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[redacted]

Hospital Corporation of China Limited
弘和仁愛醫療集團有限公司

[illegible]

(Stock code: 3869)

ANNOUNCEMENT

This announcement is made by the board of directors (the "**Board**") of Hospital Corporation of China Limited (the "**Company**", together with its subsidiaries, the "**Group**") on a voluntary basis.

Reference is made to the announcement of the Company dated October 2, 2017 in relation to the non-binding framework agreement entered into regarding the Proposed Acquisition (as defined below). The Board is pleased to announce that on December [28], 2017, the Company entered into a legally binding letter of intent (the "**Letter of Intent**") with, among others, two individuals, being the vendors (the "**Vendors**"). Pursuant to the Letter of Intent, the Vendors conditionally agreed to sell, and the Company conditionally agreed to purchase, 100% direct equity interest in a holding company (the "**Target Company**") of a management company which is the founder of a not-for-profit hospital located in Zhejiang Province (the "**Hospital**") (the "**Proposed Acquisition**") subsequent to its reorganization prior to completion of the Proposed Acquisition. The principal terms of the Letter of Intent are summarized below.

THE LETTER OF INTENT

Subject to the entering into of a formal sale and purchase agreement in relation to the Proposed Acquisition (the "**Definitive Transaction Documents**"), the Company and the Vendors have agreed on the following principal terms under the Letter of Intent:

Consideration Determination and Valuation	: [The Consideration shall be determined by reference to, among other things, (i) the historical performance of the Hospital, (ii) the audited net profit of the Hospital for the year ending December 31, 2017; and (iii) the actual operation results and revenue level of the Target Company after reorganization*[Company to confirm]*.

Refundable Deposit : The Company shall pay a deposit of RMB 30,000,000 (the "**Deposit**") into a joint account (the "**Joint Account**") within 10 days upon the signing of the Letter of Intent. The Deposit shall only be used in accordance to the Letter of Intent with the consent of the Company and its representative. No changes to the signatories of the Joint Account shall be made without the signatures of the Company. The interest generated from the Deposit shall belong to the Company or its designated party.

The Deposit shall be returned to the Company in full within 10 days from the date of any of the events below:

(i) the Definitive Transaction Documents has not been entered into before March 31, 2018 or otherwise agreed upon by the parties;

(ii) the conditions precedent of [illegible]

The Hotel, located in Zhejiang Province, in close proximity to the hotels that the Group manages or operates. The Proposed Acquisition allows the Group and the Hotel to create a synergy effect and benefit from the potential economies of scale, including shared services, resources and intra-group cooperation. The Proposed Acquisition could also expand the market presence of the Group's existing business and increase the Group's market share in China, as well as further the brand awareness of the Group in the industry. The Company also believes that the Hotel has more room for growth potential as it has a management base and leading reputation in the area.

The Board considers that the terms of the Letter of Intent are fair and reasonable and on normal commercial terms. The Board further considers that the Proposed Acquisition is in the interest of the Company and its shareholders as a whole.]
[Company to confirm or supplement]

GENERAL

As at the date of this announcement, the terms and conditions of the Proposed Acquisition are still being negotiated. The Proposed Acquisition, if materialised, may constitute a notifiable transaction of the Company under the Listing Rules. Further announcement(s) will be made by the Company as and when appropriate in