

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



Hygeia Healthcare Holdings Co., Limited

海吉亚医疗控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6078)

MAJOR TRANSACTION IN RELATION TO THE ACQUISITION OF ENTIRE EQUITY INTEREST IN ETERN GROUP LTD. AND DISCLOSURE PURSUANT TO RULE 13.18 OF THE LISTING RULES

THE ACQUISITION

The Board is pleased to announce that on April 25, 2021, the Purchaser and the Vendor entered into the Share Purchase Agreement, pursuant to which the Purchaser conditionally agreed to purchase, and the Vendor conditionally agreed to sell, the entire equity interest in the Target Company for a cash Consideration of the USD equivalent of RMB1,734,600,000 (subject to the Post-Completion Adjustment).

As of the date of this announcement, the Vendor directly holds 100% equity interest in the Target Company which indirectly holds 98% equity interest in Suzhou Yongding Hospital, a private for-profit Class II general hospital in Suzhou City, Jiangsu Province, the PRC. Upon Completion, the Target Company will become a direct wholly-owned subsidiary of the Company and Suzhou Yongding Hospital will become an indirect non-wholly-owned subsidiary of the Company, and the financial results of the Target Group will be consolidated into the financial statements of the Group.

THE FACILITY AGREEMENT

In order to fund part of the Consideration, on April 25, 2021, the Purchaser (as the borrower) entered into the Facility Agreement with a bank (as the lender), which provides for a loan facility in an aggregate principal amount of up to USD152,000,000.

LISTING RULES IMPLICATIONS

The Acquisition

As the highest applicable percentage ratio in respect of the Acquisition is more than 25% but less than 100%, the Acquisition constitutes a major transaction for the Company and is therefore subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best knowledge, information and belief of the Directors after all reasonable enquiries have been made, no Shareholder has any material interest in the Acquisition, and therefore, no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Acquisition.

The Company has obtained a written approval from a closely allied group of Shareholders who together held a total of 347,373,856 Shares, representing approximately 56.21% of the total number of Shares in issue as of the date of this announcement, on the Acquisition in lieu of holding a general meeting of the Company in accordance with Rule 14.44 of the Listing Rules.

A circular containing, among other things, further details of the Acquisition and the Target Group is expected to be despatched to the Shareholders for information only as soon as practicable and within 15 business days of this announcement in accordance with the Listing Rules.

The Facility Agreement

Given that the Facility Agreement contains provisions imposing specific performance obligations on the Controlling Shareholders, including without limitation requiring the Controlling Shareholders to maintain a minimum percentage of shareholding in the Company, and breach of such obligations will constitute an event of default under the Facility Agreement, such provisions give rise to announcement obligation pursuant to Rule 13.18 of the Listing Rules.

Shareholders and potential investors of the Company should note that the Acquisition is subject to a number of Conditions Precedent which may or may not be fulfilled. Shareholders and potential investors of the Company are reminded to exercise cautions when dealing in the securities of the Company.

The Board is pleased to announce that on April 25, 2021, the Purchaser and the Vendor entered into the Share Purchase Agreement, pursuant to which the Purchaser conditionally agreed to purchase, and the Vendor conditionally agreed to sell, the entire equity interest in the Target Company for a cash Consideration of the USD equivalent of RMB1,734,600,000 (subject to the Post-Completion Adjustment).

As of the date of this announcement, the Vendor directly holds 100% equity interest in the Target Company which indirectly holds 98% equity interest in Suzhou Yongding Hospital, a private for-profit Class II general hospital in Suzhou City, Jiangsu Province, the PRC. Upon Completion, the Target Company will become a direct wholly-owned subsidiary of the Company and Suzhou Yongding Hospital will become an indirect non-wholly-owned subsidiary of the Company, and the financial results of the Target Group will be consolidated into the financial statements of the Group.

The principal terms of the Share Purchase Agreement are summarized below:

THE SHARE PURCHASE AGREEMENT

Date

April 25, 2021

Parties

- (1) the Company, as the Purchaser; and
- (2) Ascendent Healthcare (Cayman) Limited, as the Vendor

As of the date of this announcement and to the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Vendor and its ultimate beneficial owner(s) are Independent Third Parties.

Subject Matter

Pursuant to the Share Purchase Agreement, the Purchaser has conditionally agreed to purchase, and the Vendor has conditionally agreed to sell, the entire equity interest in the Target Company.

As of the date of this announcement, the Vendor directly holds 100% equity interest in the Target Company, which indirectly holds 98% equity interest in Suzhou Yongding Hospital, and the remaining 2% equity interest in Suzhou Yongding Hospital is held by the YD Minority Shareholder, another Independent Third Party. Upon Completion, the Target Company will become a direct wholly-owned subsidiary of the Company and Suzhou Yongding Hospital will become an indirect non-wholly-owned subsidiary of the Company, and the financial results of the Target Group will be consolidated into the financial statements of the Group. For details of the existing shareholding structure of the Target Group and its shareholding structure after the Completion, please refer to the section headed “General Information on the Parties – Information of the Target Group” below.

Consideration

Pursuant to the Share Purchase Agreement, the Consideration shall be the USD equivalent of RMB1,734,600,000 (subject to the Post-Completion Adjustment), which shall be satisfied by cash.

The Consideration will be funded by internal resources of the Group, the portion of the net proceeds from the Global Offering which has been allocated for the purpose of acquiring hospitals, and external loan facilities provided under the Facility Agreement. For details of the Facility Agreement, please refer to the section headed “The Facility Agreement” below.

Basis of the Consideration

The Consideration was arrived at after arm’s length negotiations between the Purchaser and the Vendor after the Purchaser’s due diligence on the Target Group and with reference to, among other things, (i) the recent financial position and historical financial performance of the Target Group; (ii) the regional advantages, business prospects and future growth of Suzhou Yongding Hospital, including its expansion potential in terms of the number of beds, land resources and other service capacities; and (iii) the strategic benefits and potential synergies to be derived by the Group from the Acquisition. For further details, please see the section headed “Reasons for and Benefits of the Acquisition” below.

The Directors consider that the Consideration is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Payment Terms

The Consideration shall be satisfied by cash in the following manners:

- (1) 2% of the Consideration (the “**Deposit**”) shall be paid by the Purchaser by wire transfer to the bank account designated by the Vendor as the deposit within one Business Day after the Purchaser has obtained the written Shareholders’ approval from a closely allied group of the Shareholders, who together hold more than 50% in nominal value of the securities giving the right to attend and vote at the general meeting of the Purchaser to approve the Acquisition pursuant to the Listing Rules, which shall be applied towards the payment of the Consideration at Completion;
- (2) 83% of the Consideration (the “**Completion Payment**”) shall be paid by the Purchaser by wire transfer to the bank account designated by the Vendor at Completion;
- (3) 13% of the Consideration (the “**Escrow Amount**”) shall be deposited by the Purchaser into the Escrow Account at Completion, out of which 10% of the Consideration (the “**Post-Completion First Payment**”) shall be released, pursuant to the Escrow Agreement, by the Escrow Agent to the bank account designated by the Vendor after receiving instructions from both the Purchaser and the Vendor, which instructions shall be given within the earlier to occur of (i) two Business Days after the Target Group completes the administrative procedures as agreed by the Purchaser and the Vendor, including but not limited to, information updates of the filing records and operating licenses with the competent governmental authorities of the Target Group, or (ii) twenty Business Days after the date of the Completion; and

- (4) the remaining balance of the Consideration (the “**Post-Completion Last Payment**”), comprising all the remaining amount in the Escrow Account and 2% of the Consideration (subject to the Post-Completion Adjustment), shall be released by the Escrow Agent after receiving instructions from both the Purchaser and the Vendor pursuant to the Escrow Agreement (in respect of the remaining amount in the Escrow Account) and be paid by the Purchaser (in respect of the 2% of the Consideration after adjusting for the Post-Completion Adjustment where applicable), by wire transfer to the bank account designated by the Vendor on or before December 31, 2021, which is subject to deduction of any indemnification amount that the Vendor is obliged to pay to the Purchaser and settlement of all disputed indemnification amount (if any) pursuant to the Share Purchase Agreement.

Post-Completion Adjustment

After the Completion, the Purchaser and the Vendor agree to confirm the following adjustments by November 30, 2021:

- (1) the result of the amount of reimbursable medical fees to be received from the Medical Insurance Center that were recorded on the management accounts of Suzhou Yongding Hospital as of December 31, 2020 minus the amount of medical fees that are actually received as of November 30, 2021 in respect of the social medical insurance fees for the year of 2020 (the “**Medical Insurance Adjustment**”); and
- (2) the result of the amount of employees remuneration (including but not limited to salaries, bonus, over-time payments, night-time payments and other employment expenses) of the Target Group for the month of March 2021 that were actually paid in April 2021 minus the amount of employees remuneration of the Target Group for the month of March 2021 estimated by the Vendor (the “**Employee Remuneration Adjustment**”).

The amount of the Post-Completion Adjustment shall be the USD equivalent of the result calculated in accordance with the following formula:

$$A = (0.98 \times 0.75 \times B) + (0.98 \times 0.75 \times C)$$

Where:

“A” means the amount of the Post-Completion Adjustment in RMB;

“B” means the amount of the Medical Insurance Adjustment; and

“C” means the amount of the Employee Remuneration Adjustment.

If the amount of the Post-Completion Adjustment is (i) positive, the Consideration shall be adjusted downward by deducting the amount of the Post-Completion Adjustment from the Post-Completion Last Payment; (ii) negative, the Consideration shall be adjusted upward by adding the absolute value of the amount of the Post-Completion Adjustment to the Post-Completion Last Payment and the upward adjustment (if any) is expected to be no more than RMB3,000,000; or (iii) zero, no Post-Completion Adjustment will be made.

Conditions Precedent

Completion shall be conditional upon satisfaction or waiver by both the Purchaser and the Vendor in writing (except for Condition Precedent (1) below which could not be waived) of each of the following Conditions Precedent:

- (1) the Purchaser having obtained the written Shareholders' approval from a closely allied group of Shareholders, who together hold more than 50% in nominal value of the securities giving the right to attend and vote at the general meeting of the Purchaser to approve the Acquisition pursuant to the Listing Rules;
- (2) no *force majeure* events having occurred, including any act of war, political conditions and natural disasters (other than the COVID-19 pandemic) which has had, or would reasonably be expected to have, a material adverse effect on the business, assets, financial conditions or operation results of the Target Group as a whole;
- (3) there being no applicable laws which shall prohibit the Acquisition contemplated under the Share Purchase Agreement;
- (4) there being no legal proceedings which have been brought, or are likely to be brought, by any governmental body to prohibit or otherwise prevent the Acquisition contemplated under the Share Purchase Agreement; and
- (5) there being no objection raised by the shareholders of Suzhou Yongding Hospital in relation to the Acquisition.

Completion

Subject to the fulfillment or waiver (as the case may be) of the Conditions Precedent, the Completion shall take place within five Business Days after signing of the Share Purchase Agreement.

Upon Completion, the Target Company will become a direct wholly-owned subsidiary of the Company and Suzhou Yongding Hospital will become an indirect non-wholly-owned subsidiary of the Company, and the financial results of the Target Group will be consolidated into the financial statements of the Group.

Termination

The Share Purchase Agreement may be terminated:

- (1) by mutual written consents of the Purchaser and the Vendor;
- (2) by either party serving a written notice to the other party if any of the Conditions Precedent (2), (3) and (4) is not fulfilled or waived by the Long Stop Date;
- (3) by the Vendor serving a written notice to the Purchaser if (i) the Purchaser refuses to proceed to the Completion in the event that all the Conditions Precedent have been fulfilled or waived, or (ii) the Condition Precedent (1) has not been fulfilled by the Long Stop Date; or

- (4) by the Purchaser serving a written notice to the Vendor if (i) the Vendor refuses to proceed to the Completion in the event that all the Conditions Precedent have been fulfilled or waived, or (ii) the Condition Precedent (5) is not fulfilled by the Long Stop Date.

The Deposit shall be refunded to the Purchaser in full within two Business Days after termination of the Share Purchase Agreement, except in the event that the Share Purchase Agreement is terminated in accordance with the termination event as set out in paragraph (3) (i) above. In the event that the Share Purchase Agreement is terminated in accordance with the termination event as set out in paragraph (4)(i) above, in addition to the refund of the Deposit from the Vendor to the Purchaser, an amount of RMB10,000,000 shall be paid by the Vendor to the Purchaser as termination fee.

THE FACILITY AGREEMENT

In order to fund part of the Consideration, on April 25, 2021, the Purchaser (as the borrower) entered into the Facility Agreement with a bank (as the lender), which provides for a loan facility in an aggregate principal amount of up to USD152,000,000. The drawdown period shall be from the date of signing of the Facility Agreement to March 31, 2022. The maturity date shall be April 25, 2022 for 1.3% of the principal drawdown amount, April 25, 2023 for 6.6% of the principal drawdown amount and April 25, 2024 for 92.1% of the principal drawdown amount. Interest shall be accrued on the outstanding drawdown amount from the drawdown date to the repayment date at the three-month London Interbank Offered Rate plus 112 basis points.

After the Completion, the Target Group shall provide guarantee for the loan under the Facility Agreement, including that all the equity interest to be held by the Company directly or indirectly in the Target Group after the Completion (including the 100% equity interest in the Target Company, the HK Company and the WFOE, and the 98% equity interest in Suzhou Yongding Hospital) shall be pledged in favor of the lender within two months after the first drawdown.

In addition, the following specific performance obligations are imposed on the Controlling Shareholders under the Facility Agreement:

- (1) Mr. Zhu, Ms. Zhu and parties acting in concert with them shall collectively remain interested in an aggregate of not less than 30% of the voting power of the Company;
- (2) there shall be no material litigation and arbitration proceedings, or administrative and criminal investigations involving, or coercive measures such as seizure, freezing or preservation of material assets, administrative penalties in an amount exceeding RMB10,000,000, or criminal sanctions imposed on the Controlling Shareholder, or any other events that would impact their ability to perform duties with respect to the Company; and
- (3) there shall be no change of Controlling Shareholders of the Company that would affect the Company's ability of repayment under the Facility Agreement.

Any breach of the above specific performance obligations will constitute an event of default under the Facility Agreement, and the lender shall have the power to take actions including without limitation ceasing the release of unreleased loan proceeds, requesting additional collaterals or guarantees, and/or declaring all outstanding amounts together with interest accrued and all other sums payable by the Company to be immediately due and payable.

As of the date of this announcement, the Controlling Shareholders are deemed to be interested in approximately 45.35% of the issued share capital of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

GENERAL INFORMATION ON THE PARTIES

Information of the Target Group

The Target Company, a wholly-owned subsidiary of the Vendor, is a limited company incorporated under the laws of the BVI and is an investment holding company with its principal assets being its indirect investment in the 98% equity interest in Suzhou Yongding Hospital.

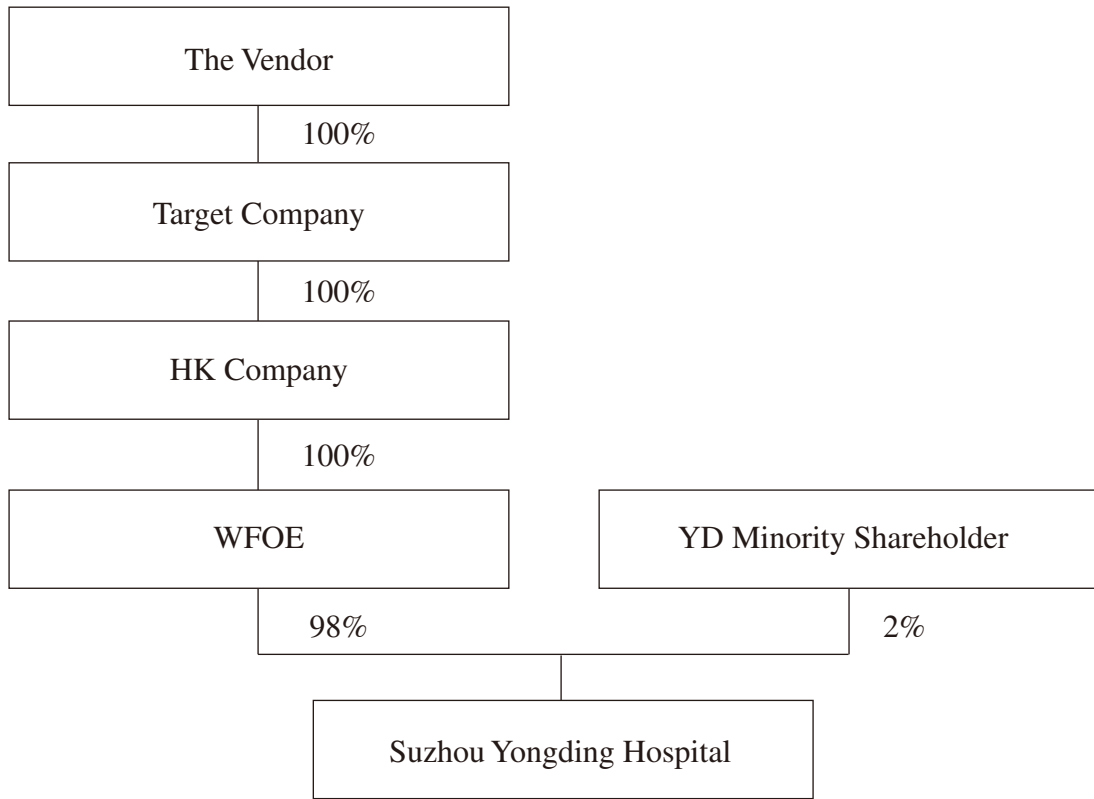
Suzhou Yongding Hospital has commenced its operation as a general hospital since 2007 in Suzhou City, Jiangsu Province, the PRC and is currently a private for-profit Class II general hospital providing extensive healthcare services. Suzhou Yongding Hospital currently holds a valid Medical Institution Practicing License (醫療機構執業許可證) and provides outpatient services, inpatient services and general healthcare services in a wide range of specialties, including but not limited to oncology, general surgery, internal medicine, and traditional Chinese medicine. As of December 31, 2020, it had 540 registered beds. The number of inpatient visits was approximately 20 thousand, and the number of outpatient visits was approximately 482 thousand for the year ended December 31, 2020.

Financial information of the Target Group

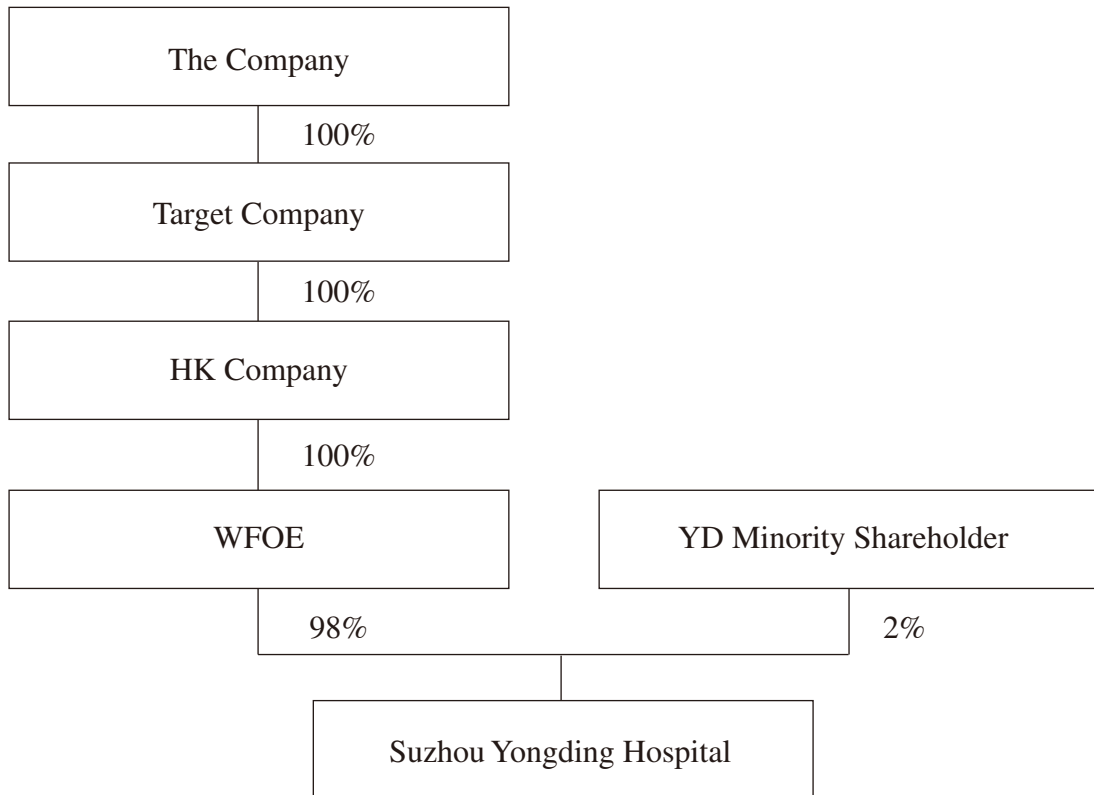
Set out below is the unaudited financial information of the Target Group for the two years ended December 31, 2019 and 2020 or as of December 31, 2020.

| | For the year ended December 31, | |
|--------------------------|--|--|
| | 2019 | 2020 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Revenue | 517,498 | 492,099 |
| Profit before income tax | 107,108 | 86,755 |
| Net profit | 75,652 | 60,577 |
| | | As of December 31, 2020 |
| | | <i>RMB'000</i> |
| Total assets | | 706,239 |
| Net assets | | 483,854 |

Existing Shareholding Structure of the Target Group



Shareholding Structure of the Target Group after Completion



Information of the Vendor

The Vendor is wholly-owned by ACP Fund I, which is ultimately managed by Ascendent Capital Partners I GP Limited and advised by Ascendent Capital Partners (Asia) Limited, a private equity investment management firm focused on Greater China-related investment opportunities, managing over USD2 billion in assets for global institutional investors, including sovereign wealth funds, endowments, pensions and foundations.

Information of the Company

As an oncology-focused healthcare group, the Group endeavors to make healthcare services more accessible and affordable (讓醫療更溫暖), addressing unmet demand of oncology patients in China. As of December 31, 2020, the Group (i) owned and operated seven private for-profit hospitals; (ii) managed three private not-for-profit hospitals; and (iii) provided services to 17 hospital partners for their radiotherapy centers.

REASONS FOR AND BENEFITS OF THE ACQUISITION

Suzhou Yongding Hospital is a Class II general hospital with years of operating experience and notable market influence in Suzhou City. It currently has sufficient room to accommodate more than 1,000 beds, having the potential for being upgraded to a Class III hospital, and enough space for conducting multi-disciplinary oncology diagnosis and treatment businesses such as radiotherapy services. The Acquisition will bring outstanding synergy effects for the Group and Suzhou Yongding Hospital.

The Acquisition will further enhance the Group's regional advantages in the Yangtze River Delta region and strengthen its brand influence in the following four aspects:

- (1) Suzhou Yongding Hospital is located in Wujiang District, Suzhou City, Jiangsu Province, the most populous municipal district with the largest land area in Suzhou City. Seated in the core area of the Yangtze River Delta region, Wujiang District has a developed economy with strong purchasing power and experiences continuous net inflow of population, while the demands of oncology patients are far from being met due to the shortage of local oncology medical resources, especially radiotherapy resources. As such, positioning in such area is in line with the Group's expansion strategies. Since commencing its operation in 2007, Suzhou Yongding Hospital, with its high-caliber and experienced professional medical team, has established good reputation in Wujiang District and even in Suzhou City;
- (2) with years of operating efforts, Suzhou Canglang Hospital, an existing private for-profit general hospital of the Group, has built strong brand influence in Suzhou City, and has maintained a CAGR of over 43% in terms of revenue in the past three years. Considering that the existing premises of Suzhou Canglang Hospital are close to full capacity, which may limit its sustainable and rapid development in the future, the Group has been actively seeking for solutions for further expansion in Suzhou City. As Suzhou Yongding Hospital currently has room for more beds as well as sufficient land resources for further construction, this Acquisition could offer the Group larger room and space for its business developments in Suzhou City;

- (3) after the Completion, the Group will integrate the resources of Suzhou Canglang Hospital and Suzhou Yongding Hospital to further strengthen its oncology-related businesses, in which the Group has competitive strengths, in Suzhou City and to develop Suzhou Yongding Hospital into an oncology-focused general hospital. Besides, the facilities and medical equipment of Suzhou Yongding Hospital could support the Group's construction of an multi-disciplinary oncology diagnosis and treatment center covering various treatment methods including radiotherapy, surgery and chemotherapy, thus practically satisfying the increasing needs of oncology patients in the Yangtze River Delta region; and
- (4) the Acquisition of Suzhou Yongding Hospital will further expand the healthcare service network of the Group, which is of great significance and value for increasing the oncology-related healthcare service revenue of the Group and its share in the oncology healthcare service market. After the Completion, the market share of the Group in the healthcare service market in the Yangtze River Delta region will continue to grow and its market influence in the surrounding areas will further expand, which will lay a solid foundation for the Group to establish its three-tier hospital network in the Yangtze River Delta region.

After the Completion, the Group will make the following integrating efforts to optimize the existing operations of Suzhou Yongding Hospital:

- (1) introducing the Group's centralized and standardized management system to Suzhou Yongding Hospital to reduce its operational expenses and improve its overall operational efficiency;
- (2) implanting the oncology specialties of the Group into Suzhou Yongding Hospital to enrich its oncology treatment methods and increase utilization rates of beds so as to further increase its revenue and profit level; and
- (3) developing Suzhou Yongding Hospital's multi-disciplinary oncology diagnosis and treatment businesses covering various treatment methods including radiotherapy, surgery and chemotherapy and providing one-stop oncology treatment services to satisfy the increasing demand of oncology patients.

In view of the above, the Directors are of the view that the terms of the Share Purchase Agreement are on normal commercial terms and fair and reasonable, and the Acquisition is in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

The Acquisition

As the highest applicable percentage ratio in respect of the Acquisition is more than 25% but less than 100%, the Acquisition constitutes a major transaction for the Company and is therefore subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best knowledge, information and belief of the Directors after all reasonable enquiries have been made, no Shareholder has any material interest in the Acquisition, and therefore, no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Acquisition. Pursuant to Rule 14.44 of the Listing Rules, the Company may apply the written shareholders' approval in lieu of holding a general meeting of the Company to approve the Acquisition.

The Company has obtained a written approval on the Acquisition from a closely allied group of Shareholders who together held a total of 347,373,856 Shares, representing approximately 56.21% of the total number of Shares in issue as of the date of this announcement. As such, the Company is not required to convene a general meeting to consider and approve the Acquisition.

| Name of Shareholders | Number of Shares held as of this announcement | Approximate percentage of shareholding |
|--|--|---|
| Century River ⁽¹⁾ | 111,668,436 | 18.07% |
| Red Palm and Amber Tree ⁽²⁾ | 165,549,382 | 26.79% |
| Spruce Wood Investment Holdings Limited ⁽³⁾ | 2,400,000 | 0.39% |
| Fountain Grass ⁽⁴⁾ | 67,756,038 | 10.96% |
| Total | <u>347,373,856</u> | <u>56.21%</u> |

Notes:

- (1) Century River is indirectly wholly owned by Mr. Zhu, the founder of the Group.
- (2) Red Palm and Amber Tree are indirectly wholly owned by Ms. Zhu, the daughter of Mr. Zhu.
- (3) Spruce Wood Investment Holdings Limited is wholly owned by Mr. Ren Ai, the spouse of Ms. Zhu and son-in-law of Mr. Zhu.
- (4) Fountain Grass is one of the Company's pre-IPO investors and an affiliate of Warburg Pincus LLC.

A circular containing, among other things, further details of the Acquisition and the Target Group is expected to be despatched to the Shareholders for information only as soon as practicable and within 15 business days of this announcement in accordance with the Listing Rules, including the accountants' report and certain other financial information.

The Facility Agreement

Given that the Facility Agreement contains provisions imposing specific performance obligations on the Controlling Shareholders, including without limitation requiring the Controlling Shareholders to maintain a minimum percentage of shareholding in the Company, and breach of such obligations will constitute an event of default under the Facility Agreement, such provisions give rise to announcement obligation pursuant to Rule 13.18 of the Listing Rules.

The Company will comply with the continuing disclosure requirements pursuant to Rule 13.21 of the Listing Rules for so long as the circumstances giving rise to the obligation continue to exist.

Shareholders and potential investors of the Company should note that the Acquisition is subject to a number of Conditions Precedent which may or may not be fulfilled. Shareholders and potential investors of the Company are reminded to exercise cautions when dealing in the securities of the Company.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires:

| | |
|-----------------|--|
| “ACP Fund I” | Ascendent Capital Partners I, L.P., holding 100% equity interest in the Vendor |
| “Acquisition” | the acquisition of the entire equity interest in the Target Company and the transaction contemplated under the Share Purchase Agreement |
| “Amber Tree” | Amber Tree Holdings Limited, a BVI business company incorporated under the laws of the BVI on August 31, 2018 and indirectly wholly-owned by Ms. Zhu, one of the Controlling Shareholders |
| “Board” | the board of Directors |
| “Business Day” | a day (other than a Saturday, a Sunday, a public holiday and a day on which a tropical cyclone warning no. 8 or above or a “black” rainstorm warning signal is hoisted or is in effect in Hong Kong at any time between the hours of 8:00 a.m. and 5:00 p.m. on weekdays) on which commercial banks are generally open for business in Hong Kong and the PRC |
| “BVI” | the British Virgin Islands |
| “CAGR” | compound annual growth rate |
| “Century River” | Century River Holdings Limited, a BVI business company incorporated under the laws of BVI on August 31, 2018 and indirectly wholly-owned by Mr. Zhu, one of the Controlling Shareholders |

| | |
|-------------------------------------|---|
| “Century River Investment” | Century River Investment Holdings Limited, a BVI business company incorporated under the laws of BVI on April 16, 2019 and directly wholly-owned by Mr. Zhu, one of the Controlling Shareholders |
| “Class II” or “Class II hospital” | the regional hospital designated as Class II hospital by the NHFPC hospital classification system, typically having 100 to 500 beds, providing multiple communities with integrated healthcare services and undertaking certain academic and scientific research missions |
| “Class III” or “Class III hospital” | the largest and best regional hospitals designated as Class III hospitals by the NHFPC hospital classification system, typically having more than 500 beds, as for a comprehensive hospital providing high-quality professional healthcare services covering a wide geographic area and undertaking higher academic and scientific research initiatives |
| “Company” | Hygeia Healthcare Holdings Co., Limited (海吉亞醫療控股有限公司), an exempted company with limited liability incorporated under the laws of Cayman Islands on September 12, 2018, the Shares of which are listed on the Main Board of the Stock Exchange |
| “Completion” | completion of the Acquisition, as more particularly described under the paragraph “Completion” in this announcement |
| “Conditions Precedent” | the conditions precedent to the Completion, as more particularly described under the paragraph “Conditions Precedent” in this announcement |
| “connected person(s)” | has the meaning ascribed to it under the Listing Rules |
| “Consideration” | an amount of the USD equivalent of RMB1,734,600,000 (subject to the Post-Completion Adjustment) payable by the Purchaser to the Vendor as consideration pursuant to the Share Purchase Agreement, as more particularly described under the paragraph “Consideration” in this announcement |
| “Controlling Shareholders” | has the meaning ascribed thereto under the Listing Rules and unless the context otherwise requires, refers to Mr. Zhu, Ms. Zhu, Century River Investment, Century River, Red Palm Investment, Red Palm and Amber Tree |
| “COVID-19” | novel coronavirus pneumonia |
| “Director(s)” | the director(s) of the Company |

| | |
|--------------------------------|---|
| “Escrow Account” | the escrow account to be opened, maintained and operated in accordance with the Escrow Agreement |
| “Escrow Agent” | the escrow agent appointed by the Purchaser and the Vendor under the Escrow Agreement |
| “Escrow Agreement” | the escrow agreement entered into among the Purchaser, the Vendor and the Escrow Agent on April 25, 2021 for purpose of holding part of the Consideration payable by the Purchaser to the Vendor under the Share Purchase Agreement |
| “Facility Agreement” | the loan facility agreement entered into between the Purchaser (as the borrower) and a bank (as the lender) on April 25, 2021 |
| “Fountain Grass” | Fountain Grass Investment Ltd, a limited liability company incorporated under the laws of Mauritius and an affiliate of Warburg Pincus LLC, one of the Company’s pre-IPO investors |
| “Global Offering” | the Hong Kong Public Offering and the International Offering as described in the prospectus of the Company dated June 16, 2020 |
| “Group” | the Company together with its subsidiaries |
| “HK Company” | Etern Healthcare (HK) Limited (永鼎醫療(香港)有限公司), a limited company incorporated in Hong Kong and a wholly-owned subsidiary of the Target Company |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Independent Third Party(ies)” | person(s) who is(are) third party(ies) independent of the Company and its connected persons (as defined under the Listing Rules) |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time |
| “Long Stop Date” | being April 30, 2021, the fifth Business Day after signing of the Share Purchase Agreement |
| “Main Board” | the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the GEM of the Stock Exchange |

| | |
|------------------------------|---|
| “Medical Insurance Center” | Suzhou City Wujiang District Medical Security Service Center (蘇州市吳江區醫療保障服務中心) |
| “Mr. Zhu” | Mr. Zhu Yiwen (朱義文), father of Ms. Zhu, the founder of the Group, the vice chairman of the Board, a non-executive Director and one of the Controlling Shareholders |
| “Ms. Zhu” | Ms. Zhu Jianqiao (朱劍喬), daughter of Mr. Zhu and one of the Controlling Shareholders |
| “NHFPC” | National Health and Family Planning Commission of the PRC (中華人民共和國國家衛生和計劃生育委員會), currently known as National Health Commission of the PRC (中華人民共和國國家衛生健康委員會) |
| “percentage ratio” | the percentage ratio(s) set out in Rule 14.07 of the Listing Rules to be applied for determining the classification of a transaction |
| “Post-Completion Adjustment” | the adjustment to the Consideration, as more particularly described under the paragraph “Post-Completion Adjustment” in this announcement |
| “PRC” | the People’s Republic of China, and for the purpose of this announcement only, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan |
| “Purchaser” | the Company |
| “Red Palm” | Red Palm Holdings Limited, a BVI business company incorporated under the laws of BVI on August 31, 2018 and indirectly wholly-owned by Ms. Zhu, one of the Controlling Shareholders |
| “Red Palm Investment” | Red Palm Investment Holdings Limited, a BVI business company incorporated under the laws of BVI on April 16, 2019 and directly wholly-owned by Ms. Zhu, one of the Controlling Shareholders |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “Share Purchase Agreement” | the share purchase agreement entered into between the Purchaser and the Vendor on April 25, 2021 in relation to the purchase and sale of the entire equity interest in the Target Company, as more particularly described in the section headed “The Share Purchase Agreement” in this announcement |
| “Share(s)” | ordinary share(s) in the share capital of the Company with nominal value of USD0.00001 |

| | |
|----------------------------|--|
| “Shareholder(s)” | holder(s) of the Shares |
| “Stock Exchange” | the Stock Exchange of Hong Kong Limited |
| “subsidiary(ies)” | has the same meaning ascribed to it in the Listing Rules |
| “Suzhou Canglang Hospital” | Suzhou Canglang Hospital Co., Ltd. (蘇州滄浪醫院有限公司), a limited liability company established in the PRC on March 23, 2015 and a subsidiary of the Company |
| “Suzhou Yongding Hospital” | Suzhou Yongding Hospital Co., Ltd. (蘇州永鼎醫院有限公司), a for-profit class II general hospital in Suzhou and owned as to 98% by the WFOE and 2% by the YD Minority Shareholder |
| “Target Company” | Etern Group Ltd., a company incorporated under the laws of the BVI and an investment holding company wholly-owned by the Vendor with its principal assets being its indirect investment in the 98% equity interest in Suzhou Yongding Hospital |
| “Target Group” | the Target Company and its subsidiaries |
| “United States” | the United States of America, its territories, possessions, and all areas subject to its jurisdiction |
| “USD” | US dollar, the lawful currency of the United States |
| “Vendor” | Ascendent Healthcare (Cayman) Limited, an exempted company incorporated in the Cayman Islands with limited liability on February 12, 2014 and is wholly-owned by ACP Fund I |
| “WFOE” | Suzhou Yongding Healthcare Management and Service Co., Ltd. (蘇州永鼎醫療管理服務有限公司), a limited liability company established in the PRC on February 10, 2014, which is wholly owned by the Target Company through the HK Company and is holding 98% equity interest in Suzhou Yongding Hospital |

“YD Minority Shareholder” Suzhou Wujiang Eastern State Capital Investment Management Co., Ltd. (蘇州市吳江東方國有資本投資經營有限公司), a wholly state-owned limited liability company established in the PRC on November 9, 2001 and is holding 2% equity interest in Suzhou Yongding Hospital

“%” per cent

By order of the Board
Hygeia Healthcare Holdings Co., Limited
Mr. Fang Min
Chairman

Hong Kong, April 25, 2021

As of the date of this announcement, the Board comprises Mr. Fang Min as chairman and non-executive Director, Mr. Zhu Yiwen as vice chairman and non-executive Director, Ms. Cheng Huanhuan, Mr. Ren Ai, Mr. Zhang Wenshan and Ms. Jiang Hui as executive Directors, and Mr. Liu Yanqun, Mr. Chen Penghui and Mr. Ye Changqing as independent non-executive Directors.