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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)

ESTABLISHMENT OF COMPREHENSIVE STRATEGIC COOPERATIVE PARTNERSHIP WITH PING AN TRUST, PING AN LIFE INSURANCE AND PING AN GOOD DOCTOR; AND ENTERING INTO THE INVESTMENT AGREEMENT FOR THE ESTABLISHMENT OF THE JOINT VENTURE WITH PING AN HEALTH TECHNOLOGY FUND

Strategic Cooperation Framework Agreement

The Board is pleased to announce that, on November 8, 2017 (after trading hours), Shanghai Rich Medical, an indirectly wholly-owned subsidiary of the Company, and Ping An Trust, Ping An Life Insurance and Ping An Good Doctor under Ping An Group entered into the Strategic Cooperation Framework Agreement to establish a comprehensive strategic cooperative partnership and propose to implement strategic cooperation in areas including the development and investment of medical examination center projects, expansion of customer base in healthcare sector and share of services, joint development of high-end medical examination services business, promotion of synergy between insurance and healthcare industries and exploration of more strategic development opportunities.

Investment Agreement in relation to the Establishment of the Joint Venture

To implement the strategic cooperation between the Group and Ping An Cooperative Partners in terms of capital and business under the Strategic Cooperation Framework Agreement, the Board is pleased to further announce that on November 8, 2017 (after trading hours), the Company, Shanghai Rich Medical, an indirectly wholly-owned subsidiary of the Company, Chelsea Grace, Dr. Fang Yixin and Dr. Mei Hong and Ping An Health Technology Fund entered into the Investment Agreement in relation to the establishment of the Joint Venture for the purpose of newly establishing or acquiring medical examination centers. Pursuant to the Investment Agreement, Shanghai Rich Medical agreed to make a capital contribution in cash of RMB400 million to the Joint Venture, and Ping An Health Technology Fund

agreed to make a capital contribution in cash of RMB150 million to the Joint Venture and subscribe for the Convertible Bonds with a total principal amount of RMB150 million to be issued by the Joint Venture. Assuming no principal amount under the Convertible Bonds is converted into the registered capital of the Joint Venture, Ping An Health Technology Fund and Shanghai Rich Medical will hold 27.27% and 72.73% of equity interests in the Joint Venture, respectively. Assuming the total principal amount under the Convertible Bonds is converted into the registered capital of the Joint Venture, Ping An Health Technology Fund and Shanghai Rich Medical will hold 42.86% and 57.14% of equity interests in the Joint Venture, respectively. Ping An Health Technology Fund is also entitled to the Repurchase Option.

Implication of the Listing Rules

(i) As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of the establishment of the Joint Venture under the Investment Agreement is more than 25% but less than 100%, the establishment of the Joint Venture constitutes a major transaction of the Company, and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules; (ii) as the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of the issuance of the Convertible Bonds (assuming fully exercised) under the Investment Agreement is more than 5% but less than 25%, the issuance of the Convertible Bonds constitutes a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules; (iii) as the exercise of the Repurchase Option is at the discretion of Ping An Health Technology Fund and the actual value of the exercise price of the Repurchase Option has not yet been determined at the time of grant, the grant of the Repurchase Option under the Investment Agreement at least shall be classified as a major transaction pursuant to Rule 14.76 of the Listing Rules and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements under the Listing Rules. If the actual value of the relevant exercise price of the Repurchase Option will result in the Repurchase Option being classified as a higher class transaction upon exercise by Ping An Health Technology Fund in the future, the Company will comply with the additional requirements of such higher class transactions in accordance with the provisions of the Listing Rules as soon as practicable; (iv) the guarantee on a joint and several basis provided for the Convertible Bonds and the Repurchase Option by the Controlling Shareholders is a financial assistance provided to the Company by the Controlling Shareholders and constitutes a connected transaction under the Listing Rules. As the relevant guarantee is provided on normal business terms or better terms and no asset of the Group is pledged, the connected transaction is in compliance with the requirements of Rule 14A.90 of the Listing Rules, and therefore is fully exempt from the shareholders' approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules; and (v) the pledge of shares of the Company provided by the Controlling Shareholders to Ping An Health Technology Fund under the Investment Agreement constitutes a pledge of the shares by the controlling shareholder under Rule 13.17 of the Listing Rules and the Investment Agreement constitutes a loan agreement with covenants relating to specific performance of the controlling shareholder under Rule 13.18 under the Listing Rules. Further announcement(s) in this regard will be made by the Company pursuant to the Listing Rules when necessary.

Extraordinary General Meeting

The Company will hold an extraordinary general meeting to approve the Investment Agreement and the Transactions. A circular containing, among others, further details of the Investment Agreement and the Transactions and the notice convening the extraordinary general meeting is expected to be dispatched to the Shareholders on or before November 29, 2017.

Shareholders and potential investors of the Company should note that the completion of the Investment Agreement is subject to the fulfilment (or exemption) of certain conditions and is subject to the approval of the Shareholders at the extraordinary general meeting. Therefore, the Transactions may or may not be proceeded. As such, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

INTRODUCTION

The Board is pleased to announce that, on November 8, 2017 (after trading hours), Shanghai Rich Medical, an indirectly wholly-owned subsidiary of the Company, and Ping An Trust, Ping An Life Insurance and Ping An Good Doctor under Ping An Group entered into the Strategic Cooperation Framework Agreement to establish a comprehensive strategic cooperative partnership and propose to implement strategic cooperation in areas including the development and investment of medical examination center projects, expansion of customer base in healthcare sector and share of services, joint development of high-end medical examination services business, promotion of synergy between insurance and healthcare industries and exploration of more strategic development opportunities.

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Information about the Parties

The Company

The Company was incorporated under the laws of the Cayman Islands as an exempted company with limited liability on July 11, 2014. The principal activity of the Company is investment holding. The Group is principally engaged in the operation of general hospital, specialty hospitals, medical examination centers and clinics.

Shanghai Rich Medical

Shanghai Rich Medical is a company established in the PRC with limited liability on August 25, 2014. The principal activity of Shanghai Rich Medical is investment holding.

Chelsea Grace

Chelsea Grace is a company incorporated in the British Virgin Islands with limited liability on July 11, 2014, which is wholly-owned by Dr. Mei Hong. The principal activity of Chelsea Grace is investment holding.

Dr. Fang Yixin and Dr. Mei Hong

Dr. Fang Yixin is the chairman of the Board and an executive Director of the Company. Dr. Mei Hong is the ultimate Controlling Shareholder and an executive Director of the Company. Dr. Fang Yixin is the spouse of Dr. Mei Hong.

Ping An Health Technology Fund

Ping An Health Technology Fund is a professional equity investment fund managed by Ping An equity investment team. Ping An Health Technology Fund was established in October 2015, focusing on the exploration of outstanding enterprises in the fields of biological healthcare, healthcare services, healthcare equipment, digitized healthcare, healthcare informatization, mobile healthcare, information technology and “Internet +” and various types of investment such as growing equity, merger and mezzanine investment.

Ping An Cooperative Partners

(1) Ping An Trust

Ping An Trust was established on April 9, 1996 and is a controlling subsidiary of Ping An Group. Ping An Trust is an integral part of Ping An Group which is listed on the Stock Exchange and the Shanghai Stock Exchange. In 2016, Ping An Trust made efforts to establish a strategic pattern with a focus on three core businesses: “wealth management + asset management + private investment banking”.

(2) Ping An Life Insurance

Ping An Life Insurance is a joint stock company established in the PRC with limited liability on December 17, 2002. The principal activity of Ping An Life Insurance is providing diversified life insurance products and services ranging from traditional savings and protection products to non-traditional dividends and investment products.

(3) Ping An Good Doctor

Ping An Good Doctor is a joint stock company established in the PRC with limited liability on August 20, 2014. The principal activity of Ping An Good Doctor is establishing an one-stop and comprehensive healthcare and O2O health services platform and providing closed services covering online consultation, online pharmaceuticals purchase and offline healthcare.

REASONS AND BENEFITS FOR THE STRATEGIC COOPERATION FRAMEWORK AGREEMENT AND THE INVESTMENT AGREEMENT

The Board believes that the strategic cooperation with Ping An Cooperative Partners and the establishment of the Joint Venture to jointly establish medical examination centers has the following benefits:

- With the deepening of the national medical system reform, the continuous improvement of the national health consciousness and the huge demand for healthcare services, the medical examination industry has experienced steady growth with extensive space for development. It is in line with the overall development strategy of the Group to further explore the medical examination market;
- Ping An Life Insurance, Ping An Trust and Ping An Good Doctor are all important members under the Ping An Group with large customer base. Looking forward, health insurance products will become an important development direction in the insurance industry, of which the product structure is closely related and complementary to the medical industry, thus the insurance industry is actively laying out medical services and promoting the development strategy of medical services. Leveraging on the brand and market edges of Ping An Life Insurance, Ping An Trust and Ping An Good Doctor, the Group will take advantage of the large customer base of the Cooperative Partners to further expand the market share of medical examination and reinforce the Group's leading position in the industry;
- Ping An Cooperative Partners' business and user size have experienced rapid growth. Through the cooperation with Ping An Good Doctor and the combination of online and offline services, the Group is able to promote its high-end medical examination services to the large amount of customers of Ping An Good Doctor, aiming to achieve O2O closed-loop in the medical sector; and
- Through the establishment of the Joint Venture with Ping An Health Technology Fund in the PRC to invest in newly established medical examination centers, the Group will rapidly increase the number of medical examination centers in the following two years, speed up the layout of high-end medical examination market, increase its market share, and realize the national strategic layout in medical examination business. With close corporation, the two parties will expand the scope of business, extend the value of business chain, achieve the effective integration of the high-end healthcare services and commercial insurance through the capital link and achieve the integration and convergence of interests. In the future, the Group will leverage synergies, take advantage of its management and high-end services, and provide a full range of high-end medical services.

The Board believes that the cooperation will facilitate the combination of professional medical resources and the high-end service system of the Group on one hand, and huge customer resources and the distribution network of Ping An Trust, Ping An Life Insurance and Ping An Good Doctor on the other hand, enhance synergies between health insurance products and medical services, further expand the existing size and brand influence of the Group in the national medical examination market and enhance the long-term development potential and shareholders' value of the Group. Based on the above, the Directors (including the independent non-executive Directors) consider that the terms of the Strategic Cooperation Framework Agreement and the Investment Agreement are

normal commercial terms and are fair and reasonable and are in the interests of the Company and Shareholders as a whole.

STRATEGIC COOPERATION FRAMEWORK AGREEMENT

The principal terms of the Strategic Cooperation Framework Agreement are summarized as below:

Date

November 8, 2017

Parties

- (1) Shanghai Rich Medical
- (2) Ping An Cooperative Partners (including Ping An Trust, Ping An Life Insurance and Ping An Good Doctor)

To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, Ping An Cooperative Partners and their respective ultimate beneficial owners are all third parties independent of the Company and its connected persons.

Scope of Cooperation

Pursuant to the Strategic Cooperation Framework Agreement, Shanghai Rich Medical will conduct all-round strategic cooperation in capital and business with Ping An Trust, Ping An Life Insurance and Ping An Good Doctor. They will treat each other as important partners to comprehensively promote further cooperation.

- (1) Shanghai Rich Medical and Ping An Health Technology Fund expect to establish the Joint Venture in the PRC to newly establish or acquire medical examination center projects. Shanghai Rich Medical will leverage on its management and high-end services capabilities to assist the Joint Venture to expand its medical examination network and achieve a nationwide strategic coverage for the medical examination business.
- (2) As a full network cooperative supplier of Ping An Life Insurance, Shanghai Rich Medical will share human, social and customer resources with Ping An Life Insurance in cities where Shanghai Rich Medical has established or will establish medical examination centers, providing healthcare services of the best quality to all customers.
- (3) Shanghai Rich Medical will work in synergy with Ping An Good Doctor. Through linking platforms, the users of medical examination of Shanghai Rich Medical can be referred to Ping An Good Doctor for consultation services. Shanghai Rich Medical may provide medical examination services and healthcare services to the users of Ping An Good Doctor platform, ensuring high quality service experience of users. Ping An Good Doctor will also recommend the services of Shanghai Rich Medical to its users through its platform. The two parties have complementary advantages and will explore in-depth customer value.

The specific terms and conditions of cooperation under the Strategic Cooperation Framework Agreement will be negotiated by the parties to the Strategic Cooperation Framework Agreement on specific projects and the definitive agreements to be entered into by the parties to the Strategic Cooperation Framework Agreement shall prevail. Further announcement(s) will be made by the Company pursuant to the Listing Rules when necessary.

INVESTMENT AGREEMENT

To implement the cooperation between the Group and Ping An Cooperative Partners in terms of capital and business under the Strategic Cooperation Framework Agreement, the Company, Shanghai Rich Medical, Chelsea Grace, Dr. Fang Yixin and Dr. Mei Hong and Ping An Health Technology Fund entered into the Investment Agreement in relation to the establishment of the Joint Venture for the purpose of newly establishing or acquiring medical examination centers. The principal terms of the Investment Agreement are summarized as below:

Date

November 8, 2017

Parties

- (1) The Company
- (2) Shanghai Rich Medical
- (3) Chelsea Grace
- (4) Dr. Fang Yixin
- (5) Dr. Mei Hong
- (6) Ping An Health Technology Fund

Chelsea Grace holds approximately 54.81% of the issued share capital of the Company as at the date of this announcement and is a wholly-owned company of Dr. Mei Hong, an executive Director of the Company. Dr. Fang Yixin is the chairman of the Board and an executive Director of the Company. Dr. Fang Yixin is the spouse of Dr. Mei Hong. To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, Ping An Health Technology Fund and its ultimate beneficial owners are all third parties independent of the Company and its connected persons.

Major Activities of the Joint Venture

The Joint Venture will be incorporated in Shanghai, the PRC, for the purpose of newly establishing or acquiring medical examination centers in the PRC.

Investment Plan

Pursuant to the Investment Agreement, Shanghai Rich Medical agreed to make a cash contribution of RMB400 million to the Joint Venture, and Ping An Health Technology Fund agreed to make a cash contribution of RMB150 million to the Joint Venture and subscribe for the Convertible Bonds with a total principal amount of RMB150 million to be issued by the Joint Venture. Ping An Health Technology Fund and Shanghai Rich Medical both agreed that their contribution to the Joint Venture shall only be used in the new establishment and acquisition of medical examination centers by the Joint Venture.

Subject to the relevant conditions precedent as mentioned below, Ping An Health Technology Fund will make a cash contribution of RMB75 million to the Joint Venture and subscribe for the First Tranche Convertible Bonds with a principal amount of RMB75 million to be issued by the Joint Venture (“**First Payment**”) by December 31, 2017 (or such other date as may be agreed by the parties) (“**First Settlement Date**”). Shanghai Rich Medical will make a cash contribution of RMB200 million to the Joint Venture before the First Settlement Date. Subject to the relevant conditions precedent as mentioned below, Ping An Health Technology Fund will make a cash contribution of RMB75 million to the Joint Venture and subscribe for the Second Tranche Convertible Bonds with a principal amount of RMB75 million to be issued by the Joint Venture (“**Second Payment**”) by December 31, 2018 (or such other date as may be agreed by the parties) (“**Second Settlement Date**”, together with the First Settlement Date, the “**Settlement Dates**”). Shanghai Rich Medical will make a cash contribution of RMB200 million to the Joint Venture before the Second Settlement Date.

The amount of capital contribution made by Shanghai Rich Medical and Ping An Health Technology Fund was determined by the parties to the Investment Agreement after arm’s length negotiation taking into account the expected capital requirements of the Joint Venture, the intended shareholding of each party in the Joint Venture and relevant PRC laws and regulations.

Principal Terms of the Convertible Bonds

Issuer:	the Joint Venture
Principal amount:	RMB150 million in total, of which Ping An Health Technology Fund will subscribe for RMB75 million before the First Settlement Date and the Second Settlement Date, respectively.
Maturity date and conversion period:	the fifth year commencing from the First Settlement Date, and Ping An Health Technology Fund shall decide whether to exercise conversion right upon maturity.
Conversion price:	The principal of the Convertible Bonds shall be all converted into the registered capital of the Joint Venture (i.e. RMB1 principal converted into RMB1 registered capital).

Interest rate and condition for conversion:	<p>A simple interest rate of 10% per annum.</p> <p>If Ping An Health Technology Fund decides to convert the principal into registered capital of the Joint Venture, the condition required to be fulfilled shall be that the Joint Venture records an audited net profit attributable to the parent company of RMB600 million prepared under the PRC Accounting Standards for the current accounting year; If Ping An Health Technology Fund decides not to convert the principal into registered capital of the Joint Venture, the Joint Venture shall pay an interest of 5% of the outstanding principal under the Convertible Bonds at the end of each year from the First Settlement Date, and then pay all the other interests accrued and principal on one-off basis upon maturity.</p>
Shareholdings of the Joint Venture before conversion:	<p>Assuming no principal amount under the Convertible Bonds is converted into registered capital of the Joint Venture, Ping An Health Technology Fund and Shanghai Rich Medical will hold 27.27% and 72.73% of equity interests in the Joint Venture, respectively, and the amount of capital contribution made by Ping An Health Technology Fund and Shanghai Rich Medical will be RMB150 million and RMB400 million, respectively.</p>
Shareholdings of the Joint Venture after conversion:	<p>Assuming all principal amount under the Convertible Bonds is converted into registered capital of the Joint Venture, Ping An Health Technology Fund and Shanghai Rich Medical will hold 42.86% and 57.14% of equity interests in the Joint Venture, respectively, and thus the amount of capital contribution made by Ping An Health Technology Fund and Shanghai Rich Medical will be RMB300 million and RMB400 million, respectively. Upon completion of the conversion, the Joint Venture will remain as a subsidiary of the Company, while its results, assets and liabilities will continue to be consolidated in the consolidated financial statements of the Company.</p>
Security:	<p>(i) Shanghai Rich Medical will pledge its entire equity interests in the Joint Venture to Ping An Health Technology Fund;</p> <p>(ii) the Controlling Shareholders shall be obliged to the Convertible Bonds on a joint and several basis; and</p>

(iii) the Shares with a market value of no less than RMB300 million to be pledged by the Controlling Shareholders to Ping An Health Technology Fund will be dynamically adjusted based on market volatility. The number of Shares to be pledged shall be initially determined based on the Share price weighed by the trading volume of the 60 trading days prior to the date of the Investment Agreement calculated with the market value of RMB300 million and subject to the following dynamic adjustment mechanism: If the pledge rate (see below for the formula) of 20 consecutive trading days is more than 80%, the Company shall top up relevant margin within two trading days after the twentieth trading day, so that the pledge rate after the margin cover is not more than 50%. If there is a failure on timely margin cover, Ping An Health Technology Fund shall have the right to require Shanghai Rich Medical for early repayment. If the pledge rate reaches 85%, the Company shall top up relevant margin within one trading day, so that the pledge rate after the margin cover is not more than 50%. If there is a failure on timely margin cover, Ping An Health Technology Fund shall have the right to require Shanghai Rich Medical for early repayment.

Pledge rate = (total principal amount – repaid amount – pledged cash dividends – deposit amount in current margin account)/(number of pledged Shares × closing price of the previous day)

Conditions Precedent

The fulfilment of settlement obligation of the First Payment by Ping An Health Technology Fund is subject to the fulfilment (or written exemption from Ping An Health Technology Fund) of certain conditions, including but not limited to:

- (1) the Company has obtained Shareholders' approval on the Investment Agreement and the Transactions;
- (2) the Controlling Shareholders have provided pledge of the Shares of the Company with value of no less than RMB150 million to Ping An Health Technology Fund;
- (3) Shanghai Rich Medical has pledged its entire equity interests in the Joint Venture to Ping An Health Technology Fund;
- (4) the Joint Venture has completed company registration and obtained business license, and Shanghai Rich Medical has proved that its first capital contribution of RMB200 million to the Joint Venture has been fully paid;
- (5) the Controlling Shareholders shall be liable for the investment under the Investment Agreement on a joint and several basis;

- (6) as of the date of the Investment Agreement, the Company has not entered into any other agreement(s) or document(s) in conflict with the Investment Agreement or having material adverse impact on the fulfilment of obligations under the Investment Agreement;
- (7) as of the First Settlement Date, there are no events, facts, conditions, changes or other situations arisen or reasonably foreseeable to be arisen that may have material adverse impact on the financial condition, business, assets, liabilities, prospects or operation of the Company; and
- (8) Shanghai Rich Medical and the Company have, in all material aspects, fulfilled and complied with all agreements, obligations and conditions on or before the First Settlement Date as required by the Investment Agreement.

The fulfilment of settlement obligation of the Second Payment by Ping An Health Technology Fund is subject to the fulfilment (or written exemption from Ping An Health Technology Fund) of certain conditions, including but not limited to:

- (1) at least 20 medical examination centers among the newly-established and/or acquired medical examination centers of the Joint Venture have obtained for-profit Medical Institution Practice License (營利性醫療機構執業許可證) and completed company registration in accordance with the agreed shareholding;
- (2) Shanghai Rich Medical has proved that the capital contribution of an aggregate of RMB400 million to the Joint Venture has been fully paid;
- (3) the Controlling Shareholders have provided another pledge of the Shares of the Company with value of no less than RMB150 million to Ping An Health Technology Fund;
- (4) as of the Second Settlement Date, there are no events, facts, conditions, changes or other situations arisen or reasonably foreseeable to be arisen that may have material adverse impact on the financial condition, business, assets, liabilities, prospects or operation of the Company; and
- (5) Shanghai Rich Medical and the Company have, in all material aspects, fulfilled and complied with all agreements, obligations and conditions on or before the Second Settlement Date required by the Investment Agreement.

Repurchase Option

Ping An Health Technology Fund is granted the Repurchase Option to require either the Company, Chelsea Grace, Dr. Fang Yixin, Dr. Mei Hong or their designated third party(ies) to repurchase all its equity interest in the Joint Venture. The specific repurchase entity shall be jointly determined by Ping An Health Technology Fund and Shanghai Rich Medical.

Non-early Repurchase

From December 31, 2021 to December 31, 2022 (where the Second Settlement Date has not occurred in accordance with the Investment Agreement due to reasons of the Company, Ping An Health Technology Fund shall have the right to decide whether to correspondingly delay such period), Ping An Health Technology Fund is entitled to require, for two times, either the Company, Chelsea Grace, Dr. Fang Yixin, Dr. Mei Hong or their designated third party(ies) to the satisfaction of Ping An Health Technology Fund (“**Repurchase Entity**”) to repurchase its equity interests in the Joint Venture. The Repurchase Entity shall unconditionally repurchase the entire equity interests in the Joint Venture held by Ping An Health Technology Fund in accordance with the Repurchase procedures disclosed below.

The repurchase price for non-early repurchase is determined based on the following formula:

Repurchase price = audited net profit attributable to the parent company of the Joint Venture for the current year × price to earnings ratio (“**PE**”) of the Company × 80% × the shareholding of Ping An Health Technology Fund in the Joint Venture

In the formula, (i) the “audited net profit attributable to the parent company of the Joint Venture for the current year” shall be the higher of (a) the actual amount of audited net profit attributable to the parent company of the Joint Venture prepared under the PRC Accounting Standards for the 12 months prior to such repurchase, and (b) RMB112 million; and (ii) the multiple for “PE × 80%” shall not be higher than 30 times and shall not be lower than 20 times. The PE shall be the average rolling PE for the last 60 trading days prior to and including the date of repurchase as notified in writing by Ping An Health Technology Fund. If the PE is negative, the formula shall be average market capitalization of the Company of the last 60 trading days divided by the audited net profit of the Company for the most recent financial year with positive net profit.

Early Repurchase

Following the First Settlement Date, Ping An Health Technology Fund shall have the right to exercise the Repurchase Option under any one or more of the following circumstances:

- (1) as of December 31, 2019, the number of newly-established or acquired medical examination centers of the Joint Venture which have obtained for-profit Medical Institution Practice License (營利性醫療機構執業許可證) is less than 35;
- (2) there is change in the controlling shareholders and/or de facto controllers of the Joint Venture without prior written consent of Ping An Health Technology Fund;
- (3) the proportion of the revenue generated from the core business of the Joint Venture decreases to below 75%;
- (4) any of Shanghai Rich Medical, the Company, Chelsea Grace, Dr. Fang Yixin and/or Dr. Mei Hong substantially or materially violate any undertaking, statement and warranty under the Investment Agreement;

- (5) the auditor of the Joint Venture provides an annual audit report with a qualified or negative opinion or disclaimer of opinion for any year;
- (6) the Joint Venture has been put into administration or bankruptcy proceedings; and
- (7) the Company or its affiliates enter into transactions or provide guarantee that is seriously detrimental to Ping An Health Technology Fund.

The repurchase price of early repurchase is based on the annual compound rate of return of 25% of the funds contributed to the Joint Venture by Ping An Health Technology Fund, and the Convertible Bonds shall be early terminated. Partial interest payment of 5% of the principal of the borrowings shall be paid before the termination at the end of each year, and all remaining interests and the entire principal shall be repaid by the Joint Venture on one-off basis upon termination.

Repurchase Procedures

Ping An Health Technology Fund has the right to propose the Company, Chelsea Grace, Dr. Fang Yixin, Dr. Mei Hong and/or their designated third party(ies) to the satisfaction of Ping An Health Technology Fund to repurchase its equity interest in the Joint Venture. The specific Repurchase Entity shall be jointly determined by Ping An Health Technology Fund and Shanghai Rich Medical, but shall not affect the date of repurchase determined by Ping An Health Technology Fund as agreed in the Investment Agreement. Where Ping An Health Technology Fund decides to exercise the Repurchase Option, it shall issue a notice of equity repurchase in writing to the Repurchase Entity and inform details including the specific date of repurchase and proportion of repurchase. All repurchase procedures shall be completed within three months from the date of issuance of written notice by Ping An Health Technology Fund.

Repurchase Guarantee

If the Repurchase Entity is unable to repurchase for any reason, Ping An Health Technology Fund shall have the right to transfer its equity interests in the Joint Venture, and Shanghai Rich Medical shall unconditionally facilitate the transfer (including but not limited to giving up pre-emptive rights and agreeing to the exercise of drag-along right). Meanwhile, the following guarantees are provided by the Company for the Repurchase Option:

- (1) Shanghai Rich Medical shall pledge its entire equity interests in the Joint Venture to Ping An Health Technology Fund; and
- (2) the Controlling Shareholders shall be liable for the investment under the Investment Agreement on a joint and several basis.

Business Undertaking

The Joint Venture undertakes to newly establish or acquire a total of no less than 35 medical examination centers in the designated areas in 2017 and 2018. If the newly established or acquired medical examination centers obtain respective approval for the establishment of medical institutions, they shall be included into the number of newly established or merged medical

examination centers. The Joint Venture will invest an average of RMB20 million in each new medical examination center, with a total investment of RMB700 million.

The Joint Venture may hold 75% equity interest in each medical examination center, and the remaining 25% may be held by other shareholders including business partners with local resources or senior management teams of Shanghai Rich Medical and Ping An Health Technology Fund. Nevertheless, the shareholding of the Joint Venture in each medical examination center shall not be less than 51% in any circumstances, except otherwise agreed by Shanghai Rich Medical and Ping An Health Technology Fund.

Corporate Governance

The Joint Venture shall set up a general meeting as its highest governing body. The following significant matters of the Joint Venture require approval by shareholders holding more than three-fourths of total voting rights in the Joint Venture and consent by Ping An Health Technology Fund:

- (1) amendment to the article of association of the Joint Venture;
- (2) increase or decrease the registered capital of the Joint Venture, and issuance or redemption of any share(s) of the Joint Venture or other securities or bonds with subscription rights on the share(s) of the Joint Venture;
- (3) termination or dissolution of the Joint Venture;
- (4) merger or separation of the Joint Venture;
- (5) change of the nature of the Joint Venture or significant change of principal business and expansion into new business area; and
- (6) appointment, dismissal or replacement of auditor of the Joint Venture.

The Joint Venture shall set up a board of directors with three directors, in which Ping An Health Technology Fund shall have the right to nominate one director. Shanghai Rich Medical agrees to vote in favor of the director nominated by Ping An Health Technology Fund in the election in the general meeting. The following significant matters of the Joint Venture require approval by the director appointed by Ping An Health Technology Fund:

- (1) amendment to the article of association of the Joint Venture;
- (2) increase or decrease the registered capital of the Joint Venture, and issuance or redemption of any share(s) of the Joint Venture or other securities or bonds with subscription rights on the share(s) of the Joint Venture;
- (3) change of business scope of the Joint Venture;
- (4) change of number of directors or authorities of the board of directors of the Joint Venture;

- (5) change of registered capital, business scope, shareholding, dissolution, liquidation, separation, acquisition, merger and reorganization of medical examination centers newly established or acquired by the Joint Venture;
- (6) dissolution, liquidation, separation, acquisition, merger, reorganization, change of shareholding or change of form of company of the Joint Venture;
- (7) internal borrowings, shareholders' borrowings, directors' borrowings or associated company's borrowings and related party transactions or profit transfer that is more than RMB10 million in aggregate within one year;
- (8) major assets reorganization and disposal, reorganization and merger or other encumbrances and debts unrelated to the principal business or beyond annual budget of the Joint Venture that is more than RMB10 million in aggregate within one year;
- (9) provision of external guarantee by the Joint Venture; and
- (10) other circumstances that have material adverse impact on Ping An Health Technology Fund.

Liquidation Preference

If the Joint Venture is put into liquidation in accordance with laws, its articles of association or the resolution of its general meeting, and the remaining property value allocated to Ping An Health Technology Fund based on its shareholding in the Joint Venture is less than the sum of its total investment in the Joint Venture and the investment gains calculated based on an annual compound investment return rate of 25%, Dr. Fang Yixin and Dr. Mei Hong agree to compensate the difference for Ping An Health Technology Fund on a joint and several basis.

Right of First Refusal

With the written approval from Ping An Health Technology Fund, when other shareholders of the Joint Venture intend to transfer, directly or indirectly, all or part of the equity interests they hold in the Joint Venture to any third party, and when the intended transferee of the equity interests has proposed a legally binding offer, Ping An Health Technology Fund shall have the right to purchase with priority in all or part of the intended transferred equity interests in accordance with the same terms of the planned transfer.

Tag-along Right

With the written approval from Ping An Health Technology Fund, when other shareholders of the Joint Venture intend to transfer, directly or indirectly, all or part of the equity interests they hold in the Joint Venture to any third party, and if Ping An Health Technology Fund has not exercised its right of first refusal, it shall have the right to proportionally transfer its equity interests in the Joint Venture together with shareholders intending to transfer their equity interests to the designated transferee in accordance with the same price and conditions proposed by the designated transferee.

Anti-dilution

The Joint Venture shall not conduct new equity financing with consideration basis lower than that under the Investment Agreement, or otherwise Ping An Health Technology Fund shall have the right to require Shanghai Rich Medical to transfer part of its equity interests in the Joint Venture at nil consideration or to pay cash compensation to Ping An Health Technology Fund, so that the consideration basis of the investment by Ping An Health Technology Fund in the Joint Venture is reduced to be equal to that of such new equity financing.

Drag-along Rights

Where Shanghai Rich Medical is unable to repurchase in accordance with the Investment Agreement, if any third party proposes an offer to purchase the equity interests of the Joint Venture, Ping An Health Technology Fund shall have the right to require other shareholders of the Joint Venture to transfer all or part of the equity interests they hold in the Joint Venture at the same price and conditions together with Ping An Health Technology Fund to the third party proposing the offer.

Information Right

After completion of the Investment Agreement, Ping An Health Technology Fund shall have the information right in relation to the Joint Venture, including but not limited to the provision of the final draft of the audited financial statements by the Joint Venture to Ping An Health Technology Fund within six months after the end of each accounting year and the provision of unaudited financial statements by the Joint Venture to Ping An Health Technology Fund within 30 days after the end of each quarter. The Joint Venture shall provide other required information in relation to the business, operation and financial condition of the Joint Venture to Ping An Health Technology Fund.

Breach of Contract

The defaulting party shall be liable for the compensation of all losses, damages, liabilities, litigation and reasonable expenses and expenditures incurred due to the breach of the Investment Agreement by the defaulting party. Under no circumstances, the liability for compensation of the defaulting party for the breach of contract, including but not limited to compensation, interest penalty, shall exceed 10% of the amount of investment by Ping An Health Technology Fund.

Termination

Under any of the following circumstances, a party shall have the right to immediately terminate the Investment Agreement, and the termination shall immediately become effective once a party notifies other parties:

- (1) there is a material breach of contract by a party which has material impact on interests reasonably expected by another party when entering into the Investment Agreement;
- (2) any statement or warrant made by a party to another party is untrue in any material respect and causes material losses to another party; or

(3) a party commits a breach of payment obligations under the Investment Agreement and the breach cannot be rectified.

Implication of the Listing Rules

(i) As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of the establishment of the Joint Venture under the Investment Agreement is more than 25% but less than 100%, the establishment of the Joint Venture constitutes a major transaction of the Company, and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules; (ii) as the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of the issuance of the Convertible Bonds (assuming fully exercised) under the Investment Agreement is more than 5% but less than 25%, the issuance of the Convertible Bonds constitutes a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules; (iii) as the exercise of the Repurchase Option is at the discretion of Ping An Health Technology Fund and the actual value of the exercise price of the Repurchase Option has not yet been determined at the time of grant, the grant of the Repurchase Option under the Investment Agreement at least shall be classified as a major transaction pursuant to Rule 14.76 of the Listing Rules and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements under the Listing Rules. If the actual value of the relevant exercise price of the Repurchase Option will result in the Repurchase Option being classified as a higher class transaction upon exercise by Ping An Health Technology Fund in the future, the Company will comply with the additional requirements of such higher class transactions in accordance with the provisions of the Listing Rules as soon as practicable; (iv) the guarantee on a joint and several basis provided for the Convertible Bonds and the Repurchase Option by the Controlling Shareholders is a financial assistance provided to the Company by the Controlling Shareholders and constitutes a connected transaction under the Listing Rules. As the relevant guarantee is provided on normal business terms or better terms and no asset of the Group is pledged, the connected transaction is in compliance with the requirements of Rule 14A.90 of the Listing Rules, and therefore is fully exempt from the shareholders' approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules; and (v) the pledge of shares of the Company provided by the Controlling Shareholders to Ping An Health Technology Fund under the Investment Agreement constitutes a pledge of the shares by the controlling shareholder under Rule 13.17 of the Listing Rules and the Investment Agreement constitutes a loan agreement with covenants relating to specific performance of the controlling shareholder under Rule 13.18 under the Listing Rules. Further announcement(s) in this regard will be made by the Company pursuant to the Listing Rules when necessary.

Extraordinary General Meeting

The Company will hold an extraordinary general meeting to approve the Investment Agreement and the Transactions. A circular containing, among others, further details of the Investment Agreement and the Transactions and the notice convening the extraordinary general meeting is expected to be dispatched to the Shareholders on or before November 29, 2017.

Shareholders and potential investors of the Company should note that the completion of the Investment Agreement is subject to the fulfilment (or exemption) of certain conditions and is subject to the approval of the Shareholders at the extraordinary general meeting. Therefore, the Transactions may or may not be proceeded. As such, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

“Board”	the board of Directors of the Company
“Chelsea Grace”	Chelsea Grace Holdings Limited (翠慈控股有限公司), a company incorporated in the British Virgin Islands with limited liability on July 11, 2014, which is a Controlling Shareholder of the Company and is wholly-owned by Dr. Mei Hong
“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
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Controlling Shareholders”	Chelsea Grace, Dr. Fang Yixin and Dr. Mei Hong
“Convertible Bonds”	the First Tranche Convertible Bonds and Second Tranche Convertible Bonds
“Director(s)”	the director(s) of the Company
“First Tranche Convertible Bonds”	the convertible bonds with a principal amount of RMB75 million to be issued by the Joint Venture and subscribed by Ping An Health Technology Fund by December 31, 2017 (or such other date as may be agreed by the parties)
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Investment Agreement”	the investment agreement dated November 8, 2017 entered into between Shanghai Rich Medical and Ping An Health Technology Fund in relation to, among others, the establishment of the Joint Venture
“Joint Venture”	the joint venture to be established pursuant to the Investment Agreement by Shanghai Rich Medical and Ping An Health Technology Fund
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)
“Ping An Cooperative Partners”	Ping An Trust, Ping An Life Insurance and Ping An Good Doctor

“Ping An Good Doctor”	Ping An Health Cloud Co., Ltd. (平安健康互聯網股份有限公司), a joint stock company established in the PRC with limited liability on August 20, 2014
“Ping An Group”	Ping An Insurance (Group) Company of China, Ltd. (中國平安保險 (集團) 股份有限公司), a joint stock company established in the PRC with limited liability on March 21, 1988 and the shares of which are listed on the main board of the Stock Exchange in 2004 (Stock Code: 2318) and the Shanghai Stock Exchange in 2007 (Stock Code: 601318.SH)
“Ping An Life Insurance”	Ping An Life Insurance Company of China, Ltd. (中國平安人壽保險股份有限公司), a joint stock company established in the PRC with limited liability on December 17, 2002
“Ping An Trust”	Ping An Trust Co., Ltd. (平安信託有限責任公司), a joint stock company established in the PRC with limited liability on April 9, 1996
“PRC”	the People’s Republic of China, excluding, for the purpose of this announcement, Hong Kong, Macau Special Administrative Region and Taiwan, unless otherwise specified
“Ping An Health Technology Fund”	Shenzhen Ping An Health and Technology Equity Investment LLP* (深圳市平安健康科技股權投資合夥企業 (有限合夥)), a joint venture incorporated in the PRC with limited liability on October 9, 2015
“Repurchase Option”	the repurchase option granted to Ping An Health Technology Fund with respect to its equity interest in the Joint Venture under the Investment Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“Second Tranche Convertible Bonds”	the convertible bonds with a principal amount of RMB75 million to be issued by the Joint Venture and subscribed by Ping An Health Technology Fund by December 31, 2018 (or such other date as may be agreed by the parties)
“Shanghai Rich Medical”	Shanghai Rich Medical Investment Group Co., Ltd. (上海瑞慈醫療投資集團有限公司), a company established in the PRC with limited liability on August 25, 2014, which is an indirectly wholly-owned subsidiary of the Company
“Share(s)”	share(s) of the Company
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Strategic Cooperation Framework Agreement”	the strategic cooperation framework agreement dated November 8, 2017 entered into between Shanghai Rich Medical and Ping An Cooperative Partners in relation to the establishment of a comprehensive strategic cooperative partnership
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules
“Transactions”	the transactions contemplated under the Investment Agreement (including but not limited to the establishment of the Joint Venture, the issue of Convertible Bonds and the Repurchase Option)
“%”	per cent

By Order of the Board
Rici Healthcare Holdings Limited
Fang Yixin
Chairman

Shanghai, the PRC, November 8, 2017

As at the date of this announcement, Dr. Fang Yixin, Dr. Mei Hong, Mr. Lu Zhenyu and Dr. Wang Weiping are the executive Directors; Ms. Jiao Yan and Mr. Yao Qiyong are the non-executive Directors; and Dr. Wang Yong, Ms. Wong Sze Wing and Mr. Jiang Peixing are the independent non-executive Directors.

* *For identification purpose only*