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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 PROPOSED EXTENSION OF MATURITY DATE OF CONVERTIBLE BONDS**

**Independent Financial Adviser  
to the Independent Board Committee and the Independent Shareholders**



#### **PROPOSED EXTENSION OF MATURITY DATE OF CONVERTIBLE BONDS**

##### **Vanguard Glory Convertible Bonds**

On 6 June 2023 (after trading hours of the Stock Exchange), in accordance with the terms and conditions of the Vanguard Glory Convertible Bonds, the Company and Vanguard Glory entered into the Vanguard Glory Deed of Amendment to alter certain terms of the Vanguard Glory Convertible Bonds, subject to and effective from fulfilment of the Vanguard Glory Conditions Precedent.

Pursuant to the Vanguard Glory Alteration of Terms, the maturity date of the Vanguard Glory Convertible Bonds shall be extended from 29 December 2023 to 30 September 2025.

Save as revised by the Vanguard Glory Alteration of Terms, all of the terms and conditions of the Vanguard Glory Convertible Bonds remain unchanged and in full force.

## **Hony Fund VIII Convertible Bonds**

On 6 June 2023 (after trading hours of the Stock Exchange), in accordance with the terms and conditions of the Honoy Fund VIII Convertible Bonds, the Company and Honoy Fund VIII entered into the Honoy Fund Deed of Amendment to alter certain terms of the Honoy Fund VIII Convertible Bonds, subject to and effective from fulfilment of the Honoy Fund Conditions Precedent.

Pursuant to the Honoy Fund Alteration of Terms, the maturity date of the Honoy Fund VIII Convertible Bonds shall be extended from 7 August 2023 to 30 September 2025.

Save as revised by the Honoy Fund Alteration of Terms, all of the terms and conditions of the Honoy Fund VIII Convertible Bonds remain unchanged and in full force.

As at the date of this announcement, the respective principal amount of the Vanguard Glory Convertible Bonds and the Honoy Fund VIII Convertible Bonds remains outstanding in full, and Vanguard Glory and Honoy Fund VIII has not exercised its respective conversion rights.

## **LISTING RULES IMPLICATION**

As at the date of this announcement, Vanguard Glory, 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, Vanguard Glory is a connected person of the Company pursuant to Chapter 14A of the Listing Rules.

As at the date of this announcement, the Company is held as to 70.19% by Vanguard Glory, a subsidiary of Honoy Fund V, and Honoy Fund V is managed by Honoy Capital Fund V GP Limited. Honoy Fund VIII is managed by Honoy Capital Fund VIII GP (Cayman) Limited. Both Honoy Capital Fund V GP Limited and Honoy Capital Fund VIII GP (Cayman) Limited are general partner companies of Honoy Capital. Accordingly, Honoy Fund VIII is a connected person of the Company pursuant to Chapter 14A of the Listing Rules.

The Vanguard Glory Alteration of Terms and the Honoy Fund Alteration of Terms constitute connected transactions of the Company which are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of 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 alterations take effect automatically under the existing terms of such convertible debt securities. Accordingly, an application will be made by the Company to the Stock Exchange for the approval of the Vanguard Glory Alteration of Terms and the Honoy Fund Alteration of Terms.

## **GENERAL**

The Independent Board Committee has been established to give recommendations to the Independent Shareholders on the Vanguard Glory Deed of Amendment, the Vanguard Glory Alteration of Terms contemplated thereunder, the Hony Fund Deed of Amendment, the Hony Fund Alteration of Terms contemplated thereunder, the Vanguard Glory Specific Mandate and the Hony Fund Specific Mandate. The Independent Financial Adviser has been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in this regard.

The EGM will be convened and held for the Independent Shareholders to consider, and if thought fit, approve, among other things, the Vanguard Glory Deed of Amendment, the Vanguard Glory Alteration of Terms contemplated thereunder, the Hony Fund Deed of Amendment, the Hony Fund Alteration of Terms contemplated thereunder and the grant of the Vanguard Glory Specific Mandate and the Hony Fund Specific Mandate.

A circular containing, *inter alia*, (i) further details of the Vanguard Glory Deed of Amendment, the Vanguard Glory Alteration of Terms contemplated thereunder, the Hony Fund Deed of Amendment and the Hony Fund Alteration of Terms contemplated thereunder; (ii) further details of the Vanguard Glory Specific Mandate and the Hony Fund Specific Mandate; (iii) a letter of recommendation from the Independent Board Committee; (iv) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (v) a notice of the EGM, is expected to be despatched to the Shareholders on or before 10 July 2023 as more time is needed for the preparation of the information to be contained therein.

## **PROPOSED EXTENSION OF MATURITY DATE OF CONVERTIBLE BONDS**

### **Vanguard Glory Convertible Bonds**

#### ***Background***

Reference is made to (i) the announcement of the Company dated 25 January 2018 and the circular of the Company dated 13 February 2018 in relation to the issue of the Vanguard Glory Convertible Bonds under the specific mandate; and (ii) the announcement of the Company dated 17 December 2020 and the circular of the Company dated 29 January 2021 in relation to the alteration of certain terms of the Vanguard Glory Convertible Bonds.

On 25 January 2018, the Company and Vanguard Glory entered into the Vanguard Glory Subscription Agreement pursuant to which, among other things, the Company agreed to issue and Vanguard Glory agreed to subscribe for the Vanguard Glory Convertible Bonds in the aggregate principal amount of HK\$468,000,000 for a total consideration equal to the aggregate principal amount of the Vanguard Glory Convertible Bonds. The Vanguard Glory Convertible Bonds were issued to Vanguard Glory on 5 March 2018.

On 17 December 2020, the Company and Vanguard Glory entered into a deed of amendment pursuant to which the Company and Vanguard Glory agreed to alter certain terms of the Vanguard Glory Convertible Bonds, among which the maturity date of the Vanguard Glory Convertible Bonds was extended from 5 March 2021 to 29 December 2023.

As at the date of this announcement, the Vanguard Glory Convertible Bonds remain outstanding in full and will mature on 29 December 2023 pursuant to the existing terms and conditions of the Vanguard Glory Convertible Bonds.

### ***Vanguard Glory Deed of Amendment***

On 6 June 2023 (after trading hours of the Stock Exchange), in accordance with the terms and conditions of the Vanguard Glory Convertible Bonds, the Company and Vanguard Glory entered into the Vanguard Glory Deed of Amendment to alter certain terms of the Vanguard Glory Convertible Bonds, subject to and effective from fulfilment of the Vanguard Glory Conditions Precedent.

Pursuant to the Vanguard Glory Alteration of Terms, the maturity date of the Vanguard Glory Convertible Bonds shall be extended from 29 December 2023 to 30 September 2025 (i.e. the Extended Vanguard Glory CB Maturity Date).

Save as revised by the Vanguard Glory Alteration of Terms, all of the terms and conditions of the Vanguard Glory Convertible Bonds remain unchanged and in full force.

### ***Vanguard Glory Conditions Precedent***

The Vanguard Glory Alteration of Terms pursuant to the Vanguard Glory Deed of Amendment shall be conditional on the following conditions precedent being satisfied:

- (a) the Company having obtained from the Independent Shareholders all necessary approvals required under the Articles, applicable laws and the Listing Rules in respect of the Vanguard Glory Alteration of Terms;
- (b) the Stock Exchange having approved the Vanguard Glory Alteration of Terms; and
- (c) the Stock Exchange granting its approval for the listing of, and permission to deal in, the Shares to be allotted and issued by the Company upon conversion of the Vanguard Glory Convertible Bonds pursuant to the Vanguard Glory Convertible Bond Instrument as amended by the Vanguard Glory Deed of Amendment.

If any of the Vanguard Glory Conditions Precedent shall not been fulfilled by 29 December 2023 or such later date as the parties to the Vanguard Glory Deed of Amendment may agree, the Vanguard Glory Deed of Amendment shall automatically terminate and (without prejudice to the rights and/or obligations of any party in respect of any antecedent breach) the parties thereto shall be released and discharged from their respective obligations under the Vanguard Glory Deed of Amendment.

***Principal terms of the Vanguard Glory Convertible Bonds immediately after the Vanguard Glory Alteration of Terms***

The principal terms of the Vanguard Glory Convertible Bonds (as revised by the Vanguard Glory Alteration of Terms) are as follows:

Issuer	:	the Company
Principal amount	:	HK\$468,000,000
Issue price	:	100% of the principal amount
Form and denomination	:	the Vanguard Glory Convertible Bonds are issued in registered form in the denomination of HK\$1,000,000 each.
Maturity date	:	the Extended Vanguard Glory CB Maturity Date
		The Company has no right to extend the maturity date of the Vanguard Glory Convertible Bonds, unless consent is obtained from the bondholder(s) of the Vanguard Glory Convertible Bonds to amend the Vanguard Glory Convertible Bond Instrument in accordance with the terms therein.
Interest	:	the Vanguard Glory Convertible Bonds do not bear any interest.
Conversion rights	:	Subject to the restrictions set out below, bondholder(s) of the Vanguard Glory Convertible Bonds shall have the right to convert the Vanguard Glory Convertible Bonds into Shares at any time on or after the Vanguard Glory Closing Date up to the Extended Vanguard Glory CB Maturity Date at the discretion of such bondholder(s).
Restriction on conversion	:	No conversion of the Vanguard Glory 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 the Vanguard Glory Conversion Price	:	The Vanguard Glory 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 Vanguard Glory Conversion Price shall be adjusted by multiplying the Vanguard Glory 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 Vanguard Glory Conversion Price shall be adjusted by multiplying the Vanguard Glory Conversion Price in force immediately before such issue by the following fraction:

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

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 to the Shareholders (except where the Vanguard Glory Conversion Price falls to be adjusted under (b) above), the Vanguard Glory Conversion Price shall be adjusted by multiplying the Vanguard Glory 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.

- (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 Vanguard Glory Conversion Price shall be adjusted by multiplying the Vanguard Glory 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 any options, warrants or other rights to subscribe for or purchase any Shares by way of rights, the Vanguard Glory Conversion Price shall be adjusted by multiplying the Vanguard Glory 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;

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 any options, warrants or other rights to subscribe for or purchase or otherwise acquire any securities by way of rights, the Vanguard Glory Conversion Price shall be adjusted by multiplying the Vanguard Glory 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).

- (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 Vanguard Glory Conversion Price shall be adjusted by multiplying the Vanguard Glory 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

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 of the Vanguard Glory Convertible Bonds, 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 Vanguard Glory Conversion Price falls to be adjusted under paragraphs (e) and (f) above), the Vanguard Glory Conversion Price shall be adjusted by multiplying the Vanguard Glory 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

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) 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 on the position of the bondholders of the Vanguard Glory Convertible Bonds as a class compared with the position of the holders of all other securities of the Company. 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 of the Vanguard Glory Convertible Bonds) to determine as soon as practicable matters such as what adjustment (if any) to the Vanguard Glory Conversion Price is fair and reasonable and the date on which such adjustment (if any) should take effect.

Redemption upon maturity and early redemption : The Company will redeem all the outstanding Vanguard Glory Convertible Bonds at an amount of the principal amount of such outstanding Vanguard Glory Convertible Bonds on the Extended Vanguard Glory CB Maturity Date.

In the event that the Shares cease to be listed or admitted to trading on the Stock Exchange, each bondholder of the Vanguard Glory Convertible Bonds shall have the right, at such bondholder's option, to require the Company to redeem, in whole or in part, such bondholder's Vanguard Glory Convertible Bonds.

The Company has no early redemption right under the Vanguard Glory Subscription Agreement.

Default interest : If the Company fails to pay any sum in respect of the Vanguard Glory Convertible Bonds when the same becomes due and payable under the conditions of the Vanguard Glory 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 of the Vanguard Glory Convertible Bonds. Such default interest shall accrue on the basis of the actual number of days elapsed and a 360-day year.

Transferability : The Vanguard Glory 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 bondholder of the Vanguard Glory Convertible Bonds. Any transfer of the Vanguard Glory 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 bondholder of the Vanguard Glory Convertible Bonds, any other person directly or indirectly controlling or controlled by or under direct or indirect common control with the bondholder of the Vanguard Glory Convertible Bonds.

Status : The Vanguard Glory 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 bondholder(s) of the Vanguard Glory Convertible Bonds will not be entitled to receive notice of or attend or vote at general meetings of the Company by reason only of being the holder(s) of the Vanguard Glory Convertible Bonds. The bondholders of the Vanguard Glory Convertible Bonds 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 holder(s) of the Vanguard Glory Convertible Bonds.

### ***Vanguard Glory Conversion Price***

The initial Vanguard Glory Conversion Price is HK\$18.00 per Vanguard Glory Conversion Share (subject to adjustments as set out above in the paragraph headed “Adjustments to the Vanguard Glory Conversion Price”). This represents:

- (a) a premium of approximately 172.73% over the closing price of HK\$6.60 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a premium of approximately 172.73% over the average closing price of approximately HK\$6.60 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 172.73% over the average closing price of approximately HK\$6.60 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 161.25% over the average closing price of approximately HK\$6.89 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 Vanguard Glory Conversion Price was determined when the Vanguard Glory Subscription Agreement was entered into on 25 January 2018, after arm's length negotiations between the Company and the bondholder(s) of the Vanguard Glory Convertible Bonds with reference to a number of factors, including, among other things, the then trading price and trading volume of the Shares on the Stock Exchange, and the then assets, liabilities, financial performance, business condition and future prospects of the Company.

### ***Vanguard Glory Conversion Shares***

Based on the initial Vanguard Glory Conversion Price of HK\$18.00 per Vanguard Glory Conversion Share and assuming full conversion of the Vanguard Glory Convertible Bonds at the initial Vanguard Glory Conversion Price, the Vanguard Glory Convertible Bonds will be convertible into 26,000,000 Vanguard Glory Conversion Shares, which represent (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 Vanguard Glory Conversion Shares upon full conversion of the Vanguard Glory Convertible Bonds, assuming there is no further issue or repurchase of the Shares.

The allotment and issue of the Vanguard Glory Conversion Shares are subject to the granting of the Vanguard Glory Specific Mandate by the Independent Shareholders. The Company will seek the grant of the Vanguard Glory Specific Mandate from the Independent Shareholders at the EGM.

There are no restrictions on any subsequent sale of the Vanguard Glory Conversion Shares. The allotment and issue of the Vanguard Glory 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 Vanguard Glory Convertible Bonds on the Stock Exchange or any other stock exchange. An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Vanguard Glory Conversion Shares.

## **Hony Fund VIII Convertible Bonds**

### ***Background***

Reference is made to the announcement of the Company dated 29 May 2018 and the circular of the Company dated 24 June 2018.

On 29 May 2018, the Company and Hony Fund VIII entered into the Hony Fund Share Purchase Agreement, pursuant to which the Company conditionally agreed to acquire the entire issued share capital of Oriental Ally, a wholly owned subsidiary of Hony Fund VIII prior to the Hony Fund Acquisition Completion, from Hony Fund VIII at a consideration of RMB630 million (equivalent to approximately HK\$773,879,717), which shall be satisfied by the issuance of the Hony Fund VIII Convertible Bonds by the Company to Hony Fund VIII (or such person as Hony Fund VIII may nominate) on the Hony Fund Acquisition Completion. The Hony Fund VIII Convertible Bonds were issued by the Company to Hony Fund VIII on 7 August 2018.

As at the date of this announcement, the Hony Fund VIII Convertible Bonds remain outstanding in full and will mature on 7 August 2023 pursuant to the existing terms and conditions of the Hony Fund VIII Convertible Bonds.

### ***Hony Fund Deed of Amendment***

On 6 June 2023 (after trading hours of the Stock Exchange), in accordance with the terms and conditions of the Hony Fund VIII Convertible Bonds, the Company and Hony Fund VIII entered into the Hony Fund Deed of Amendment to alter certain terms of the Hony Fund VIII Convertible Bonds, subject to and effective from fulfilment of the Hony Fund Conditions Precedent.

Pursuant to the Hony Fund Alteration of Terms, the maturity date of the Hony Fund VIII Convertible Bonds shall be extended from 7 August 2023 to 30 September 2025 (i.e. the Extended Hony Fund CB Maturity Date).

Save as revised by the Hony Fund Alteration of Terms, all of the terms and conditions of the Hony Fund VIII Convertible Bonds remain unchanged and in full force.

### ***Hony Fund Conditions Precedent***

The Hony Fund Alteration of Terms pursuant to the Hony Fund Deed of Amendment shall be conditional on the following conditions precedent being satisfied:

- (a) the Company having obtained from the Independent Shareholders all necessary approvals required under the Articles, applicable laws and the Listing Rules in respect of the Hony Fund Alteration of Terms;

- (b) the Stock Exchange having approved the Hony Fund Alteration of Terms; and
- (c) the Stock Exchange granting its approval for the listing of, and permission to deal in, the Shares to be allotted and issued by the Company upon conversion of the Hony Fund VIII Convertible Bonds pursuant to the Hony Fund Convertible Bond Instrument as amended by the Hony Fund Deed of Amendment.

If any of the Hony Fund Conditions Precedent shall not been fulfilled by 7 August 2023 or such later date as the parties to the Hony Fund Deed of Amendment may agree, the Hony Fund Deed of Amendment shall automatically terminate and (without prejudice to the rights and/or obligations of any party in respect of any antecedent breach) the parties thereto shall be released and discharged from their respective obligations under the Hony Fund Deed of Amendment.

***Principal terms of the Hony Fund VIII Convertible Bonds immediately after the Hony Fund Alteration of Terms***

The principal terms of the Hony Fund VIII Convertible Bonds (as revised by the Hony Fund Alteration of Terms) are as follows:

Issuer	:	the Company
Principal amount	:	HK\$773,879,717
Issue price	:	100% of the principal amount
Form and denomination	:	the Hony Fund VIII Convertible Bonds are issued in registered form in the denomination of HK\$1 each.
Maturity date	:	the Extended Hony Fund CB Maturity Date
		The Company has no right to extend the maturity date of the Hony Fund VIII Convertible Bonds.
Interest	:	the Hony Fund VIII Convertible Bonds do not bear any interest.

- Hony Fund Conversion Shares : Assuming the conversion rights attached to the Honoy Fund VIII Convertible Bonds are exercised in full at the initial Honoy Fund Conversion Price of HK\$20.00 per Honoy Fund Conversion Share, a number of 38,693,985 Honoy Fund Conversion Shares will be issued upon conversion of the Honoy Fund VIII Convertible Bonds (subject to adjustments), which represent (i) approximately 28.00% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 21.87% of the issued share capital of the Company as enlarged by the allotment and issue of the Honoy Fund Conversion Shares upon full conversion of the Honoy Fund VIII Convertible Bonds.
- The allotment and issue of the Honoy Fund Conversion Shares are subject to the granting of the Honoy Fund Specific Mandate by the Independent Shareholders at the EGM. There are no restrictions on any subsequent sale of the Honoy Fund Conversion Shares. The allotment and issue of the Honoy Fund Conversion Shares will not result in a change of control of the Company. The Honoy Fund Conversion Shares upon issue will in all respects rank *pari passu* with the Shares then in issue.
- Conversion rights : Subject to the restrictions set out below, the bondholder(s) of the Honoy Fund VIII Convertible Bonds shall have the right to convert the Honoy Fund VIII Convertible Bonds into Shares at any time on or after the date following six months from the date of issue of the Honoy Fund VIII Convertible Bonds up to the close of business on the Extended Honoy Fund CB Maturity Date.
- Restriction on conversion : The Company is not obliged to issue Shares in satisfaction of the conversion rights contemplated under the Honoy Fund VIII Convertible Bonds in breach of its obligations under the Listing Rules (including but not limited to the minimum public float requirement) or the Takeovers Code.
- Redemption upon maturity and early redemption : The Company will redeem the outstanding Honoy Fund VIII Convertible Bonds at its principal amount on the Extended Honoy Fund CB Maturity Date. The Company may not redeem the Honoy Fund VIII Convertible Bonds at its option prior to the Extended Honoy Fund CB Maturity Date except in the event that the Shares cease to be listed or admitted to trading on the Stock Exchange on which the Shares are then listed or quoted or dealt in.

- Default interest : If the Company fails to pay any sum in respect of the Hony Fund VIII Convertible Bonds when the same becomes due and payable under the conditions of the Hony Fund VIII 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 of principal and the relevant interest accrued is made to the bondholders of the Hony Fund VIII Convertible Bonds.
- Transferability : The Hony Fund VIII Convertible Bonds may be assigned or transferred with prior written consent of the Company, save where such transfer is made to an Affiliate of the bondholder(s) of the Hony Fund VIII Convertible Bonds. Any transfer of the Hony Fund VIII 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 bondholder(s) of the Hony Fund VIII Convertible Bonds, any other person directly or indirectly controlling or controlled by or under direct or indirect common control with the bondholder(s) of the Hony Fund VIII Convertible Bonds.
- Status : The Hony Fund VIII 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 bondholder(s) of the Hony Fund VIII Convertible Bonds will not be entitled to receive notice of or attend or vote at general meetings of the Company by reason only of being the holder(s) of the Hony Fund VIII Convertible Bonds. The bondholders of the Hony Fund VIII Convertible Bonds 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 holder(s) of the Hony Fund VIII Convertible Bonds.
- Listing : No application will be made by the Company for the listing of the Hony Fund VIII 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 Hony Fund Conversion Shares.

### ***Hony Fund Conversion Price***

The initial Hony Fund Conversion Price is HK\$20.00 per Hony Fund Conversion Share (subject to adjustments as set out below in the paragraph headed “Adjustments to the Hony Fund Conversion Price”), which represents:

- (a) a premium of approximately 203.03% over the closing price of HK\$6.60 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a premium of approximately 203.03% over the average closing price of approximately HK\$6.60 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 203.03% over the average closing price of approximately HK\$6.60 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 190.28% over the average closing price of approximately HK\$6.89 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 Hony Fund Conversion Price was determined after arm’s length negotiations between the Company and Hony Fund VIII with reference to the then trading price and trading volume of the Shares on the Stock Exchange, and the then assets, liabilities, financial performance and business condition of the Company. The Company also considered (i) the future prospects of the Company, including the growth potential by entering into the Hony Fund Share Purchase Agreement; (ii) the lock-up restriction for a six months’ period and the conversion restriction that the Hony Fund VIII Convertible Bonds are subject to, as disclosed in “Conversion rights” and “Restriction on conversion” above; (iii) the fact that the Hony Fund VIII Convertible Bonds bear no interest and therefore does not impose financing costs on the Company; and (iv) the value of the Hony Fund Conversion Price, which the Company considers to be comparable with the market practice.

In determining the Hony Fund Conversion Price, the Company looked into several recent cases on the market which involved the issue of convertible bonds by companies listed on the Stock Exchange as all or part of consideration in the relevant transactions. Under such transactions, the listed companies issued convertible bonds with zero interest rate and conversion prices of such convertible bonds are determined with reference to the relevant indicative closing prices of the shares of the listed companies. The Company therefore considered the Hony Fund Conversion Price was comparable with the market practice.

### *Adjustments to the Hony Fund Conversion Price*

The Hony Fund Conversion Price shall from time to time be adjusted upon the occurrence of the following events in relation to the Company:

- (a) an alteration of the nominal amount of the Shares by reason of consolidation, sub-division or re-classification of Shares;
- (b) an issue of Shares credited as fully paid (other than in lieu of cash dividend) by way of capitalization of profits or reserves of the Company;
- (c) a capital distribution made to the Shareholders;
- (d) any payment of dividend or distribution, whether of cash, assets or other property to the Shareholders (other than in lieu of cash dividend);
- (e) an issue of Shares, or issue or grant of any options, warrants or other rights, by way of rights, to all or substantially all Shareholders to subscribe for or purchase any Shares;
- (f) an issue of securities (other than Shares or options, warrants or other rights to subscribe for or purchase Shares) or issue or grant of any options, warrants or other rights, by way of rights, to subscribe for or purchase or otherwise acquire any securities (other than Shares or options, warrants or other rights to subscribe for or purchase Shares);
- (g) 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 relevant Current Market Price;
- (h) other offers of securities by 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; and
- (i) other events which in the Company's view would have an effect on the position of the bondholders of the Hony Fund VIII Convertible Bonds as a class compared with the position of the holders of all other securities of the Company, which is analogous to any of the price adjustment events mentioned under paragraphs (a) to (h) above.

## SHAREHOLDING STRUCTURE OF THE COMPANY

The following table illustrates the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after and assuming full conversion of the Vanguard Glory Convertible Bonds (assuming that there is no other change in the existing shareholding structure of the Company); and (iii) immediately after and assuming full conversion of the Vanguard Glory Convertible Bonds and the Hony Fund VIII Convertible Bonds (assuming that there is no other change in the existing shareholding structure of the Company except for the conversion of the Vanguard Glory Convertible Bonds):

	As at the date of this announcement		Immediately after the full conversion of the Vanguard Glory Convertible Bonds		Immediately after the full conversion of the Vanguard Glory Convertible Bonds and Hony Fund VIII Convertible Bonds <sup>1</sup>	
	No. of Shares	Approximate %	No. of Shares	Approximate %	No. of Shares	Approximate %
<b>Shareholders</b>						
Vanguard Glory <sup>2</sup>	97,000,000	70.19	123,000,000	74.91	123,000,000	60.62
Hony Fund VIII <sup>2</sup>	0	0	0	0	38,693,985	19.07
Public Shareholders <sup>3</sup>	41,194,000	29.81	41,194,000	25.09	41,194,000	20.31 <sup>3</sup>
Total	<u>138,194,000</u>	<u>100</u>	<u>164,194,000</u>	<u>100</u>	<u>202,887,985</u>	<u>100</u>

### Notes:

- the shareholding structure is shown for illustration purpose only and may not be exhaustive. Pursuant to the conversion restrictions under the terms and conditions of the Vanguard Glory Convertible Bonds and the Hony Fund VIII Convertible Bonds, their respective conversion rights may only be exercised to the extent that, immediately after such conversion, the Company will continue to be able to satisfy the public float requirements under the Listing Rules.
- as at the date of this announcement, the Company is held as to approximately 70.19% by Vanguard Glory, a wholly-owned subsidiary of Hony Fund V, which is ultimately managed by Hony Capital Fund V GP Limited. Hony Fund VIII is ultimately managed by Hony Capital Fund VIII GP (Cayman) Limited. Both Hony Capital Fund V GP Limited and Hony Capital Fund VIII GP (Cayman) Limited are wholly-owned by Hony Group Management Limited are general partner companies of Hony Capital.

3. Ms. Liu Lu is one of the general partners of Hefei Kangyang Capital Management Partnership (Limited Partnership) (合肥康養資本管理合夥企業(有限合夥)), which holds 55% of the equity interest in Anhui Zhong'an Health Investment Management Co., Ltd. (安徽中安健康投資管理有限公司) (“**Anhui Zhong'an**”). Anhui Zhong'an is the general partner of Anhui Zhong'an Health Elderly Care Services Industry Investment Partnership (Limited Partnership) (安徽省中安健康養老服務產業投資合夥企業(有限合夥)) (“**Anhui Zhong'an LP**”), which is a limited partnership formed under the laws of the PRC as an investment vehicle and holds approximately 6.58% of the issued share capital of the Company. Ms. Liu Lu is a director of Anhui Zhong'an. As such, Ms. Liu Lu is deemed to be interested in approximately 6.58% of the issued share capital of the Company for the purpose of Part XV of the SFO (the “**Deemed Interest**”). Notwithstanding the Deemed Interest, to the Company's knowledge, Ms. Liu Lu (i) is not directly or indirectly interested so as to exercise or control the exercise of 30% or more of the voting power at a meeting of the investment committee of Anhui Zhong'an (the “**Investment Committee**”), which is the governance body that makes investment decisions in respect of Anhui Zhong'an LP; (ii) is not able to control the composition of a majority of the Investment Committee; (iii) does not have actual control over the investment decisions of Anhui Zhong'an LP; and (iv) is only effectively entitled to the economic interest in respect of an insignificant percentage (below 1%) of the Company's total issued share capital (the “**Effective Interest**”). For these reasons, Anhui Zhong'an LP does not fall within the meaning of “close associate” of Ms. Liu Lu under the Listing Rules and is therefore not a “core connected person” of the Company. Accordingly, all of the Shares held by Anhui Zhong'an LP have been counted towards the public float of the Company.

## **REASONS FOR AND BENEFITS OF THE PROPOSED ALTERATION OF TERMS**

The Vanguard Glory Convertible Bonds and the Hony Fund VIII Convertible Bonds will mature on 29 December 2023 and 7 August 2023, respectively, unless further extended. In the event that Vanguard Glory and Hony Fund VIII chooses not to exercise their respective conversion rights, the Company would be expected to incur a substantial cash outflow amounting to HK\$468,000,000 (being the principal amount of the Vanguard Glory Convertible Bonds) and HK\$773,879,717 (being the principal amount of the Hony Fund VIII Convertible Bonds) in order to redeem the respective convertible bonds.

The extension of the respective maturity date of the Vanguard Glory Convertible Bonds and the Hony Fund VIII Convertible Bonds pursuant to the alteration of terms under the Vanguard Glory Deed of Amendment and the Hony Fund Deed of Amendment will enable the Company to postpone such substantial cash outflow and allow the Company to have more financial flexibility in the deployment of its working capital for its business operations and development, without having to incur additional financing costs to effect immediate repayment. In addition, given the uncertainty in the economic environment and fierce competition in the industry, the holding of sufficient funds will safeguard the Company's ability to cope with such complex environment and satisfy its potential investment needs, in particular, for its internal development such as equipment maintenance and renewal, talent introduction and training.

The Company has explored other financing alternatives to raise funds for redemption of the Vanguard Glory Convertible Bonds and/or the Hony Fund VIII Convertible Bonds if redemption is required, including but not limited to, bank borrowing and equity financing. However, the Board is of the view that bank borrowings will not improve the financial position of the Company but will incur high financial cost each year. In addition, equity financing alternatives (such as placing of new shares and rights issue) would be time-consuming in finding suitable investors and result in a dilution on the shareholding of the existing Shareholders.

Having considered all the relevant factors and in light of the reasons and benefits as set out above, the Directors (excluding the independent non-executive Directors who will express their view after considering the advice from the Independent Financial Adviser to the Independent Board Committee and Mr. Chen Shuai and Mr. Pu Chengchuan who have abstained from voting on the board resolution(s) as they are deemed to have material interests in the transactions contemplated under the Vanguard Glory Deed of Amendment and the Hony Fund Deed of Amendment) consider that the terms and conditions of the Vanguard Glory Deed of Amendment, the Vanguard Glory Alteration of Terms contemplated thereunder, the terms and conditions of the Hony Fund Deed of Amendment and the Hony Fund Alteration of Terms contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **INFORMATION OF THE PARTIES**

### **The Group**

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

### **Vanguard Glory**

Vanguard Glory was incorporated in the British Virgin Islands as a limited liability company. Vanguard Glory is a direct wholly-owned subsidiary of Hony Fund V, an exempted limited partnership. The general partner of Hony Fund V is Hony Capital Fund V GP, L.P., whose general partner is Hony Capital Fund V GP Limited. Hony Capital Fund V GP Limited is wholly-owned by Hony Group Management Limited, 80% equity interest of which is held by Hony Managing Partners Limited and 20% equity interest of which is held by Right Lane Limited, a wholly-owned subsidiary of Legend Holdings. Hony Managing Partners Limited is wholly-owned by Exponential Fortune Group Limited, which in turn is held as to 49% by Mr. Zhao John Huan, as to 25.50% each by Mr. Cao Yonggang and Mr. Xu Minsheng, respectively. Vanguard Glory is an investment vehicle and has not conducted any operating activities since incorporation. Each of Mr. Zhao John Huan, Mr. Cao Yonggang and Mr. Xu Minsheng is a managing partner of Hony Capital. Hony Capital is an investment and management firm whose main businesses include private equity, venture capital and other investments relating to China.

As at the date of this announcement, Vanguard Glory, 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, Vanguard Glory is a connected person of the Company pursuant to Chapter 14A of the Listing Rules.

### **Hony Fund VIII**

Hony Fund VIII is an exempted limited partnership formed under the laws of the Cayman Islands as an investment vehicle. The general partner of Honoy Fund VIII is Honoy Capital Fund VIII GP (Cayman), L.P., whose general partner is Honoy Capital Fund VIII GP (Cayman) Limited. Honoy Capital Fund VIII GP (Cayman) Limited is wholly-owned by Honoy Group Management Limited, 80% equity interest of which is held by Honoy Managing Partners Limited, which in turn is wholly-owned by Exponential Fortune Group Limited. Exponential Fortune Group Limited is held as to 49% by Mr. Zhao John Huan, as to 25.50% each by Mr. Cao Yonggang and Mr. Xu Minsheng, respectively.

Hony Fund VIII is an investment vehicle and has not conducted any operating activities since incorporation. Each of Mr. Zhao John Huan, Mr. Cao Yonggang and Mr. Xu Minsheng is a managing partner of Honoy Capital. Honoy Capital is an investment and management firm whose main business include private equity, venture capital and other investment relating to China.

### **LISTING RULES IMPLICATION**

As at the date of this announcement, Vanguard Glory, 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, Vanguard Glory is a connected person of the Company pursuant to Chapter 14A of the Listing Rules.

As at the date of this announcement, the Company is held as to 70.19% by Vanguard Glory, a subsidiary of Honoy Fund V, and Honoy Fund V is managed by Honoy Capital Fund V GP Limited. Honoy Fund VIII is managed by Honoy Capital Fund VIII GP (Cayman) Limited. Both Honoy Capital Fund V GP Limited and Honoy Capital Fund VIII GP (Cayman) Limited are general partner companies of Honoy Capital. Accordingly, Honoy Fund VIII is a connected person of the Company pursuant to Chapter 14A of the Listing Rules.

The Vanguard Glory Alteration of Terms and the Honoy Fund Alteration of Terms constitute connected transactions of the Company which are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of 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 alterations take effect automatically under the existing terms of such convertible debt securities. Accordingly, an application will be made by the Company to the Stock Exchange for the approval of the Vanguard Glory Alteration of Terms and the Honoy Fund Alteration of Terms.

## GENERAL

The Independent Board Committee has been established to give recommendations to the Independent Shareholders on the Vanguard Glory Deed of Amendment, the Vanguard Glory Alteration of Terms contemplated thereunder, the Hony Fund Deed of Amendment, the Hony Fund Alteration of Terms contemplated thereunder, the Vanguard Glory Specific Mandate and the Hony Fund Specific Mandate. The Independent Financial Adviser has been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in this regard.

The EGM will be convened and held for the Independent Shareholders to consider, and if thought fit, approve, among other things, the Vanguard Glory Deed of Amendment, the Vanguard Glory Alteration of Terms contemplated thereunder, the Hony Fund Deed of Amendment, the Hony Fund Alteration of Terms contemplated thereunder and the grant of the Vanguard Glory Specific Mandate and the Hony Fund Specific Mandate. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, except Vanguard Glory, which has material interest in the Vanguard Glory Deed of Amendment and the Hony Fund Deed of Amendment, no Shareholder is required to abstain from voting on the resolutions to approve the Vanguard Glory Deed of Amendment, the Vanguard Glory Alteration of Terms contemplated thereunder, the Hony Fund Deed of Amendment, the Hony Fund Alteration of Terms contemplated thereunder and the grant of the Vanguard Glory Specific Mandate and the Hony Fund Specific Mandate at the EGM.

A circular containing, *inter alia*, (i) further details of the Vanguard Glory Deed of Amendment, the Vanguard Glory Alteration of Terms contemplated thereunder, the Hony Fund Deed of Amendment and the Hony Fund Alteration of Terms contemplated thereunder; (ii) further details of the Vanguard Glory Specific Mandate and the Hony Fund Specific Mandate; (iii) a letter of recommendation from the Independent Board Committee; (iv) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (v) a notice of the EGM, is expected to be despatched to the Shareholders on or before 10 July 2023 as more time is needed for the preparation of the information to be contained therein.

## DEFINITIONS

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

“Articles”	the memorandum and articles of association of the Company
“Board”	the board of directors of the Company
“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)

“connected person(s)”, “subsidiary(ies)”	each has the meaning ascribed to it under the Listing Rules
“Current Market Price”	in respect of a Share at a particular time on a particular date, means the average of the daily volume-weighted average price of one Share for the five consecutive trading days in the Stock Exchange immediately preceding such date
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened to approve, among other things, the Vanguard Glory Deed of Amendment, the Vanguard Glory Alteration of Terms contemplated thereunder, the Hony Fund Deed of Amendment, the Hony Fund Alteration of Terms contemplated thereunder, the Hony Fund Specific Mandate and the Vanguard Glory Specific Mandate
“Extended Hony Fund CB Maturity Date”	30 September 2025
“Extended Vanguard Glory CB Maturity Date”	30 September 2025
“Group”	the Company and its subsidiaries
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China
“Hony Capital”	a series of private equity investment fund, together with their respective management companies/general partners
“Hony Fund V”	Hony Capital Fund V, L.P., an exempted limited partnership formed under the laws of the Cayman Islands
“Hony Fund VIII”	Hony Capital Fund VIII (Cayman), L.P., an exempted limited liability partnership formed under the laws of the Cayman Islands
“Hony Fund Acquisition Completion”	completion of the acquisition contemplated under the Hony Fund Share Purchase Agreement
“Hony Fund Alteration of Terms”	the proposed alteration of certain terms of the Hony Fund VIII Convertible Bonds as contemplated under the Hony Fund Deed of Amendment

“Hony Fund Conditions Precedent”	the conditions precedent set out in the “Hony Fund Conditions Precedent” of this announcement
“Hony Fund Conversion Price”	the price at which Hony Fund Conversion Shares will be issued upon conversion of the Hony Fund VIII Convertible Bonds, as more particularly described in the paragraph headed “Hony Fund Conversion Price” of this announcement
“Hony Fund Conversion Share(s)”	the Share(s) to be allotted and issued by the Company upon conversion of the Hony Fund VIII Convertible Bonds, as more particularly described in the paragraph headed “Hony Fund Conversion Shares” of this announcement
“Hony Fund Convertible Bond Instrument”	the convertible bond instrument executed by the Company on 7 August 2018 for the issue by the Company of the Hony Fund VIII Convertible Bonds
“Hony Fund Deed of Amendment”	the deed of amendment entered into between the Company and Hony Fund VIII on 6 June 2023 in relation to the alteration of certain terms of the Hony Fund VIII Convertible Bonds
“Hony Fund Share Purchase Agreement”	the share purchase agreement entered into between the Company and Hony Fund VIII on 29 May 2018 in relation to the sale and purchase of the entire issued share capital in Oriental Ally
“Hony Fund 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 Hony Fund Conversion Shares upon exercise of the conversion rights attaching to the Hony Fund VIII Convertible Bonds
“Hony Fund VIII Convertible Bonds”	the convertible bond(s) with an aggregate principal amount of HK\$773,879,717 issued by the Company to Hony Fund VIII on 7 August 2018
“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” or “Astrum Capital”	Astrum Capital Management Limited, a corporation licensed under the SFO to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities, and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Vanguard Glory Deed of Amendment, the Vanguard Glory Alteration of Terms contemplated thereunder, the Hony Fund Deed of Amendment, the Hony Fund Alteration of Terms contemplated thereunder, the Vanguard Glory Specific Mandate and the Hony Fund 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”	5 June 2023, being the last full Trading Day immediately prior to the date of this announcement
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Oriental Ally”	Oriental Ally Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and was owned as to 100% by the Hony Fund VIII prior to the Hony Fund Acquisition Completion
“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)
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
“Share(s)”	the ordinary share(s) of HK\$0.001 each in the issued capital of the Company
“Shareholder(s)”	the holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-backs

“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
“Vanguard Glory”	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 approximately 70.19% issued share capital of the Company as at the date of this announcement
“Vanguard Glory Alteration of Terms”	the proposed alteration of certain terms of the Vanguard Glory Convertible Bonds as contemplated under the Vanguard Glory Deed of Amendment
“Vanguard Glory Closing Date”	5 March 2018, being the date of completion of the subscription in accordance with the terms of the Vanguard Glory Subscription Agreement
“Vanguard Glory Conditions Precedent”	The conditions precedent set out in the “Vanguard Glory Conditions Precedent” of this announcement
“Vanguard Glory Conversion Price”	the price at which Vanguard Glory Conversion Shares will be issued upon conversion of the Vanguard Glory Convertible Bonds, as more particularly described in the paragraph headed “Vanguard Glory Conversion Price” of this announcement
“Vanguard Glory Conversion Share(s)”	the Share(s) to be allotted and issued by the Company upon conversion of the Vanguard Glory Convertible Bonds, as more particularly described in the paragraph headed “Vanguard Glory Conversion Shares” of this announcement
“Vanguard Glory Convertible Bond(s)”	the convertible bond(s) with an aggregate principal amount of HK\$468,000,000 issued by the Company on 5 March 2018 pursuant to the Vanguard Glory Subscription Agreement and constituted by the Vanguard Glory Convertible Bonds Instrument
“Vanguard Glory Convertible Bond Instrument”	the convertible bond instrument executed by the Company on 5 March 2018 for the issue by the Company of the Vanguard Glory Convertible Bonds
“Vanguard Glory Deed of Amendment”	the deed of amendment entered into between the Company and Vanguard Glory on 6 June 2023 in relation to the alteration of certain terms of the Vanguard Glory Convertible Bonds

“Vanguard Glory 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 Vanguard Glory Conversion Shares upon exercise of the conversion rights attaching to the Vanguard Glory Convertible Bonds
“Vanguard Glory Subscription Agreement”	the subscription agreement dated 25 January 2018 entered into between the Company and Vanguard Glory for the subscription of the Vanguard Glory Convertible Bonds
“%”	Per cent

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

Beijing, China, 6 June 2023

*As at the date of this announcement, the Directors of the Company are Mr. CHEN Shuai, Mr. PU Chengchuan and Ms. PAN Jianli being the executive Directors; 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.*