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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)**

### **DISCLOSEABLE TRANSACTION IN RELATION TO PROVISION OF CORPORATE GUARANTEE**

#### **PROVISION OF CORPORATE GUARANTEE**

The Board announces that on September 27, 2022 (after the trading hours of the Stock Exchange), the Company entered into the Guarantee Agreement in favour of the Bank, pursuant to which the Company agreed to provide a corporate guarantee in connection with the Repayment Obligations up to a maximum outstanding principal amount of RMB50 million.

The principal terms and conditions of the Guarantee Agreement are set out in the paragraph headed “Principal Terms of the Guarantee Agreement” in this announcement. The Directors consider that the Guarantee Agreement and its terms are on normal commercial terms, fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

#### **LISTING RULES IMPLICATIONS**

According to Rule 14.22 of the Listing Rules, the Stock Exchange will aggregate a series of transactions and treat them as if there were one transaction if they are all completed within a 12-month period or are otherwise related. Reference is also made to the 2019 Announcement and 2020 Announcement in relation to the Existing 2019 Loan and Existing 2020 Loan, respectively. Since the Existing Loans and the transactions under the Guarantee Agreement constitute financial assistance provided by the Company to Jinhua Hospital, the Existing Loans and the transactions contemplated under the Guarantee Agreement are required to be aggregated pursuant to Rule 14.22 of the Listing Rules.

As the highest applicable percentage ratio in respect of the transactions contemplated under the Guarantee Agreement, when aggregated with the Existing Loans, is more than 5% but less than 25%, the transactions contemplated under the Guarantee Agreement constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules and are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

In addition, as the assets ratio as defined under Rule 14.07(1) of the Listing Rules in respect of the transactions contemplated under the Guarantee Agreement when aggregated with the Existing Loans exceeds 8%, the transactions contemplated under the Guarantee Agreement and the Existing Loans will together give rise to a general disclosure obligation of the Company under Rules 13.13 and 13.15 of the Listing Rules. Relevant disclosures pursuant to Rules 13.13 and 13.15 of the Listing Rules are made in this announcement.

## **PROVISION OF CORPORATE GUARANTEE**

### **Background**

On September 27, 2022 (after the trading hours of the Stock Exchange), the Company entered into the Guarantee Agreement in favour of the Bank, pursuant to which the Company agreed to provide a corporate guarantee in connection with the Repayment Obligations up to a maximum outstanding principal amount of RMB50 million.

### **Principal Terms of the Guarantee Agreement**

The principal terms of the Guarantee Agreement are summarised as follows:

**Date:** September 27, 2022

**Parties:** (i) the Company as the guarantor  
(ii) the Bank

**Scope of guarantee:** the Company agreed to provide a corporate guarantee in favour of the Bank in respect of the Repayment Obligations (up to a maximum outstanding principal amount of RMB50 million), together with any interest (including statutory interest, contractual interest, penalty interest, compound interest), default payment, liquidated damages and other relevant expenses reasonably incurred for the enforcement of the Bank's rights in relation to the Repayment Obligations.

**Availability period:** In respect of loan agreement(s), the Corporate Guarantee shall continue until three years from the day after the expiry of the term of the loan under the relevant loan agreement. Where the loan is paid in installments, the Corporate Guarantee shall from the effective date of this Guarantee Agreement and continue until three years from the day after the expiration of the last repayment. During the suretyship period, the bank shall have the right to demand the suretyship liability from the surety for all or part of the principal creditor's right, for several or for a single suretyship, together or separately.

The Company will not receive any fee or income from providing the Corporate Guarantee.

### **Source of funding for the provision of the Corporate Guarantee**

In the event that the Company becomes liable to pay to the Bank under the Guarantee Agreement, the Company intends to fund such payment through the internal resources of the Group.

## **INFORMATION ON THE GROUP, JINHUA HOSPITAL AND THE BANK**

### **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 March 16, 2017. The Group principally engages in hospital management business and general hospital business in the PRC.

### **Jinhua Hospital**

Jinhua Hospital, located in Jinhua city of Zhejiang province, is a general Class IIIB Hospital (as defined in the announcement of the Company dated May 29, 2018) and registered as a Privately-funded Non-enterprise Entity, which serves as a local medical services platform offering comprehensive medical services with specialty in oncology and cancer treatments. Jinhua Hospital is managed by Zhiyuan Medical as at the date of this announcement, which is indirectly owned as to 75% by the Company, under a hospital management agreement as disclosed in the announcement of the Company published on May 29, 2018. Jinhua Hospital was founded by Zhiyuan Medical, Hangzhou Linglan Industry Co., Ltd\* (杭州鈴藍實業有限公司) and Hangzhou Dingsheng Industry Co., Ltd\* (杭州頂盛實業有限公司).

Jinhua Hospital, as a not-for-profit hospital, is different from for-profit hospitals. The founders of Jinhua Hospital are not entitled to the rights to dividend or the remaining assets after liquidation available under the laws and regulations of the PRC. In addition, there is no provision contained in the constitutional or other governing documents of Jinhua Hospital which gives any person the right to exercise, directly or indirectly, control over Jinhua Hospital. As such, the concept of "ultimate beneficial owner" is not applicable given Jinhua Hospital's nature as a not-for-profit hospital.

To the best of the Directors' knowledge, information and belief, having made all reasonable inquiries, Jinhua Hospital is a third party independent of the Company and connected persons of the Company.

### **The Bank**

To the best of the Directors' knowledge, information and belief, having made all reasonable inquiries, the Bank is a financial institution established in the PRC and is principally engaged in, among others, the provision of banking business in the PRC; and each of the Bank and its ultimate beneficial owner(s) is a third party independent of the Company and connected persons of the Company.

### **REASONS FOR AND BENEFITS OF ENTERING INTO THE GUARANTEE AGREEMENT**

The Corporate Guarantee is provided as a security to enable Jinhua Hospital to obtain funds from the Bank for the purpose of maintaining its day-to-day business operations, supporting its development, and further improving its competitiveness in the healthcare sector. Specifically, Jinhua Hospital intends to reserve sufficient working capital to maintain its day-to-day operations, such as procurement of medicine and consumables and repayment of loans. It will also pay performance-based cash bonuses from time to time to incentivise its management and employees to maintain the provision of high-quality medical services. In addition, Jinhua Hospital will invest in advanced medical equipment and technologies to enhance its competitiveness, and will upgrade its information and database systems to improve its operational efficiency and capability. The Directors are of the view that the provision of the Corporate Guarantee will contribute to the growth and development of Jinhua Hospital.

Jinhua Hospital is managed by the Group and the Group receives management service fees in respect of the provision of management and consultancy services provided to Jinhua Hospital. Therefore, the provision of the Corporate Guarantee enables the Company to derive commercial benefits from ensuring the continuous and steady growth of Jinhua Hospital, and ultimately contribute to the overall strategy layout of the Group.

Further, the grant of the Corporate Guarantee by the Company should be considered in light of the credit risk of Jinhua Hospital associated with the Repayment Obligations as the Company will only incur liabilities upon a call on the Corporate Guarantee arising from an event of default of Jinhua Hospital on the Repayment Obligations. The Company has been closely monitoring the business and financial conditions of Jinhua Hospital by reviewing its periodic financial reports and other information in connection with its business operation and is not aware of any material risks that Jinhua Hospital may breach the Repayment Obligations. Based on the information currently available to the Company and barring unforeseen circumstances, the Directors are of the view that the probability of an event of default of Jinhua Hospital is remote.

Having considered the above reasons, the Directors consider that the Guarantee Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

None of the Directors is considered to have a material interest in the Guarantee Agreement and the transactions contemplated thereunder, and therefore none of the Directors is required to abstain from voting on the relevant board resolutions approving the Guarantee Agreement and the transactions contemplated thereunder.

## **EXISTING LOANS**

### **The Existing 2019 Loan**

As disclosed in the 2019 Announcement, on July 24, 2019, the Company entered into the Existing 2019 Loan Agreement with Jinhua Hospital, pursuant to which the Company has conditionally agreed to grant the Existing 2019 Loan to Jinhua Hospital. The principal terms of the Existing 2019 Loan Agreement previously disclosed in the 2019 Announcement are set out below:

<b>Date:</b>	July 24, 2019
<b>Parties:</b>	(i) The Company as lender  (ii) Jinhua Hospital as borrower
<b>Amount of the Existing 2019 Loan:</b>	RMB80 million
<b>Term of the Existing 2019 Loan:</b>	36 months from the date of the relevant drawdown
<b>Interest rate:</b>	5.23% per annum, which will be adjusted based on the applicable benchmark interest rates announced by the People's Bank of China from time to time.
<b>Drawdown:</b>	Subject to the total amount of the Existing 2019 Loan under the Existing 2019 Loan Agreement, Jinhua Hospital may withdraw any sum of the Existing 2019 Loan at any time upon serving three (3) Business Days' prior written notice on the Company or the PRC Subsidiaries and subject to the consent of the Company, provided that all the drawdowns shall be made within twelve (12) months following the effective date of the Existing 2019 Loan Agreement.

**Conditions precedent:** The Existing 2019 Loan Agreement is conditional upon the fulfillment of the following conditions:

- (1) the due execution of the Existing 2019 Loan Agreement by Jinhua Hospital and the Company;
- (2) all representations and warranties made by Jinhua Hospital in the Existing 2019 Loan Agreement or in connection therewith being true, correct and accurate in all respect;
- (3) the Company having complied with all requirements under the Listing Rules and all applicable laws (including but not limited to the publication of an announcement of the Company in relation to the Existing 2019 Loan Agreement and the transactions contemplated thereunder in compliance with Chapter 14 of the Listing Rules), as well as Jinhua Hospital and the PRC Subsidiaries having complied with all requirements under all applicable laws; and
- (4) no material adverse change having occurred since the execution of the Existing 2019 Loan Agreement.

**Repayment:** The Existing 2019 Loan shall be repayable within five (5) days upon expiry of 36 months from the relevant drawdown date, or any other date mutually agreed by the Company and Jinhua Hospital. The accrued interest of the Existing 2019 Loan must be repaid at the same time.

**Prepayment:** Jinhua Hospital may prepay the whole or any part of the outstanding principal amount of the Existing 2019 Loan before the expiry of the Existing 2019 Loan provided that (i) Jinhua Hospital shall have given to the Company or the PRC Subsidiaries five (5) business days' prior written notice specifying the amount to be prepaid and the date on which prepayment is to be made, and (ii) Jinhua Hospital shall on the date of prepayment pay all accrued interest to the Company or the PRC Subsidiaries on the amount prepaid upon the Company's demand.

**Termination:** Upon occurrence of any of the following termination events, the Existing 2019 Loan shall terminate immediately and Jinhua Hospital has to repay the entire sum of the Loan and all accrued interest immediately:

- (a) breach of any other financial obligations by Jinhua Hospital;
- (b) service of insolvency order to Jinhua Hospital by any person, appointment of insolvency receiver or administrator for Jinhua Hospital, or liquidation of any assets of Jinhua Hospital;
- (c) any legal claims or proceedings filed or commenced against Jinhua Hospital, which will lead to the consequence as stated in paragraph (b) above;
- (d) seizure of any assets or property of Jinhua Hospital or execution of a seizure which may affect any assets or property of Jinhua Hospital; or
- (e) Jinhua Hospital being considered as unable or impossible to repay debts.

**Security:** Jinhua Hospital (as chargor) shall provide a charge over its accounts receivables from its medical services provision in favor of the Company (as chargee) to secure Jinhua Hospital's punctual repayment of the Existing 2019 Loan in accordance with the Existing 2019 Loan Agreement.

As at the date of this announcement, the Existing 2019 Loan has been drawn down in full by Jinhua Hospital and the outstanding principal amount of the Existing 2019 Loan was RMB80 million.

### **The Existing 2020 Loan**

As disclosed in the 2020 Announcement, on November 20, 2020, Tibet Honghe Zhiyuan, a wholly-owned subsidiary of the Company, entered into the Existing 2020 Loan Agreement with Jinhua Hospital, pursuant to which Tibet Honghe Zhiyuan has conditionally agreed to grant the Existing 2020 Loan to Jinhua Hospital. The principal terms of the Existing 2020 Loan Agreement previously disclosed in the 2020 Announcement are set out below:

**Date:** November 20, 2020

**Parties:**

- (i) Tibet Honghe Zhiyuan as lender
- (ii) Jinhua Hospital as borrower

<b>Amount of the Existing 2020 Loan:</b>	Up to RMB100 million of credit limit. During the availability period and with the consent of Tibet Honghe Zhiyuan, Jinhua Hospital may make revolving drawdown and repayment within the credit limit based on its needs.
<b>Availability Period:</b>	Jinhua Hospital shall apply for drawdown within three (3) years from the date of signing of the Existing 2020 Loan Agreement.
<b>Term of the Existing 2020 Loan:</b>	One year from the date of the relevant drawdown.
<b>Interest rate:</b>	4.79% per annum, which will be adjusted based on the applicable benchmark interest rate announced by the People's Bank of China from time to time.
<b>Drawdown date:</b>	During the availability period, drawdown could be made based on Jinhua Hospital's needs by serving five (5) prior Business Days' notice to Tibet Honghe Zhiyuan.
<b>Permitted use of the Existing 2020 Loan:</b>	Unless with Tibet Honghe Zhiyuan's prior written consent, Jinhua Hospital shall only use the principal amount of the Existing 2020 Loan for (i) settlement of the working capital needs of Jinhua Hospital, including but not limited to payment of staff remuneration, purchase of medicine and consumables; (ii) repayment of bank loans that are due; and (iii) procurement of medical equipment and facilities.
<b>Conditions precedent:</b>	The drawdown of the Existing 2020 Loan is conditional upon the fulfillment of the following conditions: <ol style="list-style-type: none"> <li>(1) the due execution of the Existing 2020 Loan Agreement by Jinhua Hospital and Tibet Honghe Zhiyuan;</li> <li>(2) all representations and warranties made by Jinhua Hospital in the Existing 2020 Loan Agreement or in connection therewith being true, correct and accurate;</li> <li>(3) the Company having complied with all requirements under the Listing Rules and all applicable laws (including but not limited to the publication of an announcement in relation to the Existing 2020 Loan Agreement and the transactions contemplated thereunder in compliance with Chapter 14 of the Listing Rules), as well as Jinhua Hospital and Tibet Honghe Zhiyuan having complied with the requirements under all applicable laws;</li> </ol>



- (4) no material adverse change having occurred since the execution of the Existing 2020 Loan Agreement; and
- (5) Jinhua Hospital having served on Tibet Honghe Zhiyuan drawdown application and evidence proving the use of proceeds of such drawdown five (5) Business Days prior to the intended date of drawdown (including but not limited to medicine procurement agreements, orders, evidence of proof concerning the calculation of salary or other evidence to the satisfaction of Tibet Honghe Zhiyuan), and having obtained the consent of Tibet Honghe Zhiyuan.

**Repayment:**

The Existing 2020 Loan shall be repayable on the expiry date of the term of the Existing 2020 Loan, which shall be one year from the relevant drawdown date, and if such date is not a Business Day, on the first Business Day immediately following such date. The accrued interest of the Existing 2020 Loan must be repaid at the same time.

**Prepayment:**

Jinhua Hospital may prepay the whole or any part of the outstanding principal amount of the Existing 2020 Loan before the expiry of the Existing 2020 Loan provided that:

- (1) Jinhua Hospital shall have served on Tibet Honghe Zhiyuan five (5) Business Days' prior written notice specifying the amount to be prepaid and the date on which prepayment is to be made;
- (2) Jinhua Hospital shall on the date of prepayment pay all accrued interest to Tibet Honghe Zhiyuan on the prepaid amount upon Tibet Honghe Zhiyuan's request; and
- (3) Tibet Honghe Zhiyuan has agreed to such prepayment.

**Termination:**

Upon occurrence of any of the following termination events, the Existing 2020 Loan Agreement shall terminate immediately upon being notified by Tibet Honghe Zhiyuan and Jinhua Hospital shall repay the entire sum of the Existing 2020 Loan and all accrued interest immediately upon Tibet Honghe Zhiyuan's request, as well as fully indemnify any loss suffered by Tibet Honghe Zhiyuan as a result of such termination event:

- (a) breach of any other financial obligations by Jinhua Hospital;
- (b) service of insolvency order to Jinhua Hospital by any person, appointment of insolvency receiver or administrator for Jinhua Hospital, or liquidation of any Jinhua Hospital's assets;
- (c) any legal claims or proceedings filed or commenced against Jinhua Hospital, which will lead to the consequence as stated in paragraph (b) above;
- (d) seizure of any assets or property of Jinhua Hospital or execution of a seizure which may affect any assets or property of Jinhua Hospital;
- (e) Jinhua Hospital being considered as unable or impossible to repay debts; or
- (f) Jinhua Hospital being in breach of any of its representation, warranty, assurance or obligation under the Existing 2020 Loan Agreement.

**Security:**

Jinhua Hospital (as chargor) shall provide a charge over its accounts receivables from its medical services provision in favor of Tibet Honghe Zhiyuan (as chargee) to secure Jinhua Hospital's punctual repayment of the Loan in accordance with the Existing 2020 Loan Agreement.

As at the date of this announcement, the outstanding principal amount of the Existing 2020 Loan was RMB20 million.

## LISTING RULE IMPLICATIONS

According to Rule 14.22 of the Listing Rules, the Stock Exchange will aggregate a series of transactions and treat them as if there were one transaction if they are all completed within a 12-month period or are otherwise related. Reference is also made to the 2019 Announcement and 2020 Announcement in relation to the Existing 2019 Loan and Existing 2020 Loan, respectively. Since the Existing Loans and the transactions contemplated under the Guarantee Agreement constitute financial assistance provided by the Company to Jinhua Hospital, the Existing Loans and the transactions contemplated under the Guarantee Agreement are required to be aggregated pursuant to Rule 14.22 of the Listing Rules.

As the highest applicable percentage ratio in respect of the transactions contemplated under the Guarantee Agreement, when aggregated with the Existing Loans, is more than 5% but less than 25%, the transactions contemplated under the Guarantee Agreement constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules and are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

In addition, as the assets ratio as defined under Rule 14.07(1) of the Listing Rules in respect of the transactions contemplated under the Guarantee Agreement when aggregated with the Existing Loans exceeds 8%, the transactions contemplated under the Guarantee Agreement and the Existing Loans will together give rise to a general disclosure obligation of the Company under Rules 13.13 and 13.15 of the Listing Rules. Relevant disclosures pursuant to Rules 13.13 and 13.15 of the Listing Rules are made in this announcement.

## DEFINITIONS

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

“2019 Announcement”	the announcement of the Company dated July 24, 2019
“2020 Announcement”	the announcement of the Company dated November 20, 2020
“Bank”	Nanyang Commercial Bank (China) Limited Beijing Branch* (南洋商業銀行(中國)有限公司北京分行)
“Board”	the board of directors of the Company
“Business Day”	a day other than a Saturday, Sunday or public holiday in the PRC
“Company”	Hospital Corporation of China Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 3869)

“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Corporate Guarantee”	the corporate guarantee given by the Company in favour of the Bank pursuant to the Guarantee Agreement
“Director(s)”	the director(s) of the Company
“Existing 2019 Loan”	the loan in a principal amount of RMB80 million granted by the Company to Jinhua Hospital pursuant to the Existing 2019 Loan Agreement
“Existing 2019 Loan Agreement”	the loan agreement entered into between the Company as lender and Jinhua Hospital as borrower on July 24, 2019, the details of which could be referred to in the announcement issued by the Company on July 24, 2019
“Existing 2020 Loan”	the revolving loan in a maximum principal amount of RMB100 million to be granted by Tibet Honghe Zhiyuan to Jinhua Hospital pursuant to the Existing 2020 Loan Agreement
“Existing 2020 Loan Agreement”	the loan agreement entered into between Tibet Honghe Zhiyuan as lender and Jinhua Hospital as borrower on November 20, 2020, the details of which could be referred to in the announcement issued by the Company on November 20, 2020
“Existing Loans”	the Existing 2019 Loan and the Existing 2020 Loan
“Existing Loan Agreements”	the Existing 2019 Loan Agreement and the Existing 2020 Loan Agreement
“Group”	the Company and its subsidiaries
“Guarantee Agreement”	the guarantee agreement dated September 27, 2022 entered into between the Company and the Bank, pursuant to which the Company agreed to provide a corporate guarantee in favour of the Bank in respect of the Repayment Obligations (up to a maximum outstanding principal amount of RMB50 million), together with any interest (including statutory interest, contractual interest, penalty interest, compound interest), default payment, liquidated damages and other relevant expenses reasonably incurred for the enforcement of the Bank’s rights in relation to the Repayment Obligations

“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Jinhua Hospital”	Zhejiang Jinhua Guangfu Oncological Hospital* (浙江金華廣福腫瘤醫院)
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“percentage ratio(s)”	has the meaning ascribed to it under the Listing Rules
“PRC”	the People’s Republic of China and for the purposes of this announcement, excludes Hong Kong, Taiwan and Macau Special Administrative Region of the PRC
“PRC Subsidiaries”	subsidiaries of the Company which are in the PRC
“Privately-funded Non-enterprise Entity”	an entity which is established by enterprises, institutions, associations or other civic entities as well as individual citizens using non-state assets, and which conducts not-for-profit social service activities
“Repayment Obligations”	all the Repayment Obligations of Jinhua Hospital under the credibility limit agreement(s), working capital loan agreement(s) and other document(s) entered into or to be entered into by the Bank and Jinhua Hospital
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tibet Honghe Zhiyuan”	Tibet Honghe Zhiyuan Business Management Co., Ltd.* (西藏弘和志遠企業管理有限公司), a company incorporated in the PRC with limited liability, which is owned as to 100% by the Company

“Zhiyuan Medical” Zhejiang Honghe Zhiyuan Medical Technology Co., Ltd\* (浙江弘和致遠醫療科技有限公司), previously known as Zhejiang Guangsha Medical Technology Co., Ltd\* (浙江廣廈醫療科技有限公司), which is indirectly owned as to 75% by the Company

“%” per cent.

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

Beijing, China, September 27, 2022

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

\* *For identification purpose only*