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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)

CHANGE IN USE OF PROCEEDS

Reference is made to the prospectus of Rici Healthcare Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated September 26, 2016 (the “**Prospectus**”), the Company’s announcement of offer price and allotment results dated October 5, 2016 and the Company’s announcement in relation to partial exercise of Over-allotment Option dated October 31, 2016. Unless otherwise defined, capitalized terms used in this announcement shall have the same meanings as those defined in the Prospectus. The Board would like to announce that the Company has decided to change the use of the net proceeds from the Global Offering (the “**Net Proceeds**”).

CHANGE IN USE OF PROCEEDS

The Net Proceeds, after deducting the share issuance costs and listing expenses, amounted to RMB682.7 million. As at the date of this announcement, the Company utilized RMB461.9 million of the Net Proceeds, representing 68% of the Net Proceeds. The unutilized Net Proceeds amounted to RMB220.8 million, representing 32% of the Net Proceeds. The Board has reviewed the utilization of the Net Proceeds and resolved to change the planned use of such unutilized Net Proceeds from “establishment of our multi-function facility” to “establishment of new medical examination centers and upgrading and renovation of existing medical examination centers”. Save as disclosed herein, the Net Proceeds have been utilized in accordance with the proposed applications set out in the section headed “Future Plans and Use of Proceeds” in the Prospectus.

REASONS FOR THE CHANGE

On one hand, the initial plan to build a multi-function facility in Shanghai is capital-intensive and less efficient in terms of capital return as compared to renting a new business premise in Shanghai where land cost and labour cost are relatively high, and accordingly the Company rented a new business premise in Xuhui District, Shanghai and relocated its headquarters in the PRC to such premise, which provides sufficient areas and advanced facilities to centralize various aspects of the management and operation of its business. Therefore, the Company no longer has any intention to build a multi-function facility to serve the same purpose. On the other hand, the Company considers its medical examination business as a significant driver of its future development and plans to strengthen the leading position of its medical examination business in existing markets and expand its medical examination business to new markets. As disclosed in the interim report of the Company for the six months ended June 30, 2019, revenue from the medical examination business for the first half of 2019 amounted to RMB441.9 million, representing an increase of 24.0% from RMB356.5 million for the corresponding period in 2018, excluding the inter-segment revenue of RMB2.8 million for the first half of 2019. The change in use of unutilized Net Proceeds would allow the Company to deploy its financial resources more effectively to implement such plan, and thus the Board considers that the above change is fair and reasonable and in the interests of the Company and its Shareholders as a whole.

The Board confirms that there is no material change in the principal business of the Group as set out in the Prospectus and is of the view that the above change is in line with the business strategy of the Group and will not adversely affect the operation and business of the Group.

By order of the Board
Rici Healthcare Holdings Limited
Fang Yixin
Chairman and Chief Executive Officer

Shanghai, the PRC, February 18, 2020

As at the date of this announcement, Dr. Fang Yixin, Dr. Mei Hong, Ms. Lin Xiaoying and Mr. Fang Haoze are the executive directors of the Company; Ms. Jiao Yan and Mr. Yao Qiyong are the non-executive directors of the Company; and Dr. Wang Yong, Ms. Wong Sze Wing and Mr. Jiang Peixing are the independent non-executive directors of the Company.