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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)

**(1) CONTINUING CONNECTED TRANSACTIONS –
PROPERTY MANAGEMENT SERVICES
FRAMEWORK AGREEMENT;
AND
(2) PRICING POLICY OF SALES OF MEDICAL SUPPLIES
FRAMEWORK AGREEMENTS**

**CONTINUING CONNECTED TRANSACTIONS – PROPERTY
MANAGEMENT SERVICES FRAMEWORK AGREEMENT**

Reference is made to the announcement of the Company dated February 8, 2024 in relation to (among other things) the entering into of (i) the New Wugang Property Services Agreement by Wugang Hospital under the Group and Runjia Property Service (Wuhan) (a wholly-owned subsidiary of CR Mixc, as service provider) and (ii) the Bengang Property Services Agreement by Bengang Hospital under the Group and Runjia Property Service (Shenyang) (a wholly-owned subsidiary of CR Mixc, as service provider), pursuant to which Runjia Property Service (Wuhan) and Runjia Property Service (Shenyang) would respectively provide various property management services to Wugang Hospital or Bengang Hospital (as applicable) for a term of one year.

The Board is pleased to announce that on March 25, 2024, the Company and CR Mixc entered into the Property Management Services Framework Agreement, pursuant to which the CR Mixc Group shall provide various property management services, including cleaning, security, fire safety control, etc., to the Group for a term of two years effective from January 1, 2024. The annual caps thereunder are RMB41 million for the year ending December 31, 2024 and RMB48 million for the year ending December 31, 2025, where the New Wugang Property Services Agreement and the Bengang Property Services Agreement have been counted towards such annual caps.

LISTING RULES IMPLICATIONS

As at the date of this announcement, CRC (a controlling shareholder of the Company) indirectly holds approximately 73.72% equity interests in CR Mixc (a company listed on the Stock Exchange, stock code: 1209). As such, CR Mixc is a connected person of the Company. Accordingly, the Property Management Services Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the annual caps under the Property Management Services Framework Agreement exceed 0.1%, but all of them are less than 5%, the transactions contemplated under the Property Management Services Framework Agreement and the corresponding annual caps are subject to the reporting, announcement and annual review requirements but are exempt from the circular and independent Shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

(1) CONTINUING CONNECTED TRANSACTIONS – PROPERTY MANAGEMENT SERVICES FRAMEWORK AGREEMENT

Reference is made to the announcement of the Company dated February 8, 2024 in relation to (among other things) the entering into of (i) the New Wugang Property Services Agreement by Wugang Hospital under the Group and Runjia Property Service (Wuhan) (a wholly-owned subsidiary of CR Mixc, as service provider) and (ii) the Bengang Property Services Agreement by Bengang Hospital under the Group and Runjia Property Service (Shenyang) (a wholly-owned subsidiary of CR Mixc, as service provider), pursuant to which Runjia Property Service (Wuhan) and Runjia Property Service (Shenyang) would respectively provide various property management services to Wugang Hospital or Bengang Hospital (as applicable) for a term of one year.

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The major terms of the Property Management Services Framework Agreement are set out as follows:

Date: March 25, 2024

Parties:

1. The Company; and
2. CR Mixc (as service provider)

Scope of services: The CR Mixc Group shall provide property management services to the Group, including cleaning service, security service, fire safety control, etc.

Term: For a term of two years effective from January 1, 2024

Service fees and payment arrangement:

The Group shall pay service fees to the CR Mixc Group for the property management services which shall be determined through a tender and bidding process required by the Group after arm's length negotiation between the parties on normal commercial terms with reference to (1) the property type, location and area; (2) the branding and positioning of the relevant property; (3) the scope and standard of the services to be provided; (4) the estimated operating costs regarding the provision of the services (including but not limited to labour costs, material costs, etc.); (4) the status of the relevant subsidiaries/member hospitals of the Group; and (5) the market prices offered by third-party service providers for similar services, and the Group's historical fees paid for similar services. For both contracting parties, the contractual terms of the transactions under the Property Management Services Framework Agreement shall neither be less favorable than the terms offered by the Group to any independent third parties or by any independent third parties to the Group, nor shall they be less favorable than those offered by CR Mixc Group to any independent third parties or by any independent third parties to CR Mixc Group.

The contracting parties shall enter into separate agreements regarding individual property management service transactions under the Property Management Services Framework Agreement, and the fees and payment arrangement of such individual property management services shall be determined separately taking into account the abovementioned factors.

Annual Caps of the Property Management Services Framework Agreement and Basis of Determination

The table below sets out the annual caps of the Property Management Services Framework Agreement for the two financial years ending December 31, 2025.

	Financial year ending December 31,	
	2024 <i>(RMB)</i>	2025 <i>(RMB)</i>
Annual Cap	41 million	48 million

The Property Management Services Framework Agreement covers the following existing agreements: the New Wugang Property Services Agreement, the Bengang Property Services Agreement, the Xukuang Hospital Property Services Agreement, the Tiemei General Hospital Property Services Agreement, the Shenmei General Hospital Property Services Agreement and the Fukuang General Hospital Property Services Agreement. From January 1, 2024 to the date of this announcement, the aggregated transaction amount incurred under the Property Management Services Framework Agreement is approximately RMB6.84 million.

The abovementioned annual caps are determined with reference to:

- (i) the historical total transaction amount of property management services incurred by the Group with the CR Mixc Group for the year ended December 31, 2023, being approximately RMB18.64 million;
- (ii) the estimated total transaction amount of property management services to be incurred by the Group with the CR Mixc Group under the Property Management Services Framework Agreement for the year ending December 31, 2024 (taking into account the transaction amount already incurred in 2024 as mentioned above);

- (iii) the Group's expected increase in demand for property management services from the CR Mixc Group in view of its business development; and
- (iv) a buffer of approximately 15% per year for the two financial years ending December 31, 2025 to accommodate the possible expansion of the Group's hospital network and any unforeseeable circumstances (including future price inflation).

Reasons for and Benefits of Entering into the Property Management Services Framework Agreement

In light of its daily operations, the Group has to acquire property management services to keep the environment clean and maintain its orderly daily operations, in order to facilitate the business development of the Group. The CR Mixc Group is a professional and efficient service provider with controllable costs. Particularly, its subsidiaries have been providing quality property management services to certain member hospitals of the Group since October 2021. The Group believes that the CR Mixc Group has always been able to solve problems arising from its property management services in a timely manner, which can facilitate the efficient and orderly business operation of the Group and effectively lower its transaction costs, and to consistently provide high-quality property management services.

Taking into account the above factors, the Directors (including independent non-executive Directors) are of the view that the Property Management Services Framework Agreement is entered into on normal commercial terms or better in the ordinary and usual course of business of the Group. The terms of the Property Management Services Framework Agreement (including the annual caps thereunder) are fair and reasonable and in the interests of the Company and its Shareholders as a whole. None of the Directors is considered to have any material interest in the Property Management Services Framework Agreement. As part of good corporate governance measures, Mr. SONG Qing, Mr. YU Hai, Mr. SHAN Baojie, and Ms. YANG Min, the executive Directors, and Ms. GE Lu, the non-executive Director have abstained from voting on the relevant Board resolutions, as they serve as senior management in CR Holdings and/or CR Healthcare.

GENERAL INFORMATION

CRC

CRC, a company established in the PRC with limited liability, a state-owned enterprise under the supervision of the State-owned Assets Supervision and Administration Commission of the State Council in the PRC and is the ultimate beneficial owner of CR Mixc and the Company. CRC, the holding company of CR Holdings, is a conglomerate which holds a variety of business in the PRC including but not limited to consumer products, integrated energy, urban construction and operation, healthcare, industrial finance, technology and emerging sectors.

CR Mixc Group

CR Mixc is a company incorporated in the Cayman Islands with limited liability and its issued shares are listed on the main board of the Stock Exchange (stock code: 1209). As at the date of this announcement, approximately 73.72% of its issued shares are indirectly held by CR Holdings, which is in turn ultimately owned by CRC. CR Mixc Group is principally engaged in property management and commercial operational services in the PRC, covering residential property management and value-added services, as well as management and operational services for commercial property portfolio including shopping malls and office buildings.

The Group

Headquartered in Beijing, the Group is mainly engaged in the provision of general healthcare services, hospital management services and group purchasing organisation business and other hospital-derived services in the PRC.

LISTING RULES IMPLICATIONS

As at the date of this announcement, CRC (a controlling shareholder of the Company) indirectly holds approximately 73.72% equity interests in CR Mixc (a company listed on the Stock Exchange, stock code: 1209). As such, CR Mixc is a connected person of the Company. Accordingly, the Property Management Services Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the annual caps under the Property Management Services Framework Agreement exceed 0.1%, but all of them are less than 5%, the transactions contemplated under the Property Management Services Framework Agreement and the corresponding annual caps are subject to the reporting, announcement and annual review requirements but are exempt from the circular and independent Shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

(2) PRICING POLICY OF SALES OF MEDICAL SUPPLIES FRAMEWORK AGREEMENTS

Reference is made to the announcement of the Company dated February 8, 2024 in relation to (among other things) the entering into of the Sales of Medical Supplies Framework Agreements.

The Board would like to provide further details of the pricing policy of the various medical supplies under the Sales of Medical Supplies Framework Agreements as follows:

(i) Pharmaceuticals

The sales prices of pharmaceuticals shall be determined with reference to the prices (the “**Guided Prices I**”) as published by the sunshine procurement service platform (陽光採購平台) for the relevant location which is designated by the relevant local Healthcare Security Administration (醫療保障局). The Guided Prices I are generally determined through the tendering process of the sunshine procurement service platform system or the results of centralized bulk-buying negotiation (帶量集中採購談判). The determination of the Guided Prices I is ultimately regulated by the relevant local Healthcare Security Administration in various provinces and municipalities.

(ii) Medical consumables

The sales prices of medical consumables shall be determined with reference to the prices (the “**Guided Prices II**”) as published by the sunshine procurement service platform for the relevant location (to the extent that such consumables have been included in the platform) which is designated by the relevant local Healthcare Security Administration in various provinces and municipalities. The Guided Prices II are generally determined through the tendering process of the sunshine procurement service platform system or the results of centralized bulk-buying negotiation. The determination of the Guided Prices II is ultimately regulated by the relevant local Healthcare Security Administration.

As for the medical consumables which have not been included in the sunshine procurement service platform for the relevant location, there is no official guided price. Their sales prices shall be determined after arm’s length negotiation on normal commercial terms taking into account the prevailing market prices, the Group’s cost of procurement and the reasonable return on conducting such business, and by reference to the Group’s member healthcare organizations’ purchase consideration for the same type of medical consumables.

(iii) Medical devices

For medical devices, there is no official guided price. Their sales prices shall be determined after arm’s length negotiation on normal commercial terms taking into account the prevailing market prices, the Group’s cost of procurement and the reasonable return on conducting such business, and by reference to the Group’s member healthcare organizations’ purchase consideration for the same type of medical devices.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“Bengang Hospital”	Liaoning Province Health Industry Group – Bengang General Hospital* (遼寧省健康產業集團本鋼總醫院), a sponsored hospital under the Group;
“Bengang Property Services Agreement”	the property services agreement entered into between Bengang Hospital and Runjia Property Service (Shenyang) on July 31, 2023. Further details have been disclosed in the announcement of the Company dated February 8, 2024;
“Board”	the board of Directors of the Company;
“Company”	China Resources Medical Holdings Company Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the main board of the Stock Exchange (stock code: 1515);
“connected transaction(s)”	has the meaning ascribed thereto in the Listing Rules;
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules;
“controlling shareholder”	has the meaning ascribed thereto in the Listing Rules;
“CRC”	China Resources Company Limited, a company established in the PRC with limited liability and a state-owned enterprise under the supervision of the State-owned Assets Supervision and Administration Commission of the State Council in the PRC. Please refer to the section headed “General Information” of this announcement for details;
“CR Healthcare”	China Resources Healthcare Group Limited, a company incorporated in Hong Kong with limited liability, an indirect wholly-owned subsidiary of CRC. It owns approximately 35.76% of the issued Shares of the Company as at the date of this announcement;

“CR Holdings”	China Resources (Holdings) Company Limited, a company incorporated in Hong Kong with limited liability;
“CR Mixc”	China Resources Mixc Lifestyle Services Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the main board of the Stock Exchange (stock code: 1209). Please refer to the section headed “General Information” of this announcement for details;
“CR Mixc Group”	CR Mixc and its subsidiaries;
“Directors”	the directors of the Company;
“Fukuang General Hospital Property Services Agreement”	the property services agreement entered into between Liaoning Province Health Industry Group – Fukuang General Hospital* (遼寧省健康產業集團撫礦總醫院) and Runjia Property Service (Shenyang) on September 1, 2023. Further details have been disclosed in the announcement of the Company dated February 8, 2024;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“New Wugang Property Services Agreement”	the property services agreement entered into between Wugang Hospital and Runjia Property Service (Wuhan) on February 8, 2024. Further details have been disclosed in the announcement of the Company dated February 8, 2024;
“Property Management Services Framework Agreement”	the property management services framework agreement entered into between the Company and CR Mixc on March 25, 2024;
“PRC”	the People’s Republic of China, which for the purpose of this announcement does not include Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan;

“RMB”	Renminbi, the lawful currency of the PRC;
“Runjia Property Service (Wuhan)”	Runjia Property Service (Wuhan) Co. Ltd.* (潤加物業服務(武漢)有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of CR Mixc;
“Runjia Property Service (Shenyang)”	Runjia Property Service (Shenyang) Co. Ltd.* (潤佳物業服務(瀋陽)有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of CR Mixc;
“Sales of Medical Supplies Framework Agreements”	collectively, the sales of medical supplies framework agreement entered into between CR Healthcare and the Company on February 8, 2024 and the sales of medical supplies framework agreement entered into between Beijing Aerospace Medical Co., Ltd.* (北京航天醫療有限公司) and the Company on February 8, 2024;
“Share(s)”	ordinary share(s) of HK\$0.00025 each in the share capital of the Company;
“Shareholder(s)”	shareholder(s) of the Company;
“Shenmei General Hospital Property Services Agreement”	the property services agreement entered into between Liaoning Province Health Industry Group – Shenmei General Hospital* (遼寧省健康產業集團沈煤總醫院) and Runjia Property Service (Shenyang) on August 1, 2023. Further details have been disclosed in the announcement of the Company dated February 8, 2024;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary(ies)”	has the meaning ascribed thereto in the Listing Rules;
“Tiemei General Hospital Property Services Agreement”	the property services agreement entered into between Liaoning Province Health Industry Group – Tiemei General Hospital* (遼寧省健康產業集團鐵煤總醫院) and Runjia Property Service (Shenyang) on July 1, 2023. Further details have been disclosed in the announcement of the Company dated February 8, 2024;

“Wugang Hospital”	China Resources Wugang General Hospital* (華潤武鋼總醫院), a sponsored hospital under the Group;
“Xukuang Hospital Property Services Agreement”	the property services agreement entered into between Xuzhou Mining Hospital* (徐州市礦山醫院) and Runjia Property Service (Shanghai) Co. Ltd.* (潤加物業服務(上海)有限公司) on January 1, 2023. Further details have been disclosed in the announcement of the Company dated February 8, 2024; and
「%」	percentage.

By order of the Board
China Resources Medical Holdings Company Limited
SONG Qing
Chairman

PRC, March 25, 2024

As at the date of this announcement, the Board comprises Mr. SONG Qing, Mr. YU Hai, Mr. SHAN Baojie and Ms. YANG Min as executive Directors; Ms. GE Lu as non-executive Director; Mr. WU Ting Yuk, Anthony, Mr. KWONG Kwok Kong, Mr. FU Tingmei and Mr. ZHOU Peng as independent non-executive Directors.

* For identification purpose only