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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 IN RELATION TO SUBSCRIPTION OF SHARES IN UNICORN II HOLDINGS LIMITED

Financial advisor to the Company



THE SUBSCRIPTION

On August 18, 2022 (after trading hours), the Subscriber, the Target Company and the Sponsor entered into the Share Subscription Agreement, pursuant to which the Target Company agreed to issue and the Subscriber agreed to subscribe for the Subscription Shares at a total consideration of approximately RMB180.0 million. Upon completion, the Subscriber will hold minority interest in the Target Company.

IMPLICATIONS UNDER THE LISTING RULES

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Subscription exceeds 5% but all of them are less than 25%, the Subscription constitutes a discloseable transaction of the Company and is therefore subject to the relevant notification and announcement requirements under Chapter 14 of the Listing Rules.

THE SUBSCRIPTION

On August 18, 2022 (after trading hours), the Subscriber, the Target Company and the Sponsor entered into the Share Subscription Agreement, pursuant to which the Target Company agreed to issue and the Subscriber agreed to subscribe for the Subscription Shares at a total consideration of approximately RMB180.0 million. Upon completion, the Subscriber will hold minority interest in the Target Company.

THE SHARE SUBSCRIPTION AGREEMENT

The principal terms of the Share Subscription Agreement are set out below:

Date: August 18, 2022 (after trading hours)

Parties:

- (1) the Subscriber, a wholly-owned subsidiary of the Company;
- (2) the Target Company; and
- (3) the Sponsor.

Consideration and assets to be acquired: Upon completion, the Target Company will issue and allot the Subscription Shares to the Subscriber at a total consideration of approximately RMB180.0 million and the Subscriber will hold minority interest in the Target Company. The Subscriber will not take control over the Target Company and the financial results of the Target Company will not be consolidated into the Group's consolidated financial statements.

Conditions precedent: The obligations of the Subscriber to proceed to each Subscription Closing is subject to the satisfaction or express waiver by the Subscriber (where legally permissible) of the following conditions:

- (a) the representations and warranties of the Target Company and the Sponsor shall remain to be true and correct in all material respects on and as of the date of relevant Subscription Closing;

- (b) the Target Company has performed and complied with all agreements, obligations and conditions under in the Share Subscription Agreement in all material respects that are required to be performed or complied with by it on or before the date of the relevant Subscription Closing;
- (c) since the date of the Share Subscription Agreement, there has been no material adverse effect;
- (d) no applicable law shall have been adopted, promulgated or enforced by any governmental authority after the date hereof, and no order shall come into effect after the date hereof, having the effect of making the Subscription illegal or otherwise prohibiting the consummation of the Subscription, and no action initiated by any governmental authority seeking an order having the effect of making the Subscription illegal or otherwise prohibiting the consummation of Subscription shall be pending;
- (e) the joinder agreement to the Target Company's shareholders' agreement has been executed by the Target Company (applicable to the first Subscription Closing only);
- (f) the Target Company shall have delivered to the Subscriber a certificate, dated the date of the relevant Subscription Closing and duly signed by a director of the Target Company, certifying that the conditions precedent have been satisfied;
- (g) the Sponsor shall have delivered to the Subscriber a certificate, dated the date of the relevant Subscription Closing and duly signed by a director of the Sponsor, certifying that the conditions precedent have been satisfied; and
- (h) the closing of the transactions contemplated under the Equity Transfer Agreement has been consummated.

Payment schedule and closing:

Conditional upon fulfilment or waiver of the conditions precedent, the total consideration for the Subscription will be paid in four installments within six months after the date of the Share Subscription Agreement or such later date as agreed in writing by the Target Company and the Subscriber, and there will be a sequence of four Subscription Closings under the Share Subscription Agreement.

The following table shows the percentage of each installment in the total consideration:

Percentage of each installment in the total consideration

First installment ⁽¹⁾	23.89%
Second installment ⁽²⁾	25.37%
Third installment ⁽²⁾	25.37%
Fourth installment ⁽²⁾	25.37%

Notes:

- (1) Subject to the fulfillment or waiver of the conditions precedent, the first Subscription Closing shall take place following the last installment under the Kewan Agreement.
- (2) Subject to the fulfillment or waiver of the conditions precedent, the second, third and fourth Subscription Closing shall take place following the first, second and third Onshore Tranche Payment under the Equity Transfer Agreement, respectively.

In a Subscription Closing, the issuance and subscription of certain number of Subscription Shares, the amount of which equals to the quotient of the consideration payable by the Subscriber of the relevant installment under the Share Subscription Agreement divided by the subscription price per Subscription Share, shall take place via the remote exchange of electronic documents and signatures.

Please refer to the Company's announcement dated August 18, 2022 in connection with the Equity Transfer Agreement and the transactions contemplated thereunder for more details of the Onshore Tranche Payment(s).

Termination: The Share Subscription Agreement shall terminate: (i) by mutual written consent of the Target Company and the Subscriber, (ii) automatically without further action by any Party upon termination of the Equity Transfer Agreement without the closing of the transactions contemplated thereunder, (iii) by the Target Company upon any material breach of any term herein by the Subscriber, (iv) by the Subscriber upon any material breach of any term herein by the Target Company or Sponsor or (v) automatically without further action by any Party upon the six months after the date of the Share Subscription Agreement or such later date as agreed in writing by the Target Company and the Subscriber if the amount of the total actual payment by the Subscriber to the Target Company as of such time is less than the total consideration under the Share Subscription Agreement.

BASIS OF DETERMINATION ON THE CONSIDERATION

The consideration was determined after arm's length negotiations between the Subscriber and the Target Company with reference to the Target Group's financial position and business prospect, valuation in its previous round of financing and the benefits the Company may receive from the Subscription with more details set out in the section headed "Reasons for and Benefits of the Subscription" in this announcement.

INFORMATION OF THE TARGET COMPANY AND THE SPONSOR

The Target Company is incorporated in Cayman Islands with limited liability as an indirect holding company of New Frontier Health Corporation. New Frontier Health Corporation is the owner and operator of United Family Healthcare, a leading private healthcare provider offering comprehensive premium healthcare services in China. The Target Company is ultimately controlled by Mr. Kam Chung Leung and Mr. Carl Wu.

The Sponsor is indirectly owned by New Frontier Group International Ltd. and is a major shareholder of the Target Company. New Frontier Group International Ltd. is ultimately controlled by Mr. Kam Chung Leung and Mr. Carl Wu. New Frontier Group International Ltd. is a China-focused healthcare platform, experienced in building, operating and investing in diversified healthcare related businesses. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as of the date of this announcement, each of the Target Company, the Sponsor and their ultimate beneficial owners was an Independent Third Party.

Set out below is the audited consolidated financial information of the Target Company prepared under International Financial Reporting Standards:

	For the year ended		As at
	December 31,		December 31,
	2020	2021	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(audited)	(audited)	(audited)
Revenue	2,260,505	2,804,202	—
Net assets	—	—	6,968,139
Total assets	—	—	12,874,058
Loss before taxation	504,146	738,200	—
Loss after taxation	531,854	729,268	—

INFORMATION OF THE SUBSCRIBER AND 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 and medical examination centers and clinics in the PRC. The Subscriber is a directly wholly-owned subsidiary of the Company, incorporated under the laws of the British Virgin Islands on July 11, 2014 with limited liability and is principally engaged in investment holding.

REASONS FOR AND BENEFIT OF THE SUBSCRIPTION

New Frontier Health Corporation is a leading integrated private healthcare service providers in China with long operating history. The Directors believe that (i) the Company will benefit from the Subscription by expanding its business exposure and synergy along with the whole industry value chain; (ii) considering the recent outlook and increased demand for premium healthcare service in the PRC, New Frontier Health Corporation is of great development prospects and the Subscription may bring possible financial returns; and (iii) the Subscription can enable the Group to establish a strategic alliance with New Frontier Health Corporation and explore various business opportunities by utilizing and integrating the profound resources of the Group and the Target Group.

In view of the above, the Directors (including the independent non-executive Directors) consider that the Share Subscription Agreement is on normal commercial terms which are fair and reasonable, and the entering into the Share Subscription Agreement is in the interest of the Company and the Shareholders as a whole.

IMPLICATION OF THE LISTING RULES

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Subscription exceeds 5% but all of them are less than 25%, the Subscription constitutes a discloseable transaction of the Company and is therefore subject to the relevant notification and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

“Board”	the board of Directors
“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
“Director(s)”	the director(s) of the Company
“Equity Transfer Agreement”	the equity transfer agreement entered into on August 18, 2022 among Shanghai Ruikui Health Consulting Co., Ltd. (上海瑞魁健康諮詢有限公司), Hainan Xinmu Medical Management Co., Ltd. (海南新睦醫療管理有限公司), Unicorn II Holdings Limited, Beijing Jingbei Women & Children United Family Hospital Co., Ltd. (北京和睦家京北婦兒醫院有限公司), Tianjin United Family Hospital (天津和睦家醫院有限公司) and Qingdao United Family Hospital (青島和睦家醫院有限公司) in connection with the disposals of 60% equity interest in Rici Shuixian and 100% equity interest in Rici Ruijing by Shanghai Ruikui Health Consulting Co., Ltd. to Hainan Xinmu Medical Management Co., Ltd.
“Group”	the Company and its subsidiaries
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	the third party(ies) independent of the Company and its connected persons (as defined in the Listing Rules)
“Kewan Agreement”	the equity transfer agreement dated August 18, 2022 between Shanghai Kewan Health Consulting Co., Ltd. (上海軻苑健康諮詢有限公司) and Hainan Xinmu Medical Management Co., Ltd. in connection with the disposal of 40% equity interest in Rici Shuixian by Shanghai Kewan Health Consulting Co., Ltd. to Hainan Xinmu Medical Management Co., Ltd.

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
“Onshore Tranche Payment”	the tranche payment of the first installment for the disposal transaction under the Equity Transfer Agreement. Such first installment for the disposal transaction under the Equity Transfer Agreement will be settled in three tranche payments and each tranche payment is an “Onshore Tranche Payment”
“Party(ies)”	the party(ies) to the Share Subscription Agreement
“PRC”	The People’s Republic of China, which expression for the purpose of this announcement only, except where the context requires otherwise, does not include Hong Kong, the Macau Special Administrative Region and Taiwan
“Rici Ruijing”	Shanghai Rici Ruijing Clinic Co., Ltd. (上海瑞慈瑞靜門診部有限公司), a company incorporated under the laws of the PRC with limited liability on March 11, 2022, an indirectly wholly-owned subsidiary of the Company prior to the completion of its disposal contemplated under the Equity Transfer Agreement
“Rici Shuixian”	Rici Shuixian Obstetrics & Gynecology Hospital Co. Ltd. (上海瑞慈水仙婦兒醫院有限公司), a company incorporated under the laws of the PRC with limited liability on October 17, 2016, an indirectly non-wholly-owned subsidiary of the Company prior to the completion of its disposal contemplated under the Equity Transfer Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	shareholder(s) of the Company
“Share Subscription Agreement”	the share subscription agreement dated August 18, 2022 entered into by the Subscriber, the Target Company and the Sponsor in respect of the Subscription
“Sponsor”	New Frontier Public Holding Ltd., an exempted company incorporated with limited liability under the laws of the Cayman Islands

“Subscriber”	Rici Healthcare Holdings Limited, a company incorporated under the laws of the British Virgin Islands with limited liability on July 11, 2014, which is a directly wholly-owned subsidiary of the Company
“Subscription”	the subscription of the Subscription Shares by the Subscriber from the Target Company pursuant to the Share Subscription Agreement
“Subscription Closing”	the issuance and subscription of certain number of Subscription Shares via the remote exchange of electronic documents and signatures
“Subscription Share(s)”	the ordinary share(s) of par value of US\$0.0001 each to be issued by the Target Company and subscribed for by the Subscriber pursuant to the Share Subscription Agreement
“Target Company”	Unicorn II Holdings Limited, an exempted company incorporated with limited liability under the laws of the Cayman Islands and the target of the Subscription
“Target Group”	the Target Company and its subsidiaries
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	percent

By Order of the Board of Directors
Rici Healthcare Holdings Limited
Fang Yixin
Chairman and Chief Executive Officer

Shanghai, PRC, August 18, 2022

As at the date of this announcement, the Board comprises four executive Directors, namely Dr. Fang Yixin, Dr. Mei Hong, Mr. Fang Haoze and Ms. Lin Xiaoying; and three independent non-executive Directors, namely Dr. Wang Yong, Mr. Jiang Peixing and Ms. Wong Sze Wing.