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## **THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, a bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Hospital Corporation of China Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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This circular is for information purpose only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of the Company.

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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)**

**(1) PROPOSED ALTERATION OF TERMS OF THE CONVERTIBLE BONDS  
AND  
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

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A letter from the Board is set out on pages 4 to 20 of this circular.

A notice convening the extraordinary general meeting of the Company to be held at 1602, Tower B, Jin Qiu International Building, No. 6, Zhichun Road, Haidian District, Beijing, PRC on October 8, 2021 at 10:00 a.m. is set out on pages 21 to 22 of this circular. Whether or not you are able to attend such meeting, please complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's Hong Kong share registrar and transfer office, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding such meeting (or adjourned meeting thereof as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting at the meeting (or adjourned meeting thereof as the case may be) should you so wish.

September 16, 2021

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## PRECAUTIONARY MEASURES FOR THE EGM

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In view of the ongoing COVID-19 pandemic and the heightened requirements for prevention and control of its spread, the Company will implement the following precautionary measures at the EGM to protect attending Shareholders, staff and other stakeholders from the risk of infection:

1. Compulsory body temperature screening or checks will be carried out on every Shareholder, proxy and other attendee at the entrance of the EGM venue. Any person with a body temperature of over 37 degrees Celsius or who is exhibiting flu-like symptoms may be denied entry into the EGM venue and be requested to leave the EGM venue.
2. Every attendee will be required to wear a surgical face mask throughout the EGM. Please note that no surgical face masks will be provided at the EGM venue and attendees should bring and wear their own surgical face masks.
3. No refreshments will be served to attendees at the EGM.
4. No corporate gifts will be distributed to attendees at the EGM.

Attendees are requested to observe and practice good personal hygiene at all times at the venue of the EGM.

To the extent permitted under law, the Company reserves the right to deny any person entry into the EGM venue or require any person to leave the EGM venue in order to ensure the safety of the attendees at the EGM.

The Company does not in any way wish to diminish the opportunity available to the Shareholders to exercise their rights and to vote, but is conscious of the pressing need to protect the Shareholders, staff and other stakeholders from possible exposure to the COVID-19 pandemic. For the health and safety of the Shareholders, staff and other stakeholders, the Company would like to encourage the Shareholders to exercise their right to vote at the EGM by appointing the chairman of the EGM as their proxy instead of attending the EGM in person. Physical attendance is not necessary for the purpose of exercising Shareholders' rights.

**Completion and return of the form of proxy will not preclude the Shareholders from attending and voting in person at the EGM or any adjournment thereof should they subsequently wish.**

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following expressions have the following meaning:*

“Alteration of Terms”	the proposed alteration of certain terms of the Convertible Bonds in relation to redemption prior to the Maturity Date as contemplated under the Deed of Amendment, the details of which are set out under the section headed “Deed of Amendment and Alteration of Terms” in the letter from the board
“Articles”	the memorandum and articles of association of the Company
“Board”	the board of directors of the Company
“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 Date”	February 27, 2019, being the date of completion of the Subscription in accordance with the terms of the Subscription Agreement
“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)
“Conversion Price”	the price at which Conversion Shares will be issued upon conversion of the Convertible Bonds
“Conversion Rights”	the rights of a Bondholder to convert any Convertible Bonds into Shares, as more particularly described in the paragraph “3. Principal Terms of the Convertible Bonds after the Alteration of Terms – Conversion Rights” of this circular
“Conversion Share(s)”	the Share(s) to be allotted and issued by the Company upon conversion of the Convertible Bonds

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## DEFINITIONS

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“Convertible Bond(s)”	the convertible bond(s) with an aggregate principal amount of HK\$800,000,000 issued by the Company on February 27, 2019 pursuant to the Subscription Agreement and constituted by the Convertible Bond Instrument
“Convertible Bonds Instrument”	the convertible bond instrument executed by the Company on February 27, 2019 for the issue by the Company of the Convertible Bonds
“Deed of Amendment”	the deed of amendment executed by the Company on August 12, 2021 to amend certain terms of the Convertible Bonds in relation to redemption prior to the Maturity Date
“Director(s)”	the director(s) of the Company
“Early Redemption Amount”	the amount payable by the Company to the Bondholder for the redemption of the outstanding Convertible Bonds in whole prior to the Maturity Date
“EGM”	the extraordinary general meeting of the Company to be convened to approve, among other things, the Deed of Amendment and the Alteration of Terms contemplated thereunder
“Group”	the Company and its subsidiaries
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Latest Practicable Date”	September 13, 2021, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular
“Legend Holdings”	Legend Holdings Corporation (聯想控股股份有限公司), a company incorporated in the People’s Republic of China as a joint-stock company with limited liability, the H shares of which are listed on the Stock Exchange (stock code: 3396)

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## DEFINITIONS

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“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Maturity Date”	the date falling on the fifth (5th) 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
“PRC” or “China”	The People’s Republic of China (for the purpose of this circular, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan)
“Previous Announcements”	the announcements of the Company dated December 21, 2018, January 16, 2019 and February 27, 2019 in relation to the issue of the Convertible Bonds by the Company to the Subscriber under specific mandate
“Previous Circular”	the circular of the Company dated January 16, 2019 in relation to the issue of Convertible Bonds by the Company to the Subscriber under specific mandate
“Shareholder(s)”	the holder(s) of the Share(s) of the Company
“Share(s)”	the ordinary share(s) of HK\$0.001 each in the issued capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Leap Wave Limited (立濤有限公司), a company incorporated in the British Virgin Islands limited by shares, a wholly-owned subsidiary of Legend Holdings
“Subscription Agreement”	the subscription agreement dated December 21, 2018 and subsequently amended on January 16, 2019 entered into between the Company and Leap Wave for the subscription 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.

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LETTER FROM THE BOARD

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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)**

*Executive Director:*

Mr. Chen Shuai (*Chairman and  
Acting Chief Executive Officer*)  
Mr. Lu Wenzuo  
Mr. Pu Chengchuan

*Registered office:*

Maples Corporate Services Limited  
PO Box 309, Ugland House  
Grand Cayman, KY1-1104  
Cayman Islands

*Non-executive Directors:*

Ms. Shi Wenting  
Ms. Liu Lu  
Ms. Wang Nang

*Head office in the PRC:*

1602, Tower B  
Jin Qiu International Building  
No. 6, Zhichun Road, Haidian District  
Beijing, PRC

*Independent non-executive Directors:*

Mr. Dang Jinxue  
Mr. Shi Luwen  
Mr. Zhou Xiangliang

*Principal place of business in Hong Kong:*  
Suite 10, 70/F  
Two International Finance Centre  
No. 8 Finance Street  
Central, Hong Kong

September 16, 2021

*To the Shareholders*

Dear Sir or Madam,

**(1) PROPOSED ALTERATION OF TERMS OF THE CONVERTIBLE BONDS  
AND  
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

**1. INTRODUCTION**

Reference is made to (i) the Previous Announcements and the Previous Circular; and (ii) the announcement of the Company dated August 12, 2021 in relation to the proposed Alteration of Terms pursuant to the Deed of Amendment.

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## LETTER FROM THE BOARD

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The purpose of this circular is to provide you with, among other things, (i) further details of the Deed of Amendment and the Alteration of Terms contemplated thereunder; and (ii) a notice of the EGM.

### 2. PROPOSED ALTERATION OF TERMS OF THE CONVERTIBLE BONDS

#### Background

Reference is made to the Previous Announcements and the Previous Circular in relation to, among other things, the issuance by the Company of the Convertible Bonds in the aggregate principal amount of HK\$800,000,000 to the Subscriber, Leap Wave Limited (立濤有限公司).

As at the Latest Practicable Date, the Convertible Bonds remain outstanding in full and will mature on February 27, 2024, being the Maturity Date.

As disclosed in the Previous Announcements and the Previous Circular, the outstanding Convertible Bonds may be redeemed in whole by the Company prior to the Maturity Date at the principal amount of such outstanding Convertible Bonds plus 6% per annum simple interest accrued, if both the Company and the Bondholder have mutual prior written consent to do so.

#### Deed of Amendment and Alteration of Terms

On August 12, 2021 (after trading hours), in accordance with the terms and conditions of the Convertible Bonds, upon approval of the Subscriber (as the sole Bondholder), the Company executed the Deed of Amendment to amend certain terms of the Convertible Bonds in relation to early redemption, subject to and effective from the fulfilment of certain conditions precedent as set out below.

Pursuant to the Deed of Amendment, the terms of the Convertible Bonds shall be amended as follows:

- (i) *The existing arrangements with respect to early redemption shall be replaced in entirety with the following:*

With prior written consent of the Company and the Bondholder, the outstanding Convertible Bonds may be redeemed in whole by the Company prior to the Maturity Date at the mutually agreed Early Redemption Amount calculated in accordance with the following formula:

Early Redemption Amount = Principal amount of the outstanding Convertible Bonds as of the redemption date x 98%.



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## LETTER FROM THE BOARD

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*(ii) The following payment arrangements with respect to early redemption shall be added:*

With prior written consent of the Company and the Bondholder, in the event of an early redemption, the Company may pay the Early Redemption Amount to the Bondholder in instalments. The detailed instalment schedules shall be agreed between the Company and the Bondholder and set out in the redemption notice to be served by the Company to the Bondholder. No interest shall accrue on any unpaid Early Redemption Amount during the instalment period, unless where the Company fails to pay the agreed instalments on the corresponding payment dates, default interest (i.e. 5% per annum) shall accrue on the overdue amount in accordance with the existing terms of the Convertible Bonds.

### **Conditions Precedent**

The Deed of Amendment and the Alteration of Terms contemplated thereunder will only become effective upon all of the following conditions having been fulfilled:

- (i) the Company having obtained from the Shareholders all necessary approvals required under the Articles, applicable laws and the Listing Rules in respect of the Alteration of Terms; and
- (ii) the Stock Exchange having approved the Alteration of Terms.

If any of the above conditions cannot be fulfilled, the Deed of Amendment shall automatically terminate and (without prejudice to the rights and/or obligations occurred prior to the termination) the Company and the Bondholder shall be released and discharged from their respective obligations under the Deed of Amendment.

Save for the above Alteration of Terms, all of the other terms and conditions of the Convertible Bonds remain unchanged and in full force and effect.

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## LETTER FROM THE BOARD

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### 3. PRINCIPAL TERMS OF THE CONVERTIBLE BONDS AFTER THE ALTERATION OF TERMS

The principal terms of the Convertible Bonds (as revised by the Deed of Amendment) are set out below:

<b>Issuer:</b>	The Company
<b>Principal Amount:</b>	HK\$800,000,000
<b>Issue Price:</b>	100% of the principal amount
<b>Form and Denomination:</b>	Convertible Bonds are issued in registered form in the denomination of HK\$1.00 each.
<b>Interest Rate:</b>	The Convertible Bonds do not bear any interest.
<b>Maturity Date:</b>	<p>The date falling on the fifth (5<sup>th</sup>) 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.</p> <p>The Company has no right to extend the Maturity Date of the Convertible Bonds unless consent is obtained from the Bondholder(s) to amend the Convertible Bonds Instrument in accordance with the terms therein.</p>
<b>Conversion Rights:</b>	Subject to the restrictions set out below, Bondholder shall have the right to convert the Convertible Bonds held by him/her into Shares at any time on or after the end of sixth (6 <sup>th</sup> ) months after the Closing Date up to the Maturity Date at the discretion of such Bondholder.
<b>Restriction on Conversion:</b>	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 (i.e. 25% of the Company's total number of issued Shares must be held by the public).

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## LETTER FROM THE BOARD

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**Adjustments to Conversion  
Price:**

The initial Conversion Price is HK\$20.00 per Conversion Share. The Conversion Price shall from time to time be adjusted upon the occurrence of the following events in relation to the Company.

- (a) If and whenever there shall be an alteration of the nominal amount of the Shares by reason of consolidation, sub-division or re-classification of Shares, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such alteration by the following fraction:

$$\frac{A}{B}$$

where:

A is the nominal amount of one Share immediately after such alteration; and

B is the nominal amount of one Share immediately before such alteration.

Such adjustment shall become effective on the date the alteration takes effect.

- (b) If and whenever the Company shall issue any Shares credited as fully paid (other than in lieu of cash dividend) by way of capitalization of profits or reserves of the Company and which would not have constituted a capital distribution, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

$$\frac{A}{B}$$

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## LETTER FROM THE BOARD

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where:

A is the aggregate nominal amount of the issued Shares immediately before such issue; and

B is the aggregate nominal amount of the issued Shares immediately after such issue.

Such adjustment shall become effective on the date of issue of such Shares or if a record date is fixed therefor, immediately after such record date.

- (c) If and whenever the Company shall pay or make any capital distribution made to the Shareholders (except where the Conversion Price falls to be adjusted under (b) above), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such capital distribution by the following fraction:

$$\frac{A - B}{A}$$

where:

A is the current market price of one Share on the last Trading Day preceding the date on which the capital distribution is publicly announced; and

B is the fair market value on the date of such announcement of the portion of the capital distribution attributable to one Share.

Such adjustment shall become effective on the date that such capital distribution is made.

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## LETTER FROM THE BOARD

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- (d) If and whenever the Company shall pay or make any dividend or distribution, whether of cash, assets or other property to the Shareholders, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such dividend by the following fraction:

$$\frac{A - B}{A}$$

where:

A is the current market price of one Share on the last Trading Day preceding the date on which the dividend is publicly announced; and

B is the fair market value on the date of such announcement of the portion of the cash distribution attributable to one Share.

Such adjustment shall become effective on the date that such dividend is paid.

- (e) If and whenever the Company shall issue Shares by way of rights, or issue or grant of any options, warrants or other rights to subscribe for or purchase any Shares, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue or grant by the following fraction:

$$\frac{A + B}{A + C}$$

where:

A is the number of Shares in issue immediately before such announcement;

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## LETTER FROM THE BOARD

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B is the number of Shares which the aggregate amount (if any) payable for the Shares issued by way of rights or for the options or warrants or other rights issued or granted by way of rights and for the total number of Shares comprised therein would purchase at such current market price per Share; and

C is the aggregate number of Shares issued or, as the case may be, comprised in the issue or grant.

Such adjustment shall become effective on the date of issue of such Shares or issue or grant of such options, warrants or other rights (as the case may be).

- (f) If and whenever the Company shall issue other securities by way of rights, or issue or grant of any options, warrants or other rights to subscribe for or purchase or otherwise acquire any securities, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue or grant by the following fraction:

$$\frac{A - B}{A}$$

where:

A is the current market price of one Share on the last Trading Day preceding the date on which the issue or grant is publicly announced; and

B is the fair market value on the date of such announcement of the portion of the rights attributable to one Share.

Such adjustment shall become effective on the date of issue of the securities or grant of such rights, options or warrants (as the case may be).

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## LETTER FROM THE BOARD

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- (g) If and whenever there is any modification of rights of conversion, exchange, subscription, purchase or acquisition attaching to any such securities arising from a conversion or exchange of other existing securities so that the consideration per Share is less than 95% of the current market price, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such modification by the following fraction:

$$\frac{A + B}{A + C}$$

where:

A is the number of Shares in issue immediately before such modification (but where the relevant securities carry rights of conversion into, or rights of exchange or subscription for, or purchase or acquisition of, Shares which have been issued by the Company for the purposes of, or in connection with, such issue, less the number of Shares so issued);

B is the number of Shares which the aggregate consideration (if any) receivable by the Company for the Shares to be issued, or otherwise made available, on conversion or exchange or on exercise of the right of subscription, purchase or acquisition attached to the securities so modified would purchase at such current market price per Share or, if lower, the existing conversion, exchange, subscription or purchase price of such securities; and

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## LETTER FROM THE BOARD

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C is the maximum number of Shares to be issued, or otherwise made available, on conversion or exchange of such securities or on the exercise of such rights of subscription, purchase or acquisition attached thereto at the modified conversion, exchange, subscription or purchase price or rate but giving credit in such manner as one leading investment bank of international repute (acting as expert), selected by the Company and approved by an ordinary resolution of the Bondholders, consider appropriate (if at all) for any previous adjustment under this paragraph (g).

Such adjustment shall become effective on the date of modification of the rights of conversion, exchange, subscription, purchase or acquisition attaching to such securities.

- (h) If and whenever there is an issue, sale or distribution of any securities in connection with an offer by or on behalf of the Company or a subsidiary of the Company to the Shareholders who are entitled to participate in arrangements whereby the securities may be acquired by them (except where the Conversion Price falls to be adjusted under paragraphs (e) and (f) above), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue, sale or distribution by the following fraction:

$$\frac{A - B}{A}$$

where:

A is the current market price of one Share on the last Trading Day preceding the date on which such issue is publicly announced; and



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## LETTER FROM THE BOARD

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B is the fair market value on the date of such announcement of the portion of the rights attributable to one Share.

Such adjustment shall become effective on the date of issue, sale or distribution of the securities.

- (i) Other events: if either (i) the rights of conversion, exchange, purchase or subscription attaching to any options, rights or warrants to subscribe for or purchase Shares or any securities convertible into or exchangeable for Shares or the rights carried by such securities to subscribe for or purchase Shares are modified (other than pursuant to the existing terms and conditions of such options, rights, warrants or securities); or (ii) there are circumstances that in the Company's view would have an effect similar to the events as set out in (a) to (h) above on the position of the Bondholders (as a class) compared with the position of the holders of all other securities (including options, rights or warrants) of the Company (as a class), then in any such case, the Company shall at its own expense request one leading investment bank of international repute (acting as expert, selected by the Company and approved by an ordinary resolution of the Bondholders) to determine, as soon as practicable, matters such as what adjustment (if any) to the Conversion Price would be fair and reasonable and the date on which such adjustment (if any) should take effect.

**Redemption Rights of the  
Subscriber:**

On the Maturity Date, the Company shall redeem in whole the Convertible Bonds with redemption amount calculated in accordance with the following formula:

Redemption amount = principal amount of outstanding Convertible Bonds + principal amount of outstanding Convertible Bonds x 6% x 5.

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## LETTER FROM THE BOARD

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Upon occurrence of any of the following events: (a) there is a change of control in the Company (except for a change of control in the Company due to conversion of the Convertible Bonds or the subscription of issued Shares of the Company by Bondholder and/or any person acting in concert with such Bondholder) or (b) the Shares cease to be listed or admitted to trading on the Stock Exchange, each Bondholder shall have the right to require the Company to redeem in whole, within a specified period, such Bondholder's Convertible Bonds at the outstanding principal amount of the Convertible Bonds plus 6% per annum simple interest accrued (calculated on the basis of 360 days per year).

With prior written consent of the Company and the Bondholder, the outstanding Convertible Bonds may be redeemed in whole by the Company prior to the Maturity Date at the mutually agreed Early Redemption Amount calculated in accordance with the following formula:

Early Redemption Amount = principal amount of the outstanding Convertible Bonds as of the redemption date x 98%.

With prior written consent of the Company and the Bondholder, in the event of an early redemption, the Company may pay the Early Redemption Amount to the Bondholder in instalments. The detailed instalment schedules shall be agreed between the Company and the Bondholder and set out in the redemption notice to be served by the Company to the Bondholder. No interest shall accrue on any unpaid Early Redemption Amount during the instalment period, unless where the Company fails to pay the agreed instalments on the corresponding payment dates, default interest (i.e. 5% per annum) shall accrue on the overdue amount in accordance with the existing terms of the Convertible Bonds.

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## LETTER FROM THE BOARD

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**Default Interests:** In the event that the Company fails to pay any sum upon such sum being due and payable, the Company shall be liable for the outstanding sum plus 5% per annum default interest accrued from the date on which such sum being due and payable to the date on which the full amount of such sum has been duly paid by the Company (calculated on the basis of 360 days per 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.

#### 4. 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.

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## LETTER FROM THE BOARD

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### 5. INFORMATION ON THE SUBSCRIBER AND LEGEND HOLDINGS

The Subscriber is a company incorporated in the British Virgin Islands limited by shares and is a wholly-owned subsidiary of Legend Holdings. Its principal business activities are investment holdings.

Legend Holdings was incorporated in the People's Republic of China as a joint-stock company with limited liability, the H shares of which have been listed on the Stock Exchange since June 29, 2015 (stock code: 3396). Legend Holdings is a leading industrial investments and operations company in China. It builds up a unique two-wheel-drive business model of "strategic investments + financial investments" and focuses on the real economy and scientific & technological innovation areas. Through values creation and values discovery, Legend Holdings cultivates and manages outstanding asset portfolios with high growth potentials, driving sustainable value growth. Strategic investments aim at holding over a long term and focus on strategic sectors to build and optimize the portfolios while fostering pillar businesses. Financial investments are driven by financial returns with a proper mix of products or target portfolios. As at the Latest Practicable Date, the single largest shareholder of Legend Holdings, Chinese Academy of Science Holdings Co., Ltd, holds approximately 29.04% equity interest in Legend Holdings.

### 6. REASONS FOR AND BENEFITS OF THE PROPOSED ALTERATION OF TERMS

As disclosed in the Previous Circular, the proceeds from the issue of the Convertible Bonds were intended to be used for the potential acquisitions of (i) a Class II general hospital in the Jiangsu province, and (ii) the equity interest held by minority shareholders in Jiande Hospital of Traditional Chinese Medicine Co., Ltd., Zhejiang Dajia Medicines Co., Ltd., Jiande Dajia Chinese Medicines Pharmaceutical Technology Co., Ltd. and Cixi Honghe Medical Management Co., Ltd. (together, the "**Potential Acquisitions**"). In the event that none of the Potential Acquisitions materializes, the Company intended to use such proceeds for other potential acquisition targets in its then business pipeline, including two Class III hospitals in Guangdong Province, a Class II hospital in Anhui Province, a Class II hospital in Hubei Province, a Class II hospital in Jinzhou City and a Class III and two Class II hospitals in Hebei Province (the "**Pipeline Acquisitions**").

Since 2019, the Group has conducted the following steps with respect to the Potential Acquisitions and the Pipeline Acquisitions, including (i) assessing the value of potential acquisition targets and synergies with businesses of the Group; (ii) conducting business and financial due diligence review, management interviews and on-site inspections, (iii) performing valuation on suitable acquisition targets; and (iv) discussing transaction structure and negotiating key transaction terms with relevant vendors. However, in light of the continued impact of the COVID-19 pandemic since 2020 and the uncertainties in the investment environment in the healthcare industry, the due diligence process and negotiations relating to the Potential Acquisitions and the Pipeline Acquisitions have been significantly delayed or terminated.

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## LETTER FROM THE BOARD

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As of the Latest Practicable Date, the Company has made substantive progress on the potential acquisition of equity interest from minority shareholders in Jiande Hospital of Traditional Chinese Medicine Co., Ltd., Zhejiang Dajia Medicines Co., Ltd and Jiande Dajia Chinese Medicines Pharmaceutical Technology Co., Ltd. (collectively, the “**Potential Jiande Acquisition**”). The Company expects to finalise the key transaction terms of the Potential Jiande Acquisition and enter into definitive agreements by the end of 2021. Having considered the current cash position of the Company and the early redemption proposal from the Subscriber, instead of utilizing the proceeds from the issue of the Convertible Bonds, the Company intends to fund the Potential Jiande Acquisition with internal resources of the Group and/or the unutilized proceeds from the issuance of other convertible bonds that are available for acquisitions of hospitals or hospital management businesses by the Group.

Save for the Potential Jiande Acquisition, it is currently unclear whether and when the Potential Acquisitions and the Pipeline Acquisitions can be materialized. As of the Latest Practicable Date, none of the net proceeds from the issue of the Convertible Bonds has been utilized.

Under the existing terms of the Convertible Bonds, if the Subscriber does not exercise its Conversion Rights: (i) prior to the Maturity Date, with mutual prior written consent of the Company and the Bondholder, the outstanding Convertible Bonds may be redeemed in whole by the Company at the outstanding principal amount of such Convertible Bonds plus 6% per annum simple interest accrued; or (ii) on the Maturity Date, the Company shall redeem in whole the outstanding Convertible Bonds at the redemption amount calculated as follows:

Redemption amount = principal amount of outstanding Convertible Bonds + principal amount of outstanding Convertible Bonds x 6% x 5.

After having considered the early redemption proposal of the Subscriber and the current financial position and capital expenditure plan of the Company, the parties intended to effect an early redemption of the Convertible Bonds and had agreed to reduce the Early Redemption Amount to 98% of the principal amount of the outstanding Convertible Bonds and without any interest, which is favorable to the Company and reduces the Company’s financing costs. The Early Redemption Amount is expected to be satisfied by internal resources of the Company.

Further, pursuant to the Deed of Amendment, the Early Redemption Amount may be payable by the Company in instalments. The expected instalment schedules as agreed between the Company and the Bondholder are set out below, assuming that the Convertible Bonds remain outstanding in whole as of the date of early redemption. The detailed payment dates are expected to be agreed between the Company and the Bondholder within 30 days after approval of the Deed of Amendment and the Alteration of Terms at the EGM and will be set out in the redemption notice to be served by the Company to the Bondholder.

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## LETTER FROM THE BOARD

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<b>Expected payment dates</b>	<b>Instalment amount (HK\$ in millions)</b>
No later than December 31, 2021	550
No later than July 31, 2022	120
No later than July 31, 2023	114
<b>Total Early Redemption Amount:</b>	<b>784</b>

The Company considers that there will be no material adverse impact on working capital of the Company as a result of early redemption, given the instalment settlement arrangement provides more flexibility to the Company for utilization of financial resources.

In light of the reasons and benefits as set out above, the Directors consider that the terms and conditions of the Deed of Amendment and the Alteration of Terms contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### 7. IMPLICATIONS UNDER THE LISTING RULES

Pursuant to Rule 28.05 of the Listing Rules, any alteration in the terms of convertible debt securities after issue must be approved by the Stock Exchange, except where the alteration takes effect automatically under the existing terms of such convertible debt securities. Accordingly, an application has been made by the Company to the Stock Exchange for approval of the of the Alteration of Terms contemplated under the Deed of Amendment.

### 8. GENERAL

An EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Deed of Amendment and the Alteration of Terms contemplated thereunder. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder is required to abstain from voting on the resolution to approve the Deed of Amendment and the Alteration of Terms contemplated thereunder at the EGM.

### 9. EGM

An EGM will be held on October 8, 2021 at 10:00 a.m. at 1602, Tower B, Jin Qiu International Building, No. 6, Zhichun Road, Haidian District, Beijing, PRC, during which a resolution will be proposed to the Shareholders to consider and, if thought fit, approve the Deed of Amendment and the Alteration of Terms contemplated thereunder.

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## LETTER FROM THE BOARD

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The notice of the EGM is set out on pages 21 to 22 of this circular. A form of proxy for use at the EGM is enclosed with this circular. Such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company (<http://www.hcclhealthcare.com>). Whether or not you are able to attend the EGM, please complete and sign the enclosed form of proxy in accordance with the instructions stated thereon and return it to the branch share registrar and transfer office of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish, and in such case, the form of proxy previously submitted shall be deemed to be revoked.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Accordingly, the Company will procure the chairman of the EGM to demand for voting on poll in respect of the ordinary resolution to be proposed at the EGM in accordance with the Articles and Computershare Hong Kong Investor Services Limited, the branch share registrar and transfer office of the Company in Hong Kong, will serve as the scrutineer for the vote-taking.

### 10. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

By order of the Board  
**Hospital Corporation of China Limited**  
**Chen Shuai**  
*Chairman and Acting Chief Executive Officer*

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## NOTICE OF EGM

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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)**

### NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting (the “**EGM**”) of Hospital Corporation of China Limited (the “**Company**”) will be held at 1602, Tower B, Jin Qiu International Building, No. 6, Zhichun Road, Haidian District, Beijing, PRC on October 8, 2021 at 10:00 a.m. for the purpose of considering and, if thought fit, passing with or without amendments, the following resolution of the Company:

#### ORDINARY RESOLUTION

1. “**THAT:**

- (a) (i) the deed of amendment dated August 12, 2021 (the “**Deed of Amendment**”) executed by the Company, (ii) the alteration of terms of the convertible bonds issued by the Company to Leap Wave Limited (立濤有限公司) in the aggregate principal amount of HK\$800,000,000 (the “**Convertible Bonds**”) contemplated thereunder (the “**Alteration of Terms**”) and (iii) the proposed early redemption pursuant to the terms and conditions of the Convertible Bonds as amended by the Deed of Amendment (the “**Early Redemption**”), be and are hereby approved, confirmed and ratified; and
- (b) any one or more directors of the Company be and is/are hereby authorized for and on behalf of the Company to execute all such documents, agreements and do all such acts and things, as he/she may in his/her discretion consider necessary, expedient or desirable for the purpose of in connection with the implementation of or giving effect to the Deed of Amendment, the Alteration of Terms and/or the Early Redemption and all matters incidental thereto or in connection therewith.”

By order of the Board  
**Hospital Corporation of China Limited**  
**Chen Shuai**  
*Chairman and Acting Chief Executive Officer*

Beijing, China, September 16, 2021



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## NOTICE OF EGM

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*Notes:*

1. All resolutions at the EGM will be taken by poll pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). The results of the poll will be published on the websites of Hong Kong Exchanges and Clearing Limited and the Company in accordance with the Listing Rules.
2. Any shareholder of the Company entitled to attend and vote at the EGM is entitled to appoint another person as his proxy to attend and vote in his stead. A shareholder who is the holder of two or more Shares in the Company may appoint more than one proxy to represent him and vote on his behalf at the EGM. A proxy need not be a shareholder of the Company.
3. In the case of joint holders of shares, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders are present at the EGM, personally or by proxy, that one of the said persons so present whose name stands first in the register in respect of such shares shall alone be entitled to vote in respect thereof.
4. In order to be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power of attorney or authority, must be deposited at the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Delivery of any instrument appointing a proxy shall not preclude a shareholder of the Company from attending and voting in person at the EGM or poll concerned and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
5. Shareholders whose names appear on the register of members of the Company on October 8, 2021 will be entitled to attend and vote at the EGM. The register of members of the Company will be closed from October 5, 2021 to October 8, 2021, both days inclusive, and during such period no share transfer will be registered. In order to qualify for attending and voting at the EGM, all transfer of shares of the Company accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on October 4, 2021.
6. In view of the ongoing COVID-19 pandemic and the heightened requirements for prevention and control of its spread, the Company will implement the following precautionary measures at the EGM to protect attending shareholders of the Company, staff and other stakeholders from the risk of infection:
  - (a) Compulsory body temperature screening or checks will be carried out on every shareholder of the Company, proxy and other attendee at the entrance of the EGM venue. Any person with a body temperature of over 37 degrees Celsius or who is exhibiting flu-like symptoms may be denied entry into the EGM venue and be requested to leave the EGM venue.
  - (b) Every attendee will be required to wear a surgical face mask throughout the EGM. Please note that no surgical face masks will be provided at the EGM venue and attendees should bring and wear their own surgical face masks.
  - (c) No refreshments will be served to attendees at the EGM.
  - (d) No corporate gifts will be distributed to attendees at the EGM.
7. To the extent permitted under law, the Company reserves the right to deny any person entry into the EGM venue or require any person to leave the EGM venue in order to ensure the safety of the attendees at the EGM

*As at the date of this notice, the Directors of the Company are Mr. CHEN Shuai, Mr. LU Wenzuo and Mr. PU Chengchuan being the executive Directors; Ms. SHI Wenting, Ms. LIU Lu and Ms. WANG Nan being the non-executive Directors; Mr. DANG Jinxue, Mr. SHI Luwen and Mr. ZHOU Xiangliang being the independent non-executive Directors.*