

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

CONNECTED TRANSACTIONS ACQUISITION OF EQUITY INTEREST IN CERTAIN SUBSIDIARIES FROM A CONNECTED PERSON AT THE SUBSIDIARY LEVEL

EQUITY TRANSFER AGREEMENTS

The Board is pleased to announce that on October 11, 2018 (after trading hours), the Vendor entered into the Equity Transfer Agreements, comprising Beijing Rich Agreement, Nanjing Ruixing Agreement, Shanghai Ruixin Agreement and Shanghai Ruijin Agreement, with the Purchasers in respect of the transfer of its equity interest in the Target Companies to the Purchasers, at a total consideration of RMB53.0 million. Upon the completion of the Transactions, the Vendor will cease to hold any equity interest in the Target Companies and (i) Shanghai Ruixin will be held as to 80%, 15% and 5% by Nantong Haoze, Mr. Wang Dejun and Mr. Liu Daowei, respectively; (ii) Shanghai Ruijin will be held as to 80%, 15% and 5% by Nantong Haoze, Mr. Wang Dejun and Mr. Liu Daowei, respectively; (iii) Beijing Rich will be held as to 80% and 20% by Shanghai Rich Medical and Mr. Wang Dejun, respectively; and (iv) Nanjing Ruixing will be held as to 80%, 15% and 5% by Nantong Rich Medical, Mr. Wang Dejun and Mr. Liu Daowei, respectively.

IMPLICATION OF THE LISTING RULES

As the Target Companies are not insignificant subsidiaries in aggregation in accordance with Rule 14A.09 of the Listing Rules and the Vendor is a substantial shareholder of the Target Companies, the Vendor is a connected person of the Company at the subsidiary level. Accordingly, the Transactions are aggregated and treated as connected transactions of the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio under the Listing Rules in respect of the Transactions is more than 1% but less than 5%, and the Transactions are connected transactions with a connected person at the subsidiary level on normal commercial terms or better, the Transactions are subject to the reporting and announcement requirements and are exempt from the circular, independent financial advice and shareholders' approval requirements under Chapter 14A of the Listing Rules.

Furthermore, as none of the applicable percentage ratios under the Listing Rules in respect of the Transactions is more than 5%, the Transactions do not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Director is regarded as having a material interest in the Transactions and hence no Director is required under the Listing Rules to abstain from voting on the resolutions approving the Transactions.

The Board is pleased to announce that on October 11, 2018 (after trading hours), the Vendor entered into the Equity Transfer Agreements, comprising Beijing Rich Agreement, Nanjing Ruixing Agreement, Shanghai Ruixin Agreement and Shanghai Ruijin Agreement, with the Purchasers in respect of the transfer of its equity interest in the Target Companies to the Purchasers, at the total consideration of RMB53.0 million. Upon the completion of the Transactions, the Vendor will cease to hold any equity interest in the Target Companies and (i) Shanghai Ruixin will be held as to 80%, 15% and 5% by Nantong Haoze, Mr. Wang Dejun and Mr. Liu Daowei, respectively; (ii) Shanghai Ruijin will be held as to 80%, 15% and 5% by Nantong Haoze, Mr. Wang Dejun and Mr. Liu Daowei, respectively; (iii) Beijing Rich will be held as to 80% and 20% by Shanghai Rich Medical and Mr. Wang Dejun, respectively; and (iv) Nanjing Ruixing will be held as to 80%, 15% and 5% by Nantong Rich Medical, Mr. Wang Dejun and Mr. Liu Daowei, respectively.

THE EQUITY TRANSFER AGREEMENTS

The principal terms of the Equity Transfer Agreements are summarized as below:

Date

October 11, 2018

Parties

(i) Beijing Rich Agreement

Shanghai Rich Medical (as purchaser)

Guizhou Saigesaisi (as vendor)

(ii) Nanjing Ruixing Agreement

Nantong Rich Medical (as purchaser)

Guizhou Saigesaisi (as vendor)

(iii) Shanghai Ruixin Agreement

Nantong Haoze (as purchaser)

Guizhou Saigesaisi (as vendor)

(iv) Shanghai Ruijin Agreement

Nantong Haoze (as purchaser)

Guizhou Saigesaisi (as vendor)

Transactions and Consideration

(i) Beijing Rich Agreement

Shanghai Rich Medical agreed to acquire and the Vendor agreed to sell 10% equity interests in Beijing Rich at a consideration of RMB4.0 million.

(ii) Nanjing Ruixing Agreement

Nantong Rich Medical agreed to acquire and the Vendor agreed to sell 10% equity interests in Nanjing Ruixing at a consideration of RMB23.0 million.

(iii) Shanghai Ruixin Agreement

Nantong Haoze agreed to acquire and the Vendor agreed to sell 10% equity interests in Shanghai Ruixin at a consideration of RMB10.0 million.

(iv) Shanghai Ruijin Agreement

Nantong Haoze agreed to acquire and the Vendor agreed to sell 10% equity interests in Shanghai Ruijin at a consideration of RMB16.0 million.

Basis of Determination of Consideration

The aggregate consideration for the Transactions is RMB53.0 million and was arrived at after arm's length negotiations between the Purchasers and the Vendor having taken into account: (i) the total investment and contribution from the Vendor during the operation of the Target Companies, (ii) the Target Companies' financial performance in 2016 and 2017 and their profitability, and (iii) the fair market valuation of companies comparable to the Target Companies.

The consideration shall be paid by the Purchasers within one month after the execution of the Equity Transfer Agreements and will be funded by the internal resources of the Group.

INFORMATION RELATING TO THE COMPANY, THE VENDOR AND THE PURCHASERS

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, specialty hospital, medical examination centers and clinics in the PRC.

The Vendor

The Vendor was incorporated under the laws of the PRC on February 24, 2006 with limited liability. The principal activity of the Vendor is investment holding. Upon the completion of the Transactions, the Vendor will cease to have any equity interest in the Target Companies and become an independent third party.

Shanghai Rich Medical

Shanghai Rich Medical is a company established under the laws of the PRC with limited liability on August 25, 2014 and an indirectly wholly-owned subsidiary of the Company. The principal activity of Shanghai Rich Medical is investment holding.

Nantong Rich Medical

Nantong Rich Medical is a company established under the laws of the PRC with limited liability on July 14, 2014 and an indirectly wholly-owned subsidiary of the Company. The principal activity of Nantong Rich Medical is investment holding.

Nantong Haoze

Nantong Haoze is a company established under the laws of the PRC with limited liability on November 13, 2014 and an indirectly wholly-owned subsidiary of the Company. The principal activity of Nantong Haoze is investment consulting and investment holding.

INFORMATION OF THE TARGET COMPANIES

Beijing Rich

Beijing Rich is a company established under the laws of the PRC with limited liability on May 20, 2015 and principally engaged in the operation of an examination center. As of the date of this announcement, Beijing Rich is held as to 70%, 20% and 10% by Shanghai Rich Medical, Mr. Wang Dejun and the Vendor, respectively. Upon the completion of the Transactions, Beijing Rich will be held as to 80% and 20% by Shanghai Rich Medical and Mr. Wang Dejun, respectively.

As extracted from the unaudited accounts of Beijing Rich as prepared under the PRC accounting standards, the book value of the total assets of Beijing Rich as at June 30, 2018 was RMB50.6 million. The loss before taxation and extraordinary items of Beijing Rich for the years ended December 31, 2016 and 2017 were RMB12.0 million and RMB6.2 million, respectively, and the loss after taxation and extraordinary items of Beijing Rich for the years ended December 31, 2016 and 2017 were RMB9.2 million and RMB4.8 million, respectively.

The original acquisition cost paid by the Vendor at the time of acquisition of Beijing Rich was RMB4.0 million.

Nanjing Ruixing

Nanjing Ruixing is a company established under the laws of the PRC with limited liability on December 5, 2014 and principally engaged in the operation of an examination center. As of the date of this announcement, Nanjing Ruixing is held as to 70%, 15%, 10% and 5% by Nantong Rich Medical, Mr. Wang Dejun, the Vendor and Mr. Liu Daowei, respectively. Upon the completion of the Transactions, Nanjing Ruixing will be held as to 80%, 15% and 5% by Nantong Rich Medical, Mr. Wang Dejun and Mr. Liu Daowei, respectively.

As extracted from the unaudited accounts of Nanjing Ruixing as prepared under the PRC accounting standards, the book value of the total assets of Nanjing Ruixing as at June 30, 2018 was RMB30.9 million. The net profits before taxation and extraordinary items of Nanjing Ruixing for the years ended December 31, 2016 and 2017 were RMB12.4 million and RMB8.5 million, respectively, and the net profits after taxation and extraordinary items of Nanjing Ruixing for the years ended December 31, 2016 and 2017 were RMB8.9 million and RMB6.3 million, respectively.

The original acquisition cost paid by the Vendor at the time of acquisition of Nanjing Ruixing was RMB4.0 million.

Shanghai Ruixin

Shanghai Ruixin is a company established under the laws of the PRC with limited liability on March 19, 2015 and is principally engaged in the operation of an examination center. As of the date of this announcement, Shanghai Ruixin is held as to 70%, 15%, 10% and 5% by Nantong Haoze, Mr. Wang Dejun, the Vendor and Mr. Liu Daowei, respectively. Upon the completion of the Transactions, Shanghai Ruixin will be held as to 80%, 15% and 5% by Nantong Haoze, Mr. Wang Dejun and Mr. Liu Daowei, respectively.

As extracted from the unaudited accounts of Shanghai Ruixin as prepared under the PRC accounting standards, the book value of the total assets of Shanghai Ruixin as at June 30, 2018 was RMB41.5 million. The net profits before taxation and extraordinary items of Shanghai Ruixin for the years ended December 31, 2016 and 2017 were RMB6.4 million and RMB2.2 million, respectively, and the net profits after taxation and extraordinary items of Shanghai Ruixin for the years ended December 31, 2016 and 2017 were RMB4.8 million and RMB1.5 million, respectively.

The original acquisition cost paid by the Vendor at the time of acquisition of Shanghai Ruixin was RMB6.0 million.

Shanghai Ruijin

Shanghai Ruijin is a company established under the laws of the PRC with limited liability on May 28, 2015 and is principally engaged in the operation of an examination center. As of the date of this announcement, Shanghai Ruijin is held as to 70%, 15%, 10% and 5% by Nantong Haoze, Mr. Wang Dejun, the Vendor and Mr. Liu Daowei, respectively. Upon the completion of the Transactions, Shanghai Ruijin will be held as to 80%, 15% and 5% by Nantong Haoze, Mr. Wang Dejun and Mr. Liu Daowei, respectively.

As extracted from the unaudited accounts of Shanghai Ruijin as prepared under PRC accounting standards, the book value of the total assets of Shanghai Ruijin as at June 30, 2018 was RMB53.8 million. The net profits before taxation and extraordinary items of Shanghai Ruijin for the years ended December 31, 2016 and 2017 were RMB11.1 million and RMB3.3 million, respectively, and the net profits after taxation and extraordinary items of Shanghai Ruijin for the years ended December 31, 2016 and 2017 were RMB8.3 million and RMB2.3 million, respectively.

The original acquisition cost paid by the Vendor at the time of acquisition of Shanghai Ruijin was RMB6.0 million.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The Target Companies are located in Beijing and the Yangtze River Delta, which are strategic areas of the Group's expansion layout of its medical examination business. Upon the completion of the Transactions, the Company will further increase its equity interest in the Target Companies, and therefore can better share the economic outcome of the steady business development of the Target Companies.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Transactions are fair and reasonable; the Transactions are on normal commercial terms or better and in the ordinary and usual course of business of the Group; and the Transactions are in the interest of the Company and the Shareholders as a whole.

IMPLICATION OF THE LISTING RULES

As the Target Companies are not insignificant subsidiaries in aggregation in accordance with Rule 14A.09 of the Listing Rules and the Vendor is a substantial shareholder of the Target Companies, the Vendor is a connected person of the Company at the subsidiary level. Accordingly, the Transactions are aggregated and treated as connected transactions of the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratios under the Listing Rules in respect of the Transactions is more than 1% but less than 5%, and the Transactions are connected transactions with a connected person at the subsidiary level on normal commercial terms or better, the Transactions are subject to the reporting and announcement requirements and are exempt from the circular, independent financial advice and shareholders' approval requirements under Chapter 14A of the Listing Rules.

Furthermore, as none of the applicable percentage ratios under the Listing Rules in respect of the Transactions is more than 5%, the Transactions do not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Director is regarded as having a material interest in the Transactions and hence no Director is required under the Listing Rules to abstain from voting on the resolutions approving the Transactions.

DEFINITIONS

“Beijing Rich”	Beijing Rich Ruitai Clinic Co., Ltd., (北京瑞慈瑞泰綜合門診部有限公司), a company established in the PRC with limited liability on May 20, 2015, which will be held as to 80% and 20% by Shanghai Rich Medical and Mr. Wang Dejun, respectively, upon the completion of the Transactions
“Beijing Rich Agreement”	the equity transfer agreement dated October 11, 2018 entered into by Shanghai Rich Medical and the Vendor, pursuant to which Shanghai Rich Medical agreed to acquire and the Vendor agreed to sell 10% equity interests in Beijing Rich at a consideration of RMB4.0 million
“Board”	the board of Directors
“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
“Director(s)”	the director(s) of the Company
“Equity Transfer Agreements”	Beijing Rich Agreement, Nanjing Ruixing Agreement, Shanghai Ruijin Agreement and Shanghai Ruixin Agreement
“Group”	the Company and its subsidiaries
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“independent third party(ies)”	a party which is not a connected person of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
“Nanjing Ruixing”	Nanjing Rich Ruixing Clinic Co., Ltd. (南京瑞慈瑞星門診部有限公司), a company established in the PRC with limited liability on December 5, 2014, which will be held as to 80%, 15% and 5% by Nantong Rich Medical, Mr. Wang Dejun and Mr. Liu Daowei, respectively, upon the completion of the Transactions

“Nanjing Ruixing Agreement”	the equity transfer agreement dated October 11, 2018 entered into by Nantong Rich Medical and the Vendor, pursuant to which Nantong Rich Medical agreed to acquire and the Vendor agreed to sell 10% equity interests in Nanjing Ruixing at a consideration of RMB23.0 million
“Nantong Haoze”	Nantong Haoze Medical Management Co., Ltd. (南通浩澤醫療管理有限公司), a company established in the PRC with limited liability on November 13, 2014, which is an indirectly wholly-owned subsidiary of the Company
“Nantong Rich Medical”	Nantong Rich Medical Management Group Co., Ltd. (南通瑞慈醫療管理集團有限公司, formerly known as 南通宜新醫療管理有限公司), a company established in the PRC with limited liability on July 14, 2014, which is an indirectly wholly-owned subsidiary of the Company
“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
“Purchasers”	Shanghai Rich Medical, Nantong Rich Medical and Nantong Haoze
“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
“Shanghai Ruijin”	Shanghai Rich Ruijin Clinic Co., Ltd. (上海瑞慈瑞錦門診部有限公司), a company established in the PRC with limited liability on May 28, 2015 which will be held as to (i) 80% by Nantong Haoze, (ii) 15% by Mr. Wang Dejun, and (iii) 5% by Mr. Liu Daowei, upon the completion of the Transactions
“Shanghai Ruijin Agreement”	the equity transfer agreement dated October 11, 2018 entered into by Nantong Haoze and the Vendor, pursuant to which Nantong Haoze agreed to acquire and the Vendor agreed to sell 10% equity interests in Shanghai Ruijin at a consideration of RMB16.0 million
“Shanghai Ruixin”	Shanghai Rich Ruixin Clinic Co., Ltd. (上海瑞慈瑞鑫門診部有限公司), a company established in the PRC with limited liability on March 19, 2015, which will be held as to (i) 80% by Nantong Haoze, (ii) 15% by Mr. Wang Dejun, and (iii) 5% by Mr. Liu Daowei, upon the completion of the Transactions

“Shanghai Ruixin Agreement”	the equity transfer agreement dated October 11, 2018 entered into by Nantong Haoze and the Vendor, pursuant to which Nantong Haoze agreed to acquire and the Vendor agreed to sell 10% equity interests in Shanghai Ruixin at a consideration of RMB10.0 million
“Shareholder(s)”	shareholder(s) of the Company
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Target Companies”	Beijing Rich, Nanjing Ruixing, Shanghai Ruijin and Shanghai Ruixin
“Transactions”	the transactions contemplated under the Equity Transfer Agreements
“Vendor” or “Guizhou Saigesaisi”	Guizhou Saigesaisi Investment Co., Ltd. (貴州賽格賽思投資有限公司), a company established in the PRC with limited liability on February 24, 2006
“%”	per cent

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

Shanghai, the PRC, October 11, 2018

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.