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GENERTEC UNIVERSAL MEDICAL GROUP COMPANY LIMITED

通用環球醫療集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code : 2666)

DISCLOSEABLE TRANSACTION COOPERATION AGREEMENT IN RELATION TO HOSPITALS UNDER YANG QUAN COAL INDUSTRY

Capital Increase

The Board is pleased to announce that on 28 December 2019, Genertec Universal Hospital Investment & Management (Tianjin) Co., Ltd. (通用環球醫院投資管理(天津)有限公司, “**Hospital Investment Co., Ltd.**”), a wholly-owned subsidiary of the Company, entered into a cooperation agreement (the “**Cooperation Agreement**”) with Yang Quan Coal Industry (Group) Co., Ltd. (陽泉煤業(集團)有限責任公司, “**Yang Quan Coal Industry**”) and Shanxi Yangmei General Hospital Medical Management Co., Ltd. (山西陽煤總院醫療管理有限公司, “**Yangmei Hospital Management**”), a wholly-owned subsidiary of Yang Quan Coal Industry. Pursuant to the Cooperation Agreement, Yangmei Hospital Management is the promoter of all of the Target Hospitals, Yang Quan Coal Industry agreed to make a capital contribution in the amount of approximately RMB649.36 million with certain assets in the Target Hospitals, and Hospital Investment Co., Ltd. agreed to make a capital contribution in the amount of RMB675.86 million in cash, to increase the registered capital and the capital reserve of Yangmei Hospital Management.

Upon completion of the transaction under the Cooperation Agreement, the registered capital of Yangmei Hospital Management will be increased from RMB600 million to RMB1,380 million, and will be held by Hospital Investment Co., Ltd. and Yangmei Hospital Management as to 51% and 49%, respectively.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the transaction contemplated under the Cooperation Agreement are more than 5% but less than 25%, the transaction contemplated under the Cooperation Agreement constitutes a discloseable transaction for the Company under the Listing Rules and is subject to the reporting and announcement requirements as set out in Chapter 14 of the Listing Rules.

WARNING

As the implementation of the Cooperation Agreement is subject to various terms and conditions, the Cooperation Agreement and the transaction contemplated thereunder may or may not proceed at all or in a timely manner. Shareholders and potential investors should exercise caution when dealing in the Shares.

Introduction

The Board is pleased to announce that on 28 December 2019, Hospital Investment Co., Ltd., a wholly-owned subsidiary of the Company, entered into the Cooperation Agreement with Yang Quan Coal Industry and Yangmei Hospital Management, a wholly-owned subsidiary of Yang Quan Coal Industry. Pursuant to the Cooperation Agreement, Yangmei Hospital Management is the promoter of all of the Target Hospitals, Yang Quan Coal Industry agreed to make a capital contribution in the amount of approximately RMB649.36 million with certain assets in the Target Hospitals, and Hospital Investment Co., Ltd. agreed to make a capital contribution in the amount of RMB675.86 million in cash, to increase the registered capital and the capital reserve of Yangmei Hospital Management. Upon completion of the transaction under the Cooperation Agreement, the registered capital of Yangmei Hospital Management will be increased from RMB600 million to RMB1,380 million, and will be held by Hospital Investment Co., Ltd. and Yangmei Hospital Management as to 51% and 49%, respectively.

THE COOPERATION AGREEMENT

The principal terms of the Cooperation Agreement are summarized as below:

Date

28 December 2019

Parties

- (1) Hospital Investment Co., Ltd.;
- (2) Yang Quan Coal Industry; and
- (3) Yangmei Hospital Management.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, Yang Quan Coal Industry, Yangmei Hospital Management and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons, without regard to SASAC.

Principal Activities of Yangmei Hospital Management

Yangmei Hospital Management will serve as a comprehensive medical management and operation platform for restructuring and managing the Target Hospitals, and will be responsible for the overall management and operation of the Target Hospitals. Hospital Investment Co., Ltd. and Yang Quan Coal Industry are committed to building Yangmei Hospital Management into a company with technological innovation capabilities, sustainable development capabilities, and differentiated management capabilities.

Capital Contribution

Yangmei Hospital Management was established by Yang Quan Coal Industry, with registered capital of RMB600 million. Pursuant to the Cooperation Agreement, prior to the capital contribution to be made by Hospital Investment Co., Ltd., Yang Quan Coal Industry shall contribute RMB649.36 million with certain assets of the Target Hospitals to fulfill its payment obligation of the registered capital of Yangmei Hospital Management. Hospital Investment Co., Ltd. agreed to make a cash contribution in the amount of RMB675.86 million in a lump sum to increase the registered capital and the capital reserve of Yangmei Hospital Management on the day when the relevant business registration change is completed, upon which, the registered capital of Yangmei Hospital Management will be increased from RMB600 million to RMB1,380 million, and will be held by Hospital Investment Co., Ltd. and Yangmei Hospital Management as to 51% and 49%, respectively. After the completion of the aforementioned capital contribution and subject to arm's length negotiations to be conducted, Yang Quan Coal Industry may make further capital contribution into Yangmei Hospital Management with other assets in the Target Hospitals, and Hospital Investment Co., Ltd. may also make further capital contribution according to its shareholding in Yangmei Hospital Management at that time. The respective further capital contribution is expected to be no more than RMB300 million.

The amount of the capital contribution from Yang Quan Coal Industry and Hospital Investment Co., Ltd. was arrived at after arm's length negotiations among the Parties having taken into account the expected capital requirements of Yangmei Hospital Management, their respective intended equity interest in Yangmei Hospital Management and the relevant PRC laws and regulations.

Corporate Governance

Yangmei Hospital Management will have a board of seven directors, four of which will be nominated by Hospital Investment Co., Ltd., and three of which will be nominated by Yang Quan Coal Industry. The chairman of the board of Yangmei Hospital Management will be nominated by Hospital Investment Co., Ltd., and the vice chairman and general manager will be nominated by Yang Quan Coal Industry. The first legal representative of Yangmei Hospital Management will be served by its general manager and will be served by its chairman of the board for the following terms. The financial controller of Yangmei Hospital Management will be nominated by Hospital Investment Co., Ltd. In addition, Yangmei Hospital Management will have a supervisory committee of three supervisors, one of whom will be nominated by Hospital Investment Co., Ltd., one of whom will be nominated by Yang Quan Coal Industry, and one of whom will be elected on employee-representatives' conference of Yangmei Hospital Management. The directors, supervisors, general manager and financial controller of Yangmei Hospital Management will have a term of office of three years subject to re-election.

Financial Information of the Target Hospitals

As the aggregated assets to be injected into Yangmei Hospital Management, according to their respective unaudited financial information prepared in accordance with General Accepted Accounting Principles in the People's Republic of China (中國企業會計準則), the Target Hospitals recorded an aggregated net profit of approximately RMB63.13 million and RMB13.57 million for the year ended 31 December 2017 and 2018, respectively. According to the applicable PRC laws, the Target Hospitals are not-for-profit legal entities, which are not subject to corporate income tax. As of 30 October 2019, the aggregated unaudited book value of assets of the Target Hospitals were approximately RMB361.58 million (as extracted from their unaudited account as of 30 October 2019).

REASONS FOR AND BENEFITS OF THE COOPERATION AGREEMENT

Prior to the transaction under the Cooperation Agreement, the Target Hospitals were operated by Yang Quan Coal Industry, a large-scale state-owned coal-mining enterprise in China. The Target Hospitals operate at Yangquan, with actual capacity of more than 2,100 beds. In particular, General Hospital of Yang Quan Coal Industry (Group) Co., Ltd. (陽泉煤業(集團)有限責任公司總醫院) is a Grade III Class A comprehensive hospital with an actual capacity of 1,155 beds. With sound financial performance, it has competitive advantages in terms of scale, reputation, geographical location and balance level. Functioning as a platform of medical management and operation for

Yang Quan Coal Industry, Yangmei Hospital Management would be able to integrate business and resources of the Target Hospitals and achieve scale effect in the future.

The Company's decision to cooperate with Yang Quan Coal Industry and hold equity interest in Yangmei Hospital Management is in line with the national policies of reform on state-owned enterprises-affiliated hospitals. As a public company controlled by a state-owned key enterprise with medical and health as its core business, the Company proactively responds to national policies, sticks to the philosophy of benefiting people's livelihood by quality medical services, and spares no efforts to promote more take-overs of state-owned enterprises-affiliated hospitals, actively building itself into a leading medical and health conglomerate.

The Directors (including the independent non-executive Directors) consider that the transaction under the Cooperation Agreement will enhance the long-term growth and Shareholders' value of the Group, strengthen the diversified service portfolio of the Group, and improve the Group's core competitiveness. The Directors are also of the view that the terms of the Cooperation Agreement are on normal commercial terms, fair and reasonable and in the interest of the Company and the Shareholders as a whole.

FURTHER INFORMATION ABOUT THE COMPANY AND THE PARTIES

The Company

The Company is a diversified medical and health enterprise focusing on fast growing segment of health-related industry in China. Leveraging on modern management concepts, a team of professionals, quality medical resources, strong financial capacity and enterprise culture of generosity and industriousness, the Company strives to building a leading medical and health conglomerate, so as to gradually establish a health-related industry ecosphere covering patients' lifetime.

Hospital Investment Co., Ltd.

Hospital Investment Co., Ltd. is a company established in the PRC with limited liability in 2015. The principal activity of Hospital Investment Co., Ltd. is investment holding.

Yang Quan Coal Industry

Yang Quan Coal Industry is a state-owned enterprise established in the PRC with limited liability in 1950. The principal activity of Yang Quan Coal Industry is coal mining, washing and processing.

Yangmei Hospital Management

Yangmei Hospital Management is a company established in the PRC with limited liability in 2019. The principal activity of Yangmei Hospital Management is to provide medical management and medical services.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the transaction contemplated under the Cooperation Agreement are more than 5% but less than 25%, the transaction contemplated under the Cooperation Agreement constitutes a discloseable transaction for the Company under the Listing Rules and is subject to the reporting and announcement requirements as set out in Chapter 14 of the Listing Rules.

WARNING

As the implementation of the Cooperation Agreement is subject to various terms and conditions, the Cooperation Agreement and the transaction contemplated thereunder may or may not proceed at all or in a timely manner. Shareholders and potential investors should exercise caution when dealing in the Shares.

DEFINITIONS

“Board”	the board of directors of the Company
“Company”	Genertec Universal Medical Group Company Limited (通用環球醫療集團有限公司), a company incorporated in Hong Kong with limited liability and the issued shares of which are listed on the main board of the Stock Exchange (stock code: 2666)
“Cooperation Agreement”	a cooperation agreement entered into among Hospital Investment Co., Ltd., Yang Quan Coal Industry and Yangmei Hospital Management on 28 December 2019
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hospital Investment Ltd.”	Genertec Universal Hospital Investment & Management (Tianjin) Co., Ltd. (通用環球醫院投資管理(天津)有限公司), previously known as Wiseman Hospital Investment Management (Tianjin) Co., Ltd. (融慧濟民醫院投資管理(天津)有限公司), a wholly-owned subsidiary of the

	Company established in the PRC in 2015
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time
“Parties”	Hospital Investment Co., Ltd., Yang Quan Coal Industry and Yangmei Hospital Management (each, a Party)
“PRC”	the People’s Republic of China excluding Hong Kong, Macau and Taiwan solely for the purpose of this announcement
“RMB”	renminbi, the lawful currency of the PRC
“SASAC”	State-owned Assets Supervision and Administration Commission of the State Council of the PRC
“Shareholders”	holder(s) of the Shares
“Shares”	the ordinary share(s) in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Target Hospitals”	General Hospital of Yang Quan Coal Industry (Group) Co., Ltd. (陽泉煤業（集團）有限責任公司總醫院), The Second Hospital of Yang Quan Coal Industry (Group) Co., Ltd. (陽泉煤業（集團）有限責任公司第二醫院), The Third Hospital of Yang Quan Coal Industry (Group) Co., Ltd. (陽泉煤業（集團）有限責任公司第三醫院) and Occupational Diseases Prevention Center of Yang Quan Coal Industry (Group) Co., Ltd. (陽泉煤業（集團）有限責任公司職業病防治所)
“Yangmei Hospital Management”	Shanxi Yangmei General Hospital Medical Management Co., Ltd. (山西陽泉煤總院醫療管理有限公司), a company established in the PRC with limited liability in 2019
“Yang Quan Coal Industry”	Yang Quan Coal Industry (Group) Co., Ltd. (陽泉煤業（集團）有限責任公司), a state-owned enterprise established in the PRC in 1950

By order of the Board
**Genertec Universal Medical Group Company
Limited**
通用環球醫療集團有限公司
Peng Jiahong
Executive Director

Beijing, PRC, 29 December 2019

As at the date of this announcement, the executive Directors are Ms. Peng Jiahong (Vice-chairwoman) and Mr. Yu Gang; the non-executive Directors are Mr. Zhang Yichen (Chairman), Ms. Liu Kun, Mr. Liu Zhiyong, Mr. Liu Xiaoping and Mr. Su Guang; and the independent non-executive Directors are Mr. Li Yinquan, Mr. Chow Siu Lui, Mr. Han Demin and Mr. Liao Xinbo.