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Hospital Corporation of China Limited
弘和仁愛醫療集團有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock code: 3869)

**CONNECTED TRANSACTION IN RELATION TO
ISSUE OF CONVERTIBLE BONDS UNDER SPECIFIC MANDATE**

Independent Financial Adviser



**CONNECTED TRANSACTION IN RELATION TO ISSUE OF
CONVERTIBLE BONDS UNDER SPECIFIC MANDATE**

On January 25, 2018, the Company and the Subscriber entered into the Subscription Agreement pursuant to which, among other things, the Company agreed to issue and the Subscriber agreed to subscribe for the Convertible Bonds in the aggregate principal amount of HK\$468,000,000 for a total consideration equal to the aggregate principal amount of the Convertible Bonds. On the Closing Date, the Company shall issue Convertible Bonds and the Subscriber shall subscribe for the Convertible Bonds.

The details of the principal terms of the Convertible Bonds are set out in the paragraph headed “Principal Terms of the Convertible Bonds” below.

As at the date of this announcement, the Company has a total of 138,194,000 Shares in issue. Assuming there is no further issue or repurchase of the Shares, based on the initial Conversion Price of HK\$18.00 per Conversion Share and assuming full conversion of the Convertible Bonds at the initial Conversion Price, the Convertible Bonds will be convertible into 26,000,000 Conversion Shares, representing approximately 18.81% of the existing issued share capital of the Company as at the date of this announcement and approximately 15.83% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares. The Conversion Shares will be allotted and issued pursuant to the Specific Mandate which is subject to the Independent Shareholders' approval at the EGM.

The net proceeds from the issue of the Convertible Bonds are estimated to be approximately HK\$467,000,000. The Company intends to apply all the net proceeds from the issue of the Convertible Bonds for the future mergers and acquisitions purpose.

The Company will apply to the Listing Committee for the listing of, and permission to deal in, the Conversion Shares.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, the Subscriber, being the direct Shareholder of 97,000,000 Shares (representing approximately 70.19% of the issued share capital of the Company as at the date of this announcement), is a substantial shareholder of the Company. Accordingly, the Subscriber is a connected person of the Company pursuant to Chapter 14A of the Listing Rules.

Accordingly, the Subscription constitutes a non-exempt connected transaction of the Company subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. The Company will comply with the requirements under Chapter 14A of the Listing Rules in respect of the Subscription, including but not limited to seeking Independent Shareholders' approval for the Subscription at the EGM.

GENERAL

An EGM will be convened for the Independent Shareholders to consider and, if thought fit, to approve, among other things, the Subscription Agreement and the transactions contemplated thereunder and the Specific Mandate. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, except the Subscriber, which has material interest in the Subscription Agreement, no Shareholders are required to abstain from voting on the resolutions to approve the Subscription Agreement and the transactions contemplated thereunder and the Specific Mandate.

An Independent Board Committee has been established to make recommendations to the Independent Shareholders regarding the terms of the Subscription Agreement and the transactions contemplated thereunder and the Specific Mandate. The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the Subscription Agreement and the transactions contemplated thereunder and the Specific Mandate.

A circular is expected to be despatched by the Company to the Shareholders on or before February 15, 2018 containing, among other things, (i) further information on the Subscription Agreement and the transactions contemplated thereunder; (ii) the Specific Mandate; (iii) the letter of recommendation from the Independent Board Committee regarding the Subscription Agreement and transactions contemplated thereunder and the Specific Mandate; (iv) a letter of advice from the Independent Financial Adviser in relation to the Subscription Agreement and transactions contemplated thereunder and the Specific Mandate; and (v) a notice of the EGM.

Closing is subject to the fulfillment of the Conditions Precedent. As the issue of the Convertible Bonds may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

THE SUBSCRIPTION AGREEMENT

On January 25, 2018, the Company entered into the Subscription Agreement with the Subscriber pursuant to which, among other things, the Company agreed to issue, and the Subscriber agreed to subscribe for the Convertible Bonds in the aggregate principal amount of HK\$468,000,000 for a total consideration equal to the aggregate principal amount of the Convertible Bonds.

Principal Terms of the Subscription Agreement

The summary of the principal terms of the Subscription Agreement is set out below:

Date : January 25, 2018 (after trading hours)

Parties : (a) the Company; and
(b) the Subscriber.

- Subscription** : Subject to the fulfillment or, if applicable, waiver of the Conditions Precedent set out below, the Subscriber shall subscribe for, and the Company shall issue, the Convertible Bonds in the aggregate principal amount of HK\$468,000,000.
- Conditions Precedent** : (a) The obligations of the Company to issue and the Subscriber to subscribe for the Convertible Bonds in accordance with the Subscription Agreement are subject to the following Conditions Precedent being satisfied (or, other than (ii) and (iii) set out in the following Conditions Precedent, waived by the Subscriber):
- (i) the representations and warranties of the Company set out under the Subscription Agreement being true, accurate and correct in all material respects as of the Closing Date;
 - (ii) the Company having obtained from the Independent Shareholders all necessary approvals required under the Articles, applicable law and the Listing Rules:
 - (A) to issue the Convertible Bonds subscribed for under the Subscription Agreement to the Subscriber; and
 - (B) to allot and issue the Conversion Shares upon conversion of the Convertible Bonds;
 - (iii) the Stock Exchange having approved the listing of, and granted permission to deal in, the Conversion Shares;
 - (iv) the Company having performed or complied with, in all material respects, all agreements and covenants required by the Subscription Agreement to be performed or complied with by it on or before such date;
 - (v) no material adverse effect having occurred to the business, financial condition or results of operations of the Group since the date of the Subscription Agreement; and

- (vi) no court or other governmental authority of competent jurisdiction having enacted, issued, promulgated, enforced or entered any law, rule, regulation, judgment, determination, decree, preliminary or permanent injunction or other order that is in effect and that restrains, enjoins or otherwise prohibits the consummation of the Subscription or any of the other transactions contemplated under the Subscription Agreement.
- (b) The obligation of the Subscriber to subscribe for the Convertible Bonds in accordance with the Subscription Agreement is further subject to the following Conditions Precedent being satisfied (or waived by the Company):
 - (i) the representations and warranties of the Subscriber set out under the Subscription Agreement being true, accurate and correct in all material respects as of the Closing Date; and
 - (ii) the Subscriber having performed or complied with, in all material respects, all agreements and covenants required by the Subscription Agreement to be performed or complied with by it on or before such date.

If any Conditions Precedent have not been satisfied or, if applicable, waived by the Company or the Subscriber (as the case may be) on or prior to March 31, 2018 or on such other date as the parties may agree in writing, the Subscription Agreement (other than the surviving provisions under the Subscription Agreement) shall automatically be terminated and (without prejudice to the rights and/or obligations of any party in respect of any antecedent breach) the parties shall be released and discharged from their respective obligations under the Subscription Agreement.

Closing

: Closing will take place on the fifteenth (15th) Business Day following the date on which all Conditions Precedent have been satisfied or, if applicable, waived by the Company or the Subscriber (as the case maybe), or on such other date as the parties may agree in writing. On the Closing Date, the Company shall issue the Convertible Bonds and the Subscriber shall subscribe for the Convertible Bonds.

Termination of the Subscription Agreement : The Subscription Agreement may be terminated as follows:

- (a) by mutual written consent of the parties;
- (b) by any party if:
 - (i) the other party shall have breached any of its representations or warranties or failed to perform any of its covenants or other agreements contained in the Subscription Agreement, which breach or failure to perform (A) would give rise to the failure of the Conditions Precedent (a)(i) and (b)(i), and (B) if capable of being cured, has not been cured by the breaching party within fifteen (15) Business Days after its receipt of written notice of such breach from the non-breaching party; or
 - (ii) any governmental authority of competent jurisdiction shall have enacted, issued, promulgated, enforced, or entered any injunction, which shall have become final or non-appealable, that restrains, enjoins or otherwise prohibits the Subscription.

Indemnity : The Subscriber and the Company shall indemnify and keep indemnified the other party against any loss, liability, damages, costs or expenses (including legal expenses) suffered or incurred by the other party as a result of or in connection with, directly or indirectly, any breach of the representations, warranties, undertakings and other terms under the Subscription Agreement.

Specific Mandate

The Conversion Shares will be allotted and issued pursuant to the Specific Mandate proposed to be sought from the Independent Shareholders at the EGM. The Subscriber (together with its associates) will abstain from voting on the resolutions in respect of the Specific Mandate.

Application for Listing

No listing of the Convertible Bonds will be sought on the Stock Exchange or any other stock exchanges. The Company will apply to the Listing Committee for the listing of, and permission to deal in, the Conversion Shares.

Closing is subject to the fulfillment of the Conditions Precedent. As the issue of the Convertible Bonds may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

PRINCIPAL TERMS OF THE CONVERTIBLE BONDS

The principal terms of the Convertible Bonds are set out below:

- Issuer** : The Company
- Principal Amount** : HK\$468,000,000
- Issue Price** : 100% of the principal amount
- Form and Denomination** : Convertible Bonds are issued in registered form in the denomination of HK\$1,000,000 each.
- Maturity Date** : The date falling on the third (3rd) anniversary of the date of issue of the Convertible Bonds, and if that is not a Business Day, the Business Day immediately following such date.
- Interest** : The Convertible Bonds do not bear any interest.
- Conversion Rights** : Subject to the restrictions set out below, Bondholder shall have the right to convert the Convertible Bonds into Shares at any time on or after the Closing Date up to the Maturity Date at the discretion of such Bondholder.
- Restriction on Conversion** : No conversion of the Convertible Bonds shall take place if and to the extent that, immediately following such conversion, the Company would be in breach of its obligations under the minimum Public Float requirement under the Listing Rules.
- Adjustments to Conversion Price** : The Conversion Price is subject to customary adjustment for, among other things, consolidation, subdivision or reclassification of Shares, capitalization of profits or reserves, dividend or distribution and other events which may have a similar dilutive effect on the Bondholders.
- Redemption upon Maturity and Early Redemption** : The Company will redeem all the outstanding Convertible Bonds at an amount of the principal amount of such outstanding Convertible Bonds on the Maturity Date.

In the event that the Shares cease to be listed or admitted to trading on the Stock Exchange, each Bondholder shall have the right, at such Bondholder's option, to require the Company to redeem, in whole but not in part only.

Default interest : If the Company fails to pay any sum in respect of the Convertible Bonds when the same becomes due and payable under the conditions of the Convertible Bonds, interest shall accrue on the overdue sum at the rate of 5% per annum from the due date and ending on the date on which full payment is made to the Bondholders. Such default interest shall accrue on the basis of the actual number of days elapsed and a 360-day year.

Transferability : The Convertible Bonds shall be assigned or transferred with prior written consent of the Company, save where such transfer is made to an Affiliate of the Subscriber. Any transfer of the Convertible Bonds shall be made in compliance with all applicable requirements under the Listing Rules and all applicable laws and regulations.

Affiliate means, in respect of the Subscriber, any other person directly or indirectly controlling or controlled by or under direct or indirect common control with the Subscriber.

Status : The Convertible Bonds constitute direct, unsubordinated, unconditional and unsecured obligations of the Company, and shall at all times rank *pari passu* and without any preference or priority among themselves.

Voting and other rights : The Bondholders will not be entitled to receive notice of or attend or vote at general meetings of the Company by reason only of being the holders of the Convertible Bonds. The Bondholders will not be entitled to participate in any distribution and/or offers of further securities made by the Company by reason only of being the holders of the Convertible Bonds.

Conversion Price

The initial Conversion Price is HK\$18.00 per Conversion Share (subject to adjustments as set out below in the paragraph headed "Adjustments to Conversion Price").

This represents:

- (a) a premium of approximately 19.363% over the closing price of HK\$15.080 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a premium of approximately 27.515% over the average closing price of approximately HK\$14.116 per Share as quoted on the Stock Exchange for the last five (5) consecutive Trading Days immediately prior to and including the Last Trading Day;
- (c) a premium of approximately 30.359% over the average closing price of approximately HK\$13.808 per Share as quoted on the Stock Exchange for the last ten (10) consecutive Trading Days immediately prior to and including the Last Trading Day; and
- (d) a premium of approximately 31.387% over the average closing price of approximately HK\$13.700 per Share as quoted on the Stock Exchange for the last thirty (30) consecutive Trading Days immediately prior to and including the Last Trading Day.

The Conversion Price was determined after arm's length negotiations between the Company and the Subscriber with reference to a number of factors, including, among other things, the recent trading price and trading volume of the Shares on the Stock Exchange, and the assets, liabilities, financial performance, business condition and future prospects of the Company.

Conversion Shares

Based on the initial Conversion Price of HK\$18.00 per Conversion Share and assuming full conversion of the Convertible Bonds at the initial Conversion Price, the Convertible Bonds will be convertible into 26,000,000 Conversion Shares, which represents (i) approximately 18.81% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 15.83% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares upon full conversion of the Convertible Bonds, assuming there is no further issue or repurchase of the Shares.

The allotment and issue of the Conversion Shares are subject to the granting of the Specific Mandate by the Independent Shareholders at the EGM.

There are no restrictions on any subsequent sale of the Conversion Shares. The allotment and issue of the Conversion Shares will not result in a change of control of the Company.

Listing

No application will be made by the Company for the listing of the Convertible Bonds on the Stock Exchange or any other stock exchanges. An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

INFORMATION ON THE GROUP

The Company was incorporated in the Cayman Islands as an exempted company with limited liability, shares of which have been listed on the Stock Exchange since March 16, 2017. The Group is principally engaged in hospital management business and general hospital business in China.

INFORMATION ON THE SUBSCRIBER

The Subscriber was incorporated in the British Virgin Islands as a limited liability company. The Subscriber is an investment vehicle and has not conducted any operating activities since incorporation.

As at the date of this announcement, the Subscriber, being the direct Shareholder of 97,000,000 Shares (representing approximately 70.19% of the issued share capital of the Company as at the date of this announcement), is a substantial shareholder of the Company. Accordingly, the Subscriber is a connected person of the Company pursuant to Chapter 14A of the Listing Rules.

REASONS FOR AND BENEFITS OF ENTERING INTO THE SUBSCRIPTION AGREEMENT AND USE OF PROCEEDS

China's deepening reform efforts in the healthcare service industry are providing the Company with opportunities to grow its business. The Company intends to form a nationwide medical service network leveraging its highly replicable business model and plans to improve the profitability of its business by investing in and managing more reputable hospitals. The Company believes that through strategic cooperation with hospitals and expansion by mergers and acquisitions, it can establish a high standard and quality healthcare service network that provides comprehensive medical and rehabilitation services to the community, which in turn can enhance the overall performance and ensure the integrity of the Company.

In implementing this strategy, the Company has been constantly conducting market research and potential target analyses, and proactively searching for and reviewing potential target hospitals for acquisitions or management arrangements. As at the date of this announcement, the Company has entered into an acquisition of 70% indirect equity interest in a for-profit traditional Chinese medicine general hospital located in Zhejiang as disclosed in the Company's announcement and circular dated October 27, 2017 and December 15, 2017 respectively ("**Zhejiang Acquisition**"), and the

Company has also signed two legally binding letters of intent in relation to potential acquisitions in a hospital and a hospital management company as disclosed in the Company's announcements dated December 22, 2017 and December 28, 2017 respectively. According to the interim report of the Company for the six months ended June 30, 2017, the Group had RMB456,556,000 cash and cash equivalents as at June 30, 2017. RMB247,200,000 has been used for the payment of part of the consideration for the Zhejiang Acquisition. Given the need for a substantial amount of funds for future acquisitions, the Directors consider that the Company should increase its funding available for such future acquisitions. The gross proceeds from the Subscription are approximately HK\$468,000,000 and the estimated net proceeds from the issue of the Convertible Bonds (after deduction of expenses) will be approximately HK\$467,000,000. On such basis, the estimated net price for each Conversion Share will be approximately HK\$17.96. The Company intends to apply all the net proceeds from the issue of the Convertible Bonds for the future mergers and acquisitions purpose.

The Company believes that it is in the best interests of the Company to enter into the issue of the Convertible Bonds. The current structure of the Convertible Bonds will provide the Company with access to immediately available cash and without incurring financing costs. In addition, with such substantial amount of cash standing by, the Company will be more flexible and competitive in negotiating future acquisitions against other competitors. As such, the Directors are of the view that the issue of the Convertible Bonds represents a good opportunity for the Company to raise a substantial amount of funds for its future acquisitions with no immediate cost impact and will facilitate the Company to better structure its acquisitions in a more efficient and cost effective way.

The Company has also explored various alternatives, which include funds raising from capital markets (such as placing of new shares and rights issue) and bank borrowings. The Directors consider that (i) the terms of placing of new shares or rights issue to raise such a large amount of funds would not be more favorable than those of the issue of the Convertible Bonds based on the current market performance of the Company in the first year of its listing on the Hong Kong market; (ii) as compared with the issue of Convertible Bonds, the Company will incur much higher costs, including underwriting fee or commission, for placing of new shares or rights issue; (iii) a rights issue will be more time-consuming than raising funds by way of the issue of the Convertible Bonds; (iv) raising bank borrowings of such a large amount is not feasible as the potential acquisitions are still subject to entering into further definitive agreements and documents and the transactions contemplated thereunder may or may not proceed; and (v) bank borrowings will not improve the financial position of the Company but will incur high financial cost each year.

Having considered all the relevant factors (in particular, the terms of the Convertible Bonds which do not bear any interest), and in light of the reasons and benefits as set out above, the Directors (excluding the independent non-executive Directors whose

opinion will be set out in the circular relating to the issue of the Convertible Bonds to be issued by the Company) consider that the Subscription Agreement was entered into on normal commercial terms following arm's length negotiations between the Company and the Subscriber, and the terms of the Subscription Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

CHANGES IN SHAREHOLDING STRUCTURE

As at the date of this announcement, the Company has 138,194,000 Shares in issue. The following table depicts the effects of the issue of the Conversion Shares on the shareholding structure of the Company (i) as at the date of this announcement, (ii) immediately after the Subscription and assuming full conversion of the Convertible Bonds at the initial Conversion Price (assuming there is no further issue or repurchase of the Shares), and (iii) immediately after the Subscription and assuming full conversion of the Convertible Bonds at the initial Conversion Price to the extent that immediately after such conversion, the Company will continue to be able to satisfy the Public Float requirement (assuming there is no further issue or repurchase of the Shares):

| Name of Shareholders | As at the date of this announcement | | Immediately after the Subscription and assuming full conversion of the Convertible Bonds at the initial Conversion Price ¹ | | Immediately after the Subscription and assuming full conversion of the Convertible Bonds at the initial Conversion Price to the extent that immediately after such conversion, the Company will continue to be able to satisfy the Public Float requirement | |
|-------------------------------------|-------------------------------------|--|---|--|---|--|
| | Number of Shares | Approximate % of issued share capital of the Company | Number of Shares | Approximate % of issued share capital of the Company | Number of Shares | Approximate % of issued share capital of the Company |
| The Subscriber | 97,000,000 | 70.19 | 123,000,000 | 74.91 | 112,142,000 | 73.13 |
| Midpoint Honour ² | 2,860,000 | 2.07 | 2,860,000 | 1.74 | 2,860,000 | 1.87 |
| Public Shareholders | <u>38,334,000</u> | <u>27.74</u> | <u>38,334,000</u> | <u>23.35</u> | <u>38,334,000</u> | <u>25.00</u> |
| Total | <u>138,194,000</u> | <u>100.00</u> | <u>164,194,000</u> | <u>100.00</u> | <u>153,336,000</u> | <u>100.00</u> |

Notes:

- The shareholding structure is shown for illustration purpose only and may not be exhaustive. Pursuant to conversion restrictions under the terms and conditions of the Convertible Bonds, Conversion Rights may be exercised to the extent that, immediately after such conversion, the Company will continue to be able to satisfy the Public Float requirement under the Listing Rules.*
- As Midpoint Honour is indirectly owned as to 83.33% by Mr. Zhang Xiaopeng and is a connected person of the Company, the Shares held by Midpoint Honour are not counted towards the Public Float.*

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Save for the initial public offering of 33,334,000 new Shares at the offer price of HK\$12.80 per Share as disclosed in the prospectus of the Company dated February 28, 2017 and the exercise of the over-allotment option for the issue of 5,000,000 new Shares at the offer price of HK\$12.80 per Share as disclosed in the announcement of the Company dated April 8, 2017 raising the aggregate net proceeds of approximately HK\$465,600,000 (all have been and will be used in accordance with the disclosure set out in the prospectus of the Company dated February 28, 2017), the Company did not conduct any fund raising activities from the issue of equity securities in the twelve-month period immediately preceding the date of this announcement.

SPECIFIC MANDATE

The Company will seek the approval of the Specific Mandate from the Independent Shareholders at the EGM to allot and issue the Conversion Shares. No application will be made by the Company to the Listing Committee for listing of the Convertible Bonds. Application will be made by the Company to the Listing Committee for the grant of the listing of, and permission to deal in, the Conversion Shares.

Based on the initial Conversion Price of HK\$18.00 per Conversion Share and assuming full conversion of the Convertible Bonds at the initial Conversion Price under the Subscription Agreement, the Convertible Bonds will be convertible into 26,000,000 Conversion Shares, representing approximately 18.81% of the issued share capital of the Company as at the date of this announcement and approximately 15.83% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares, assuming there is no further issue or repurchase of the Shares.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, the Subscriber, being the direct Shareholder of 97,000,000 Shares (representing approximately 70.19% of the issued share capital of the Company), is a substantial shareholder of the Company. Accordingly, the Subscriber is a connected person of the Company pursuant to Chapter 14A of the Listing Rules.

Accordingly, the Subscription constitutes a non-exempt connected transaction of the Company subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. The Company will comply with the requirements under Chapter 14A of the Listing Rules in respect of the Subscription, including but not limited to seeking Independent Shareholders' approval for the Subscription at the EGM.

GENERAL

EGM

An EGM will be convened for the Independent Shareholders to consider and, if thought fit, to approve, among other things, the Subscription Agreement and the transactions contemplated thereunder and the Specific Mandate. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, except the Subscriber, which has material interest in the Subscription Agreement, no Shareholders are required to abstain from voting on the resolutions to approve the Subscription Agreement and the transactions contemplated thereunder and the Specific Mandate at the EGM.

Formation of Independent Board Committee and Appointment of Independent Financial Adviser

An Independent Board Committee has been established to make recommendations to the Independent Shareholders regarding the Subscription Agreement and the transactions contemplated thereunder and the Specific Mandate. The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the Subscription Agreement and the transactions contemplated thereunder and the Specific Mandate.

Despatch of Circular

A circular is expected to be despatched by the Company to the Shareholders on or before February 15, 2018 containing, among other things, (i) further information on the Subscription Agreement and the transactions contemplated thereunder; (ii) the Specific Mandate; (iii) the letter of recommendation from the Independent Board Committee regarding the Subscription Agreement and transactions contemplated thereunder and the Specific Mandate; (iv) a letter of advice from the Independent Financial Adviser in relation to the Subscription Agreement and transactions contemplated thereunder and the Specific Mandate; and (v) a notice of the EGM.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

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| “ Articles ” | the memorandum and articles of association of the Company |
| “ associate(s) ” | has the meaning ascribed to it under the Listing Rules |
| “ Board ” | the board of Directors |
| “ Bondholder(s) ” | at any time the person who is (are) for the time being the registered holder(s) of the Convertible Bonds |
| “ Business Day ” | a day other than a Saturday, Sunday or public holiday in Hong Kong and the PRC when commercial banks in Hong Kong and the PRC are open for business |
| “ Closing ” | the completion of the Subscription in accordance with the terms of the Subscription Agreement |
| “ Closing Date ” | the date of Closing |
| “ Company ” | Hospital Corporation of China Limited (弘和仁愛醫療集團有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange (stock code: 3869) |
| “ Conditions Precedent ” | each of the conditions precedent as set out in the paragraph headed “Conditions Precedent” above |
| “ connected person(s) ”, “ subsidiary(ies) ” | each has the meaning ascribed to it under the Listing Rules |
| “ Conversion Price ” | the price at which Conversion Shares will be issued upon conversion of the Convertible Bonds, as more particularly described in the paragraph “Conversion Price” of this announcement |
| “ Conversion Rights ” | the right of a Bondholder to convert any Convertible Bonds into Shares, as more particularly described in the paragraph “Conversion Rights” of this announcement |

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| “Conversion Share(s)” | the Share(s) to be allotted and issued by the Company upon conversion of the Convertible Bonds, as more particularly described in the paragraph “Conversion Shares” of this announcement |
| “Convertible Bond(s)” | the convertible bond(s) with an aggregate principal amount of HK\$468,000,000 to be issued by the Company pursuant to the Subscription Agreement |
| “Director(s)” | the director(s) of the Company |
| “EGM” | the extraordinary general meeting of the Company to be convened to approve, among other things, (i) the Subscription Agreement and the transactions contemplated thereunder; and (ii) the Specific Mandate |
| “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 |
| “Independent Board Committee” | the independent board committee comprising all the independent non-executive Directors which has been established by the Board to advise the Independent Shareholders pursuant to the Listing Rules |
| “Independent Financial Adviser” | Shinco Capital Limited, a corporation licensed under SFO to conduct Type 6 (advising on corporate finance) regulated activity, and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Subscription Agreement and the transactions contemplated thereunder and the Specific Mandate |
| “Independent Shareholders” | the Shareholders other than those that are required under the Listing Rules to abstain from voting on the resolution(s) to be proposed at the EGM |
| “Last Trading Day” | January 24, 2018, being the last full Trading Day immediately prior to the date of this announcement |
| “Listing Committee” | the Listing Committee of the Stock Exchange |

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| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Maturity Date” | the date falling on the third (3rd) anniversary of the date of issue of the Convertible Bonds, and if that is not a Business Day, the Business Day immediately following such date |
| “Midpoint Honour” | Midpoint Honour Limited, a limited liability company incorporated in the British Virgin Islands and indirectly held as to 83.33% by Mr. Zhang Xiaopeng |
| “PRC” or “China” | The People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan) |
| “Public Float” | the Shares held in the public hands, including the Shares beneficially owned by the Shareholders other than any core connected person of the Company or any person whose acquisition of securities has been financed directly or indirectly by such core connected person or who is accustomed to taking instructions in relation to the acquisition, disposal, voting or other disposition of securities of the Company registered in his name or otherwise held by him |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “SFO” | the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time |
| “Shareholder(s)” | the shareholder(s) of the Company |
| “Share(s)” | the ordinary share(s) of the Company |
| “Specific Mandate” | the specific mandate to be sought from the Independent Shareholders at the EGM and to be granted to the Directors for the allotment and issue of the Conversion Shares upon exercise of the Conversion Rights attaching to the Convertible Bonds; |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |

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| “Subscriber” | Vanguard Glory Limited (譽鋒有限公司), a company incorporated in the British Virgin Islands as a limited liability company and the immediate holding company that holds 70.19% issued share capital of the Company as at the date of this announcement |
| “Subscription” | the subscription of the Convertible Bonds by the Subscriber pursuant to the Subscription Agreement |
| “Subscription Agreement” | the subscription agreement dated January 25, 2018 entered into between the Company and the Subscriber for the subscription by the Subscriber of the Convertible Bonds |
| “Trading Day” | a day on which trading of the Shares is conducted on the Stock Exchange in accordance with the rules and regulations of the Stock Exchange promulgated from time to time |
| “%” | per cent. |

By order of the Board
Hospital Corporation of China Limited
Zhang Xiaopeng
Executive Director and Chief Executive Officer

Beijing, China, January 25, 2018

As at the date of this announcement, the directors of the Company are Mr. ZHANG Xiaopeng and Mr. LU Wenzuo being the executive Directors; Mr. ZHAO John Huan, Mr. LIN Sheng, Ms. LIU Lu and Ms. WANG Nan being the non-executive Directors; Ms. CHEN Xiaohong, Mr. SHI Luwen and Mr. ZHOU Xiangliang being the independent non-executive Directors.