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北控醫療健康產業集團有限公司

Beijing Enterprises Medical And Health Industry Group Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2389)

**UPDATE ANNOUNCEMENT
ON SUPPLEMENTAL AGREEMENT TO
EQUITY TRANSFER AGREEMENT
IN RELATION TO BEIJING BEIJIAN INLAND PORT
INTERNATIONAL LOGISTICS CO., LTD.*
(北京北建陸港國際物流有限公司)**

Reference is made to the announcements dated 13 April 2017 and 20 July 2017 as well as the circular dated 20 June 2017 (the “**Circular**”) of Beijing Enterprises Medical and Health Industry Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) in relation to the Disposal and the Provision of Financial Assistance. Capitalized terms used in this announcement shall have the same meanings as those defined in the Circular unless the context requires otherwise.

INTRODUCTION

The Purchase and the Vendor entered into the Sale and Purchase Agreement on 13 April 2017 in relation to the transfer of the Sale Interests and the transaction completed on 20 July 2017. Meanwhile, the Vendor received the Consideration of RMB796,108,704 as stipulated in the Sale and Purchase Agreement. In the course of land development and construction by the Disposal Company, Beijing Gardening and Greening Bureau (Chaoyang District) (the “**Chaoyang Gardening Bureau**”) has required the Disposal Company to undergo a procedure for change of expropriation of forest lands and make a supplementary payment of RMB37,868,771.40 as a compensation for the expropriation of forest lands with an area of 63,000 sqm (the “**Compensation**”), inclusive of reforestation fee of RMB37,829,400.00 and a penalty fee of RMB39,371.40.

Thus, the Purchaser requires the Vendor, an 82.24%-owned subsidiary of the Group, to bear the Compensation under the Sale and Purchase Agreement.

SUPPLEMENTAL AGREEMENT

On 5 March 2021, the Purchaser and the Vendor entered into a supplemental agreement to the equity transfer agreement in relation to Beijing Beijian Inland Port International Logistics Co., Ltd.* (the “**Supplemental Agreement**”) on account of the matter of the Compensation, details of which are as follows:

- (1) As acknowledged unanimously by the Purchaser and the Vendor, Chaoyang Gardening Bureau did not require the Vendor or the Disposal Company to pay the Compensation and the Vendor was not aware of the requirement of the payment of the Compensation by the Disposal Company during the period when the Sale Interests in the Disposal Company formally held by the Vendor, in other words, the Vendor did not breach the Sale and Purchase Agreement nor intentionally conceal the breach in relation to the Compensation.
- (2) In view of direct impact of the Compensation on the value of the Sale Interests and on the principle of the Sale and Purchase Agreement, the Purchaser and the Vendor agree to adjust the Consideration under the Sale and Purchase Agreement.
- (3) The Purchaser agrees to bear 50% of the Compensation after taking into consideration of non-intentional concealment of the Compensation by the Vendor and its long-term cooperation relationship with the Vendor. As a result, the Purchaser and the Vendor agree unanimously to scale down the Consideration under the Sale and Purchase Agreement by RMB18,934,385.70 (the “**Consideration Reduction**”) from originally RMB796,108,704 to RMB777,174,318.30, and the Consideration Reduction shall be settled by the Vendor in full to the Purchaser within 10 days from the execution date of the Supplemental Agreement.
- (4) Both parties further agree that, save for those mentioned above, none of the parties shall require other party to adjust the Consideration of the equity transfer for the reason of the procedure for change of expropriation of forest lands by the Disposal Company and the relevant matters of the Compensation after the repayment of the Consideration Reduction by the Vendor to the Purchaser under the Supplemental Agreement.

The Board is of the view that since the Company operates its business as usual in a healthy financial position with sufficient liquidity, the Supplemental Agreement and the transactions as contemplated thereunder will not have material impact on the results and the financial position of the Group.

By order of the Board
**Beijing Enterprises Medical and Health
Industry Group Limited**
Zhu Shi Xing
Chairman

Hong Kong, 5 March 2021

As at the date of this announcement, the Board comprises seven executive Directors, namely Mr. Zhu Shi Xing, Mr. Liu Xue Heng, Mr. Gu Shan Chao, Mr. Siu Kin Wai, Mr. Hu Shiang Chi, Mr. Wang Zheng Chun and Mr. Zhang Jing Ming and five independent non-executive Directors, namely Mr. Robert Winslow Koepp, Mr. Gary Zhou, Mr. Tse Man Kit, Keith, Mr. Wu Yong Xin and Mr. Zhang Yun Zhou.

* *For identification purpose only*