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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)

UPDATE ON DISCLOSEABLE TRANSACTION EXERCISE OF REPURCHASE OPTION BY EVERBRIGHT (HAIMEN) IN RELATION TO THE INVESTMENT IN NANTONG RICH HOSPITAL

Reference is made to the announcement of Rici Healthcare Holdings Limited (the “**Company**”) dated September 3, 2018 (the “**2018 Announcement**”) in relation to, among others, the Investment Agreement. Unless otherwise defined herein, capitalized terms used in this announcement shall have the same meanings as those defined in the 2018 Announcement.

EXERCISE OF REPURCHASE OPTION

Under the Investment Agreement, Everbright (Haimen) is granted the Repurchase Option to require Nantong Rich Medical or its designated third party(ies) to repurchase all of Everbright (Haimen)’s equity interest in Nantong Rich Hospital at the repurchase price specified in the Investment Agreement under certain circumstances as disclosed in the 2018 Announcement.

As Nantong Rich Hospital did not achieve the profit level as agreed in the Investment Agreement, on January 16, 2023, Nantong Rich Hospital, Nantong Rich Medical, Dr. Fang Yixin, Dr. Mei Hong and Everbright (Haimen) (collectively, the “**Parties**”) entered into a share repurchase agreement (the “**Share Repurchase Agreement**”), pursuant to which, the Parties agreed that Nantong Rich Medical or its designated third party(ies) shall repurchase all of Everbright (Haimen)’s equity interest in Nantong Rich Hospital with the total repurchase price (the “**Total Repurchase Price**”) to be paid in two installments instead of one lump sum. Pursuant to the Share Repurchase Agreement, Nantong Rich Medical or its designated third party(ies) will make (i) the first installment of RMB100,000,000 (the “**First Time Repurchase Price**”) to Everbright (Haimen) on January 17, 2023 (a benchmark date (the “**Benchmark Date**”) for the purpose of calculating the Total Purchase Price, on which Everbright (Haimen) is deemed to serve the notice of the exercise of the Repurchase Option) and (ii) the second installment of RMB63,718,741.89 (the “**Second Time Repurchase Price**”) plus the payment of any interest to the Second Time Repurchase Price (which is expected not to exceed RMB1,460,723.91) to Everbright (Haimen) prior to March 31, 2023. The installments arrangement is to enable the Group to better balance its working capital and therefore reduce risks pertaining to the Group’s liquidity and overall financial position in the interest of the Company and the Shareholders as a whole.

Set out below are the major terms of the Share Repurchase Agreement.

Date: January 16, 2023

Parties:

- (1) Nantong Rich Hospital
- (2) Nantong Rich Medical
- (3) Dr. Fang Yixin
- (4) Dr. Mei Hong
- (5) Everbright (Haimen)

Targeted assets: 4.41% of the equity interest in Nantong Rich Hospital

Calculation of the Total Repurchase Price: The aggregate amount payable pursuant to the exercise of the Repurchase Option is the aggregation of (i) the amount of RMB163,718,741.89, which is equivalent to the capital contribution made by Everbright (Haimen) in the Investment and accumulated annual returns calculated on an annual compound investment return rate of 12% (the relevant period for calculating the accumulated annual returns starts from the date when Everbright (Haimen) made the cash contribution to Nantong Rich Hospital (i.e. September 12, 2018) to the Benchmark Date (i.e. January 17, 2023)) and (ii) any interest to the Second Time Repurchase Price.

The interest to the Second Time Repurchase Price shall accrue on the base of RMB63,718,741.89 from the Benchmark Date up to the date of actual payment of the second installment on an annual compound interest rate of 12%. As the second installment shall be made prior to March 31, 2023, the maximum amount of such interest payment is expected not to exceed RMB1,460,723.91.

**Installments
arrangement:**

The Total Repurchase Price will be paid in two installments:

First installment

Nantong Rich Medical or its designated third party(ies) shall make the payment of the First Time Repurchase Price, namely, RMB100,000,000, to Everbright (Haimen)'s designated bank account on the Benchmark Date.

Second installment

Nantong Rich Medical or its designated third party(ies) shall make the payment of the Second Time Repurchase Price, namely, RMB63,718,741.89, plus any interest to the Second Time Repurchase Price (which is expected not to exceed RMB1,460,723.91) to Everbright (Haimen)'s designated bank account prior to March 31, 2023.

The Parties have unanimously confirmed and agreed that, within 30 working days after receiving the Total Purchase Price, Everbright (Haimen) shall (i) transfer 4.41% of the equity interest in Nantong Rich Hospital currently held by Everbright (Haimen) to Nantong Rich Medical, (ii) release Nantong Rich Medical's pledged equity interest in Nantong Rich Hospital, (iii) cooperate with the other Parties to change the director appointed by Everbright (Haimen) in Nantong Rich Hospital and (iv) complete the corresponding industrial and commercial change registration procedures.

Upon completion of the above, Everbright (Haimen) will cease to be a shareholder of Nantong Rich Hospital and Nantong Rich Hospital will be wholly owned by Nantong Rich Medical and thus an indirectly wholly owned subsidiary of the Company.

The Parties have unanimously confirmed and agreed that as the date of the Share Repurchase Agreement, none of the Parties has violated or breached the Investment Agreement. Upon the completion of the performance of the obligations under the Share Repurchase Agreement, the Investment Agreement will be automatically terminated, and the Parties can no longer claim any right or interest against each other in accordance with the Investment Agreement.

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

Shanghai, the PRC, January 16, 2023

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.