau Special Administrative Region and Taiwan
“Joint Venture”	the joint venture company to be established by Shanghai Rich Medical and Jiangyang Industry pursuant to the Cooperation Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai Rich Medical”	Shanghai Rich Medical Investment Group Co., Ltd. (上海瑞慈醫療投資集團有限公司), a company established in the PRC with limited liability on August 25, 2014, which is an indirectly wholly-owned subsidiary of the Company
“Shareholder(s)”	shareholder(s) of the Company
“subsidiary(ies)”	has the meaning ascribed to is under the Listing Rules
“%”	per cent

For the purpose of this announcement, unless otherwise indicated, the exchange rate of RMB1.00 = HK\$1.13 has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amount has been, could have been or may be exchanged at such rate or at any other rates.

By Order of the Board
Rici Healthcare Holdings Limited
Fang Yixin
Chairman

Shanghai, PRC, September 4, 2017

As at the date of this announcement, Dr. Fang Yixin, Dr. Mei Hong, Mr. Lu Zhenyu and Dr. Wang Weiping are the executive Directors, Ms. Jiao Yan and Mr. Yao Qiyong are the non-executive Directors, and Dr. Wang Yong, Ms. Wong Sze Wing and Mr. Jiang Peixing are the independent non-executive Directors.