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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)

CONNECTED TRANSACTIONS LEASE AGREEMENTS

CONNECTED TRANSACTIONS – OFFICE LEASE

Reference is made to the announcement of the Company dated May 23, 2019 in relation to (among others) the entering into of the 2019 Lease Agreement by CR Hospital Management & Consulting (a wholly owned subsidiary of the Company) as lessee and CR Land Hongjing Fengtai Branch (a branch company of a subsidiary of CR Land) as lessor in relation to the lease of certain property located in Fengtai District, Beijing from the lessor as the Group's office.

The Board is pleased to announce that, on May 29, 2024, the CRM Lessees (subsidiaries of the Company) as lessees and CR Land Hongjing Fengtai Branch as lessor entered into a series of lease agreements in relation to the lease of the Properties located in Fengtai District, Beijing from the lessor as the Group's office.

The 2024 Lease Agreements will be recognized as right-of-use assets amounting to approximately RMB6.28 million in the consolidated statement of financial position of the Group. Such value is only an estimation and is based on the preliminary assessment of the information in relation to the Properties available to the management of the Company. It has not been audited or reviewed by the Company's auditor, and is subject to adjustments.

LISTING RULES IMPLICATIONS

As at the date of this announcement and the date of the 2024 Lease Agreements, CRH (a controlling shareholder of the Company) indirectly holds 59.55% equity interests in CR Land (a company listed on the Stock Exchange, stock code: 1109). CR Land Hongjing Fengtai Branch, being a branch company of a subsidiary of CR Land, is therefore a connected person of the Company, and the 2024 Lease Agreements and the transactions contemplated thereunder constitute 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 2024 Lease Agreements exceed 0.1% but are less than 5%, the 2024 Lease Agreements and the transactions contemplated thereunder are subject to the reporting and announcement requirements but are exempt from the circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Reference is made to the announcement of the Company dated May 23, 2019 in relation to (among others) the entering into of the 2019 Lease Agreement by CR Hospital Management & Consulting (a wholly owned subsidiary of the Company) as lessee and CR Land Hongjing Fengtai Branch (a branch company of a subsidiary of CR Land) as lessor in relation to the lease of certain property located in Fengtai District, Beijing from the lessor as the Group's office.

The Board is pleased to announce that, on May 29, 2024, the CRM Lessees (subsidiaries of the Company) as lessees and CR Land Hongjing Fengtai Branch as lessor entered into a series of lease agreements in relation to the lease of the Properties located in Fengtai District, Beijing from the lessor as the Group's office.

The 2024 Lease Agreements will be recognized as right-of-use assets amounting to approximately RMB6.28 million in the consolidated statement of financial position of the Group. Such value is only an estimation and is based on the preliminary assessment of the information in relation to the Properties available to the management of the Company. It has not been audited or reviewed by the Company's auditor, and is subject to adjustments.

2024 LEASE AGREEMENTS

The major terms of the 2024 Lease Agreements are set out as follows:

- Date: May 29, 2024
- Parties:
1. the CRM Lessees (subsidiaries of the Company) as lessees; and
 2. CR Land Hongjing Fengtai Branch (a branch company of a subsidiary of CR Land) as lessor

The Properties: the 14th and 15th floor of China Resources Kunlun Center Office Building, No. 5, Courtyard No. 9, Fuyi Street, Fengtai District, Beijing, with a total leasable gross floor area of 3,193.38 sq. m. for use as the Group's office. The areas of the Properties leased by each lessee are as follows:

CRM Lessees	The relevant unit(s) of the Properties	Leasable gross floor area (sq. m.)
1. CR Hospital Management & Consulting	1401	45.00
2. CR Hospital Management	1403A	45.00
3. CR Hospital Investment	1403, 1502B	1,990.69
4. Runneng Medical	1405	45.00
5. Phoenix Lianyi	1406, 1406A, 1406B, 1406C, 1407, 1407A, 1407B	1,067.69
	Total	<u><u>3,193.38</u></u>

Beijing Yalinxi owns the Properties. It also engaged CR Land Hongjing Fengtai Branch to handle the lease of the Properties and the signing of the corresponding lease agreement(s) for the period from September 1, 2018 to August 31, 2033 pursuant to its letter of entrusted assets management.

Lease term: For a period of 12 months from June 1, 2024 to May 31, 2025, both dates inclusive.

Rent and payment arrangement

Each calendar month is a payment cycle. The first instalment of rent shall be paid within 15 working days after the date of signing of the 2024 Lease Agreements, and the rest of the monthly rent shall be paid in cash in advance by the 25th day of each calendar month. The monthly rent is as follows (including relevant value-added tax at the tax rate of 9% but excluding property management fees, water and electricity fees, etc.):

CRM Lessees	The relevant unit(s) of the Properties	Monthly rent (RMB)	Initial amount of right-of-use assets to be recognized in the consolidated statement of financial position (RMB)
1. CR Hospital Management & Consulting	1401	8,190.90	88,512.27
2. CR Hospital Management	1403A	8,190.90	88,512.27
3. CR Hospital Investment	1403, 1502B	362,345.39	3,915,566.34
4. Runneng Medical	1405	8,190.90	88,512.27
5. Phoenix Lianyi	1406, 1406A, 1406B, 1406C, 1407, 1407A, 1407B	194,340.93	2,100,081.39
	Total	<u>581,259.02</u>	<u>6,281,184.53</u>

According to the 2024 Lease Agreements, the total rent payable for the lease term is approximately RMB6.98 million. It is expected to be funded by the internal resources of the Group. The rental amounts under the 2024 Lease Agreements were determined after arm's length negotiation with reference to the overall size of the total leased areas, the historical rents of the Properties and the levels of rents of the surrounding comparable properties (ranging from approximately RMB179.46 to RMB258.84 per sq. m. per month), and the 2024 Lease Agreements are on normal commercial terms or better.

The pre-tax and post-tax rent for the Properties for the year 2022 were approximately RMB6.87 million and RMB6.31 million, respectively, and the pre-tax and post-tax rent for the Properties for the year 2023 were approximately RMB6.98 million and RMB6.40 million, respectively.

Lease Security Deposit

The CRM Lessees shall pay a lease security deposit to CR Land Hongjing Fengtai Branch that is equivalent to two months of rents and management fees under the 2024 Lease Agreements, totaling RMB1,296,640. During the term of the 2024 Lease Agreements, if CRM Lessees fail to pay all the fees in full on time or commit other breach of contract, and fail to rectify the breach within the prescribed period of time after receiving a written notice from CR Land Hongjing Fengtai Branch, CR Land Hongjing Fengtai Branch is entitled to deduct any such outstanding fees and compensation payable by the CRM Lessees directly from the lease security deposit.

Such deposit shall be returned to the CRM Lessees upon expiry of the 2024 Lease Agreements and at the request of the CRM Lessees, subject to certain conditions including return of possession of the Properties, settlement of all fees payable and cancellation or change of registered address by the CRM Lessees.

Other arrangements

The monthly management fee in respect of the Properties during the lease term is RMB21.00 per sq. m. of gross floor area (inclusive of value-added tax at the rate of 6%). The total property management fee in respect of the Properties during the lease term is RMB804,731.76. Such fees are payable to CR Land Hongjing Fengtai Branch on a monthly basis. During the lease term, CR Land Hongjing Fengtai Branch has the right to adjust the property management fees based on the actual circumstances, but the CRM Lessees must be notified in writing 30 days in advance for each adjustment.

As all of the applicable percentage ratios in respect of the abovementioned property management service arrangements as defined in Rule 14.07 of the Listing Rules are less than 0.1%, the abovementioned arrangements are not subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules.

REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE 2024 LEASE AGREEMENTS

The Group is principally engaged in the provision of general healthcare services, hospital management services, group purchasing organisation business and other hospital-derived services in the PRC, with its headquarters located in Beijing. Some parts of the Properties have been used for office purposes in Beijing by the Group. Over the past five years, the office environment in the relevant areas of the Properties has been satisfactory, suitable for the needs of the Group and has continuously improved. Taking into account the levels of rents of commercial buildings in the surrounding area, the Company believes that the entering into the 2024 Lease Agreements can help the Group to maintain relatively stable rental costs and provide greater stability for its administrative and operational activities.

Taking into account the above factors, the Directors (including independent non-executive Directors) are of the view that the 2024 Lease Agreements are entered into on normal commercial terms or better in the ordinary and usual course of business of the Group. The terms of the 2024 Lease Agreements 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 2024 Lease Agreements. 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 CRH and/or CR Healthcare.

GENERAL INFORMATION

CRC and CRH

China Resources Company Limited (“**CRC**”), a company established in the PRC with limited liability, is 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 Land and the Company. CRC is the holding company of CRH. CRH is a conglomerate which holds a variety of businesses in the PRC including but not limited to consumer products, integrated energy, urban construction and operation, healthcare, industrial finance, technology and emerging sectors.

CR Land, Beijing Yalinxi and CR Land Hongjing Fengtai Branch

CR Land is a subsidiary of CRH. Its shares are listed on the Main Board of the Stock Exchange. CR Land is an investment holding company and is principally engaged in the sales of developed properties. CR Land and its subsidiaries are principally engaged in the development of properties for sale, property investments and management, hotel operations and the provision of construction, decoration and other property development related services in the PRC. Beijing Yalinxi is a subsidiary of CR Land. It owns the Properties and is mainly engaged in property development, property management, sales of properties and rental business. CR Land Hongjing Fengtai Branch is a branch of a subsidiary of CR Land, and has been engaged to handle the lease of the Properties and signing of the corresponding lease agreement(s) for the period from September 1, 2018 to August 31, 2033 on behalf of Beijing Yalinxi pursuant to a letter of entrusted assets management issued by Beijing Yalinxi. It is principally engaged in property development, property management and leasing of commercial properties and offices.

The Group and the CRM Lessees

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. CR Hospital Management & Consulting is a subsidiary of the Company which is principally engaged in hospital management and consulting business; CR Hospital Management is a subsidiary of the Company which is principally engaged in hospital management business; CR Hospital Investment is a subsidiary of the Company which is principally engaged in hospital investment and operation business; Runneng Medical is a subsidiary of the Company which is principally engaged in hospital management business; and Phoenix Lianyi is a subsidiary of the Company which is principally engaged in supply chain management and distribution business.

LISTING RULES IMPLICATIONS

As at the date of this announcement and the date of the 2024 Lease Agreements, CRH (a controlling shareholder of the Company) indirectly holds 59.55% equity interests in CR Land (a company listed on the Stock Exchange, stock code: 1109). CR Land Hongjing Fengtai Branch, being a branch company of a subsidiary of CR Land, is therefore a connected person of the Company, and the 2024 Lease Agreements and the transactions contemplated thereunder constitute 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 2024 Lease Agreements exceed 0.1% but are less than 5%, the 2024 Lease Agreements and the transactions contemplated thereunder are subject to the reporting and announcement requirements but are exempt from the circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

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

“2019 Lease Agreement”	the lease agreement dated May 23, 2019 entered into between CR Hospital Management & Consulting and CR Land Hongjing Fengtai Branch;
“2024 Lease Agreements”	the CR Hospital Management & Consulting Lease Agreement, the CR Hospital Management Lease Agreement, the CR Hospital Investment Lease Agreement, the Runneng Medical Lease Agreement and the Phoenix Lianyi Lease Agreement;
“Beijing Yalinxi”	Beijing Yalinxi Property Development Co., Ltd.* (北京亞林西房地產開發有限公司), a company incorporated in the PRC with limited liability, a subsidiary of CR Land, and owns the Properties;
“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 person(s)”	has the meaning ascribed thereto in the Listing Rules;
“connected transaction(s)”	has the meaning ascribed thereto in the Listing Rules;
“controlling shareholder”	has the meaning ascribed thereto in the Listing Rules;
“CR Healthcare”	China Resources Healthcare Group Limited, a company incorporated in Hong Kong with limited liability, a wholly-owned subsidiary of CRH. It owns approximately 35.76% of the issued Shares of the Company as at the date of this announcement;
“CR Hospital Investment”	China Resource Hospital Investment (China) Co., Ltd.* (華潤醫院投資(中國)有限公司), a company incorporated in the PRC with limited liability, which is a wholly-owned subsidiary of the Company;
“CR Hospital Investment Lease Agreement”	the lease agreement dated May 29 2024 entered into between CR Hospital Investment and CR Land Hongjing Fengtai Branch. Please refer to the section headed “2024 Lease Agreements” of this announcement for details;
“CR Hospital Management”	China Resources Hospital Management Co., Ltd.* (華潤醫院管理有限公司), a company incorporated in the PRC with limited liability, which is a wholly-owned subsidiary of the Company;
“CR Hospital Management Lease Agreement”	the lease agreement dated May 29 2024 entered into between CR Hospital Management Lease Agreement and CR Land Hongjing Fengtai Branch. Please refer to the section headed “2024 Lease Agreements” of this announcement for details;

“CR Hospital Management & Consulting”	China Resources Hospital Management & Consulting Co. Ltd.* (華潤醫院管理諮詢有限公司), a company incorporated in the PRC with limited liability, which is a wholly-owned subsidiary of the Company;
“CR Hospital Management & Consulting Lease Agreement”	the lease agreement dated May 29 2024 entered into between CR Hospital Management & Consulting and CR Land Hongjing Fengtai Branch. Please refer to the section headed “2024 Lease Agreements” of this announcement for details;
“CR Land”	China Resources Land Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1109). As at the date of this announcement, CRH indirectly holds 59.55% equity interests in CR Land;
“CR Land Hongjing Fengtai Branch”	the Fengtai branch of China Resources Land Hongjing (Beijing) Real Estate Development Co., Ltd.* (華潤置地弘景(北京)房地產開發有限公司豐台分公司), a branch established in Fengtai District, Beijing by China Resources Land Hongjing (Beijing) Real Estate Development Co., Ltd., which is a subsidiary of CR Land;
“CRH”	China Resources (Holdings) Company Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of CRC;
“CRM Lessees”	CR Hospital Management & Consulting, CR Hospital Management, CR Hospital Investment, Runneng Medical and Phoenix Lianyi;
“Director(s)”	the director(s) of the Company;
“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 (as amended from time to time);
“Phoenix Lianyi”	Beijing Phoenix Lianyi Supply Chain Management Co., Ltd.* (北京鳳凰聯醫供應鏈管理有限公司), a company incorporated in the PRC with limited liability, which is a wholly-owned subsidiary of the Company;
“Phoenix Lianyi Lease Agreement”	the lease agreement dated May 29 2024 entered into between Phoenix Lianyi and CR Land Hongjing Fengtai Branch. Please refer to the section headed “2024 Lease Agreements” of this announcement for details;
“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;
“Properties”	Units 1401, 1403A, 1403, 1405, 1406, 1406A, 1406B, 1406C, 1407, 1407A, 1407B and 1502B on the 14th and 15th floor of China Resources Kunlun Center Office Building, No. 5, Courtyard No. 9, Fuyi Street, Fengtai District, Beijing, with a total leasable gross floor area of 3,193.38 sq. m.;
“RMB”	Renminbi, the lawful currency of the PRC;
“Runneng Medical”	Runneng Medical Management Co.,Ltd.* (潤能醫療管理有限公司), a company incorporated in the PRC with limited liability, which is a wholly-owned subsidiary of the Company;
“Runneng Medical Lease Agreement”	the lease agreement dated May 29 2024 entered into between Runneng Medical and CR Land Hongjing Fengtai Branch. Please refer to the section headed “2024 Lease Agreements” of this announcement for details;

“Share(s)”	ordinary share(s) of HK\$0.00025 each in the share capital of the Company;
“Shareholder(s)”	shareholder(s) of the Company;
“sq. m.”	square meter;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary(ies)”	has the meaning ascribed thereto in the Listing Rules; and
“%”	percentage.

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

PRC, May 29, 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*