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RICI HEALTHCARE HOLDINGS LIMITED

瑞慈醫療服務控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1526)

DISCLOSEABLE TRANSACTION COOPERATION AGREEMENT FOR ESTABLISHMENT OF A JOINT VENTURE COMPANY

COOPERATION AGREEMENT FOR ESTABLISHMENT OF A JOINT VENTURE COMPANY

The Board is pleased to announce that on March 28, 2017 (after trading hours), Shanghai Rich Medical, an indirectly wholly-owned subsidiary of the Company, and South New City entered into the Cooperation Agreement in relation to the establishment of the Joint Venture for the purpose of operating a healthcare industry park in Nanjing, PRC, including the establishment and operation of a premium obstetrics and gynecology hospital. Pursuant to the Cooperation Agreement, South New City agrees to make a capital contribution of RMB35.0 million (equivalent to approximately HK\$39.6 million) to the Joint Venture and will hold 35% equity interests in the Joint Venture; and Shanghai Rich Medical agrees to make a capital contribution of RMB65.0 million (equivalent to approximately HK\$73.5 million) to the Joint Venture and will hold 65% equity interests in the Joint Venture.

IMPLICATION OF THE LISTING RULES

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the transaction contemplated under the Cooperation Agreement are more than 5% but less than 25%, the transaction contemplated under the Cooperation Agreement constitutes a discloseable transaction for the Company under the Listing Rules and is subject to the reporting and announcement requirements as set out in Chapter 14 of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on March 28, 2017 (after trading hours), Shanghai Rich Medical, an indirectly wholly-owned subsidiary of the Company, and South New City entered into the Cooperation Agreement in relation to the establishment of the Joint Venture for the purpose of operating a healthcare industry park in Nanjing, PRC, including the establishment and operation

of a premium obstetrics and gynecology hospital. Pursuant to the Cooperation Agreement, South New City agrees to make a capital contribution of RMB35.0 million (equivalent to approximately HK\$39.6 million) to the Joint Venture and will hold 35% equity interests in the Joint Venture; and Shanghai Rich Medical agrees to make a capital contribution of RMB65.0 million (equivalent to approximately HK\$73.5 million) to the Joint Venture and will hold 65% equity interests in the Joint Venture.

THE COOPERATION AGREEMENT

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

Date

March 28, 2017

Parties

- (1) Shanghai Rich Medical; and
- (2) South New City

To the best knowledge, information and belief of the Directors after having made all reasonable enquiry, South New City and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Principal Activities of the Joint Venture

The Joint Venture will establish, construct and operate a healthcare industry park in Nanjing, PRC, including the establishment and operation of a premium obstetrics and gynecology hospital (the “**Hospital**”).

Capital Contribution

The capital contribution in the Joint Venture will be made within 60 days after the business license of the Joint Venture is obtained. The registered capital of the Joint Venture will be RMB100.0 million (equivalent to approximately HK\$113.0 million), to be contributed as follows:

- (1) 65% (amounting to RMB65.0 million (equivalent to approximately HK\$73.5 million)) by Shanghai Rich Medical; and
- (2) 35% (amounting to RMB35.0 million (equivalent to approximately HK\$39.6 million)) by South New City.

The amount of the capital contribution to be made by Shanghai Rich Medical and South New City was arrived at after arm’s length negotiations between the Parties having taken into account the expected capital requirements of the Joint Venture, their respective intended shareholding in the Joint Venture and the relevant PRC laws and regulations.

Corporate Governance

The Joint Venture will have a board of five directors, three of which shall be appointed by Shanghai Rich Medical, and two of which shall be appointed by South New City. The chairman of the board shall be appointed by Shanghai Rich Medical, and the general manager shall be appointed by South New City.

The board of directors of the Joint Venture shall be the authoritative body of the Joint Venture. Each director has one vote. The matters of the Joint Venture that shall be unanimously approved by the board of directors include without limitation to:

- (1) the amendment to contracts and articles of association of the Joint Venture, and the termination, dissolution and liquidation of the Joint Venture;
- (2) the mortgage, pledge and transfer of the Joint Venture, and the increase, reduction or transfer of the registered capital of the Joint Venture; and
- (3) the merger and spin-off of the Joint Venture, and the establishment of branch and external investment by the Joint Venture.

The matters of the Joint Venture that shall be approved by two-thirds of the board of directors include without limitation to:

- (1) the responsibility scope and the change in the responsibility scope of the chairman, vice chairman, the general manager, deputy general manager, and finance supervisor;
- (2) the replacement of the general manager and deputy general manager;
- (3) the remuneration of senior management staff as recommended by the Parties; and
- (4) the profit distribution plan of the Joint Venture.

The Joint Venture will have a supervisory committee of three supervisors, one of which shall be appointed by Shanghai Rich Medical, and two of which shall be appointed by South New City. The powers and duties of the supervisory committee of the Joint Venture include without limitation to:

- (1) to supervise the Joint Venture's directors and senior management personnel in the performance of their duties, and to propose on dismissal of relevant directors and senior management personnel who violate laws, regulations, the articles of association of the Joint Venture or shareholder resolutions;
- (2) to propose extraordinary general meetings;
- (3) to submit proposals to the general meetings;

- (4) to initiate law suits against the Joint Venture’s directors and senior management personnel in accordance with the PRC laws; and
- (5) to approve the appointment of auditor of the Joint Venture and examine the financial affairs of the Joint Venture.

The corporate governance arrangements shall apply to the Hospital, the superintendent of which shall be appointed by Shanghai Rich Medical.

Distribution of Profit

Profit available for distribution in accordance with relevant PRC laws and regulations will be distributed to the Parties in proportion to their respective shareholding in the Joint Venture.

Termination

Either Party may terminate the Cooperation Agreement upon the occurrence of an event of force majeure that makes the performance of the Cooperation Agreement become impossible, unnecessary or meaningless and neither Party shall be liable for such termination.

If the Joint Venture is unable to obtain the land use right for its operation due to market factors, the Cooperation Agreement will lapse automatically and neither Party shall be liable for such lapse.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Group is primarily engaged in the businesses of general hospital, specialty hospital, medical examination and clinics, with focus in Yangtze River Delta region. The Group is actively developing its obstetrics and gynecology and pediatrics specialty hospital businesses. To implement a long term strategic layout of premium obstetrics and gynecology and pediatrics specialty hospital businesses in Yangtze River Delta region, the Group is actively expanding its business in Nanjing, the provincial capital of Jiangsu. Hence, the Board considers this cooperation with South New City as a driving force to promote the overall development of the Group’s specialty hospital business in Nanjing.

The reform of healthcare system in China encourages social capital and private medical institutions to participate in the national healthcare system. The implementation of the “two-child policy” has driven up the demand for obstetrics and gynecology and pediatrics medical services. National economic development and consumption upgrades enable the demand for premium healthcare services to become the driving force of premium healthcare services market.

The sole shareholder of South New City is Nanjing South New City Development and Construction (Group) Co., Ltd. (南京市南部新城開發建設(集團)有限公司) under the State-owned Assets Supervision and Administration Commission of Nanjing Municipality (南京市人民政府國有資產監督委員會). The cooperation between Shanghai Rich Medical and South New City enables the Group to provide professional obstetrics and gynecology and pediatrics services to meet local healthcare needs, create synergy effect between the Group and its business partners, and expand the local market share and brand influence of the Group in Nanjing. The Board believes that the

Cooperation Agreement provides a good opportunity for the Group to strengthen its existing market position in the healthcare services market in Yangtze River Delta region, especially in Nanjing. The Directors (including the independent non-executive Directors) consider that the cooperation can enhance the long term growth potential and shareholders' value of the Group, and strengthen the diversified service portfolio of the Group.

The Directors are of the view that the terms of the Cooperation Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION ABOUT THE COMPANY AND THE PARTIES

The Company

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

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.

South New City

South New City is a company established in the PRC with limited liability on October 21, 2016. The principal activity of South New City is investment in health industry, including without limitation to investment in relation to health management, medical management and elderly care, and relevant project construction.

IMPLICATION OF THE LISTING RULES

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the transaction contemplated under the Cooperation Agreement are more than 5% but less than 25%, the transaction contemplated under the Cooperation Agreement constitutes a discloseable transaction for the Company under the Listing Rules and is subject to the reporting and announcement requirements as set out in Chapter 14 of the Listing Rules.

DEFINITIONS

“Board”	the Board of Directors
“China” or “PRC”	The People’s Republic of China, which expression for the purpose of this announcement, except where the context requires otherwise, does not include Hong Kong, the Macau Special Administrative Region and Taiwan
“Company”	Rici Healthcare Holdings Limited (瑞慈醫療服務控股有限公司), a company incorporated in the Cayman Islands with limited liability on July 11, 2014 and the shares of which are listed on the Main Board of the Stock Exchange of Hong Kong Limited
“connected person”	has the meaning ascribed thereto under the Listing Rules
“Cooperation Agreement”	the cooperation agreement dated March 28, 2017 entered into between Shanghai Rich Medical and South New City relating to the establishment of the Joint Venture
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
“Parties”	Shanghai Rich Medical and South New City (each, a Party)
“Joint Venture”	the joint venture company to be established by Shanghai Rich Medical and South New City pursuant to the Cooperation Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“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
“Shareholder(s)”	shareholder(s) of the Company

“South New City”	Nanjing South New City Health Industry Development Co. Ltd. (南京南部新城健康產業發展有限公司), a company established in the PRC with limited liability on October 21, 2016
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“%”	per cent

For the purpose of this announcement, unless otherwise indicated, the exchange rate of RMB1.00 = HK\$1.13 has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amount has been, could have been or may be exchanged at such rate or at any other rates.

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

Shanghai, PRC, March 28, 2017

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