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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 TRANSACTIONS

IN RELATION TO THE DISPOSAL OF UNDERLYING ASSETS AND THE ABS

THE DISPOSAL

On 19 June 2023 (after the trading hours), CULC (a direct wholly owned subsidiary of the Company), as the vendor and the original interest owner, and CICC, as the purchaser and the Project Manager of the ABS Programme, entered into the Disposal Agreement, pursuant to which, among other things, CULC conditionally agreed to sell and CICC conditionally agreed to acquire the Underlying Assets at the Consideration of RMB1,355,000,000.00.

THE ABS

CULC has appointed CICC as the Project Manager of the ABS Programme, who will issue the ABS which will be listed and traded on the SSE under the relevant documents of the ABS Programme. For the issuance of the ABS, CICC entered into the Disposal Agreement with CULC.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of the Disposal is more than 5% but less than 25%, the Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the notification and announcement requirements under the Listing Rules.

The Board is pleased to announce that, on 19 June 2023 (after the trading hours), CULC (a direct wholly owned subsidiary of the Company), as the vendor and the original interest owner, and CICC, as the purchaser and the Project Manager of the ABS Programme, entered into the Disposal Agreement, pursuant to which, among other things, CULC conditionally agreed to sell and CICC conditionally agreed to acquire the Underlying Assets at the Consideration of RMB1,355,000,000.00 .

CULC has appointed CICC as the Project Manager of the ABS Programme, who will issue the ABS which will be listed and traded on the SSE under the relevant documents of the ABS Programme. For the issuance of the ABS, CICC entered into the Disposal Agreement with CULC.

As confirmed by CICC, as at the date of this announcement, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, CICC and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

DISPOSAL AGREEMENT

Date:

19 June 2023

Parties:

Vendor: CULC

Purchaser: CICC

Underlying Assets to be disposed of:

The Underlying Assets represent the rights and interest (present and future, existing and contingent) of CULC pursuant to the underlying CULC Finance Leases as at the Record Date. The Underlying Assets include (1) all creditor's rights under the CULC Finance Leases from leasing the underlying leased property to the lessees, including the outstanding balance of principals, interests, penalty, liquidated damage, buy back price of the underlying leased property, the income from the disposal of the leased property as the payments to be made by the lessees to CULC and other payments to be made by lessees to CULC under the CULC Finance Leases as at the Record Date (inclusive); (2) all security rights and interests attached to such creditor's rights; (3) the proceeds from recovery, sale or otherwise disposal of the Underlying Assets; (4) the right to request, sue, recover or receive all the payments in relation to the Underlying Assets (no matter whether such payments are payable by the lessees under the CULC Finance Leases); and (5) interests arising from commitments in relation to the Underlying Assets and all the rights and legal remedies arising from the Underlying Assets.

As of the Record Date, the carrying amount of the Underlying Assets, being the amortised cost of lease receivables less any allowance for impairment, was approximately RMB1,355.0 million.

Upon the payment of the Consideration, CULC will cease to have any rights or interests in the Underlying Assets. CICC will acquire all the rights in relation to the Underlying Assets after the delivery date of such

assets.

Consideration:

The Consideration payable by CICC to CULC for the Disposal is RMB1,355,000,000.00 , which should be paid on the delivery date of the Underlying Assets.

CULC and CICC agreed that the value-added tax in relation to the Disposal should be borne by CULC and, any other taxes and expenses in relation to the Disposal should be borne by CULC and CICC respectively, in accordance with the relevant laws and regulations of the PRC. Taxes and expenses not specifically stipulated by the laws and regulations shall be borne by CULC. Other costs and expenses arising from the negotiation, execution and performance of the Disposal Agreement, including but not limited to relevant intermediary agent fees, no matter the transactions contemplated thereunder will be completed or not, should also be borne by CULC and CICC respectively.

The Consideration was determined after arm's length negotiations between CULC and CICC after having taken into account the factors of the expected return rate on the Underlying Assets and the expected return rate on the ABS Programme. The Consideration for the Disposal represents a discount of approximately RMB0.03 million to the outstanding aggregate amount of principals in relation to the Underlying Assets of approximately RMB1,355.0 million, after taking into consideration the associated credit risks relating to the CULC Finance Leases and the Underlying Assets.

Conditions Precedent:

Conditions precedent to performance of obligations by CULC

Performance of its obligations under the Disposal Agreement by CULC is conditional on the satisfaction of or written waiver by CULC (as the case may be) of the following conditions on or before the establishment of the ABS Programme:

- (a) CICC having duly signed and delivered the Disposal Agreement and other relevant documents of the ABS Programme to CULC;
- (b) all necessary consents, approvals and authorisations to be obtained on the part of CICC, which are required for the performance of its obligations under the Disposal Agreement and the ABS Programme having been obtained, including but not limited to the internal authorisation documents required for signing the Disposal Agreement by CICC (if applicable); and
- (c) CULC having received copies of the latest securities service qualification documents, business license and the articles of association of CICC.

Conditions precedent to performance of obligations by CICC

Performance of its obligations under the Disposal Agreement (including but not limited to the payment of the Consideration) by CICC is conditional on the satisfaction of or written waiver by CICC (as the case may be) of the following conditions on or before the establishment of the ABS Programme (or dates as otherwise set out below):

- (a) CULC having duly signed and delivered the Disposal Agreement and other relevant documents of the ABS Programme to CICC, and CULC having delivered to CICC's designated assets service agency all the documents relating to the Underlying Assets on or before the establishment of the ABS Programme and having provided a complete list of the Underlying Assets;
- (b) CICC having received copies of the business license and the articles of association of CULC;
- (c) all necessary approvals, consents and authorisations to be obtained on the part of CULC, which are required for the performance of its obligations under the Disposal Agreement, having been obtained, including but not limited to the internal authorisation documents such as a copy of the relevant board resolutions required for the signing and performance of the Disposal Agreement by CULC;
- (d) the ABS Programme having been duly established;
- (e) as at the date of CICC paying the Consideration to CULC, there being no breach of any of the representations and warranties made by CULC in the Disposal Agreement and other documents relating to the ABS Programme;
- (f) the due diligence conducted on the Underlying Assets and the underlying leased property by CICC having been completed; and
- (g) the status of the Underlying Assets and the underlying leased property conforming to the relevant requirements under the Disposal Agreement as at the date of delivery of the Underlying Assets.

Redemption Arrangements:

Unqualified Assets

On the Record Date, the date of delivery of the Underlying Assets or such other date specified under the representations and warranties made in respect of the Underlying Assets, the Underlying Assets, being not in conformity with such representations and warranties made in respect thereof, are "**Unqualified Assets**".

Pursuant to the Disposal Agreement, CICC or the assets service agency of the ABS Programme should send written notice to CULC during the period of the ABS Programme of any discovery of Unqualified Assets. CULC should redeem such Unqualified Assets from CICC in accordance with the terms of the Disposal Agreement.

The price for redemption of Unqualified Assets is the aggregation of the followings as at the 24:00 on the Redemption Counting Date:

- (a) the remaining outstanding principal amount of the Unqualified Assets;
- (b) all write-off (for the purpose of the Disposal Agreement, referring to the write-off of uncollectibles) of the principal amount in connection with the relevant Underlying Assets as of the relevant Redemption Counting Date; and

- (c) all outstanding interests payable accrued during the period from the Record Date to the relevant Redemption Counting Date in respect of the amounts described in (a) and (b) above.

Normal Underlying Assets

All Underlying Assets other than Unqualified Assets are “**Normal Underlying Assets**”.

Pursuant to the Disposal Agreement, CULC is entitled to apply for the redemption of Normal Underlying Assets by giving a written application to CICC. To apply for the redemption of Normal Underlying Assets, CULC should set out the basic information of the relevant Normal Underlying Assets, which should include but not limited to the lease contract number, lessee, redemption date, expiration date of the lease contract, outstanding principal and interest balance, redemption price, overdue days, etc., in the written application. CULC could redeem the relevant Normal Underlying Assets upon confirmation of the written application by CICC with seal.

The Normal Underlying Assets would be redeemed at their fair value.

If the aggregate outstanding principal balance of the Normal Underlying Assets redeemed by CULC at the Record Date exceeds 20% of the principal balance of the Underlying Assets at the Record Date, the redemption of the Normal Underlying Assets is subject to the approval of the general meeting of ABS holders.

Clearance Repurchase

Pursuant to the Disposal Agreement, CULC (as the vendor) is entitled to carry out the clearance repurchase based on a fair market value as agreed with CICC, if all of the following conditions having been met:

- (a) the Project Manager having paid the holders of the senior ABS all the principal and expected yields of the senior ABS under the assets management contract;
- (b) all subordinated ABS holders then in existence having agreed to the clearance repurchase by CULC; and
- (c) as of 24:00 on the repurchase counting date, the market value of the remaining underlying assets, as calculated in accordance with the formula set out in the Disposal Agreement, is not less than the agreed amount.

SERVICE AGREEMENT

CICC (as the project manager of the ABS Programme) and CULC have entered into a service agreement (the “**Service Agreement**”), pursuant to which CICC appointed CULC as the assets service agency of the ABS Programme.

According to the Service Agreement, CULC primarily provide the following services for the Underlying Assets: relationship maintenance with debtors, asset management of accounts receivable to be collected,

follow-up evaluation of the financing lease projects, inquiry and report of the collection of accounts receivable, management of change in underlying transaction contracts, rent surrender management, risk management of the underlying assets and data storage.

Pursuant to the Service Agreement, the Project Manager is not required to pay any service fee to CULC.

LIQUIDITY SUPPORT UNDERTAKING

CULC (as the liquidity supporter) has issued the Liquidity Support Undertaking to the Project Manager (on behalf of holders of senior A ABS), pursuant to which CULC irrevocably and unconditionally undertook to the Project Manager to assume liquidity support obligations upon the occurrence of the following shortfall payment incidents:

- (a) as at the relevant custodial bank reporting date immediately preceding the payment date, the amount of distributable fund in the designated accounts of the ABS Programme is not sufficient to cover, in the agreed order of distribution, the payments of (i) the relevant taxes and the expenses under the ABS Programme, (ii) the outstanding liquidity support funds and outstanding interest on liquidity support funds, and (iii) the current expected yields payable of the senior A ABS;
- (b) as at the relevant custodial bank reporting date immediately preceding the expected expiration date, the amount of distributable fund in the designated accounts of the ABS Programme is not sufficient to cover, in the agreed order of distribution, the payments of (i) the outstanding liquidity support funds and outstanding interest on liquidity support funds, (ii) the current expected yields and/or the outstanding principal balance of the senior A ABS, and (iii) the relevant taxes and expenses under the ABS Programme; or
- (c) when the ABS Programme is terminated and in accordance with the liquidation plan, the funds available for distribution in the account of the ABS Programme is not sufficient to cover, in the agreed order of distribution, the payments of (i) the outstanding liquidity support funds and outstanding interest on liquidity support funds, (ii) the expected yields and the principal of the senior A ABS payable, and (iii) the relevant taxes and expenses under the ABS Programme.

The Liquidity Support Undertaking will be effective from the date of execution by CULC until the full repayment of the principal amount and the expected yields of the senior ABS under the ABS Programme.

FINANCIAL INFORMATION ON THE UNDERLYING ASSETS

According to the Group's 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 net profits (both before and after taxation) attributable to the Underlying Assets for the two years ended 31 December 2021 and 2022 were as follows:

	Year Ended 31 December 2021 <i>(RMB: million)</i>	Year Ended 31 December 2022 <i>(RMB: million)</i>
<i>Underlying Assets</i>		
Net profits before taxation	11.15	52.67
Net profits after taxation	10.52	49.69

FINANCIAL IMPACT AND USE OF PROCEEDS FROM THE DISPOSAL

Immediately upon the payment of the Consideration, both CULC will cease to have rights or interests in the Underlying Assets. It is anticipated that upon completion of the Disposal, the Group would realize a net loss of approximately RMB0.03 million, representing the difference between the net proceeds from this Disposal and the unaudited carrying amount of the Underlying Assets as at the date of the Disposal Agreement. The net proceeds received from the Disposal will be applied on the Group's finance lease transactions in the future.

INFORMATION OF THE GROUP

The Company is an integrated healthcare service provider with a focus on the fast-growing healthcare service industry in the PRC. Leveraging its own diversified healthcare resources and strong financial support, the Company has been committed to building up hospitals' comprehensive strengths in terms of healthcare technology, service quality, operating efficiency as well as managerial capacity.

CULC, a direct wholly-owned subsidiary of the Company, is a limited liability company incorporated in the PRC in November 1984. CULC is mainly engaged in financial leasing business, leasing business, residual value treatment and maintenance of leased properties, and leasing transactions consulting.

INFORMATION OF CICC

CICC is a joint stock company incorporated in the PRC with limited liability and whose H shares and A shares are listed on the main board of the Stock Exchange (stock code: 3908) and on the SSE (stock code: 601995), respectively. CICC is a company qualified to conduct client asset management business as approved by the China Securities Regulatory Commission.

REASONS FOR AND BENEFITS OF THE DISPOSAL

Finance leasing is a major business segment of the Group, and accelerating asset turnover is beneficial to the increase of the overall profit margin. After the Disposal, CICC will subsequently securitize the Underlying Assets and launch the ABS Programme for investors in the market. The Directors believe that the securitization of the Underlying Assets by way of ABS Programme after the completion of the Disposal will accelerate the overall turnover of the Company's assets and increase the overall revenue generated. Moreover, the Disposal will realize the forthcoming revenue of the Company in advance and the proceeds received from the Disposal will provide financial supports to the Company's business development of new projects.

In view of the above, the Directors (including the independent non-executive Directors) consider that the terms of the Transaction Documents are on normal commercial terms and are fair and reasonable and the contemplated transactions thereunder are in the interests of the Company and the shareholders of the Company as a whole.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of the Disposal is more than 5% but less than 25%, the Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the notification and announcement requirements under the Listing Rules.

DEFINITIONS

“ABS”	the assets-backed securities to be issued by CICC backed by the Underlying Assets and to be subscribed by investors, who will be entitled to interest pursuant to their terms
“ABS Programme”	the assets-backed securities purchase program to be launched by CICC in relation to the Underlying Assets after the Disposal
“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)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the sum of RMB1,355,000,000.00, being the consideration for the Disposal under the Disposal Agreement
“CULC”	China Universal Leasing Co., Ltd. (中國環球租賃有限公司), a limited liability company incorporated in the PRC and a wholly owned subsidiary of the Company
“CULC Finance Leases”	the 16 finance lease transactions entered into by CULC (as lessor) and other lessees, the rights and interests from which so derived constitute the Underlying Assets
“Director(s)”	the directors of the Company
“Disposal”	the disposal of the Underlying Assets pursuant to the Disposal Agreement
“Disposal Agreement”	the assets disposal agreement dated 19 June 2023 entered into between CULC and CICC in relation to the Disposal
“Group”	the Company and its subsidiaries
“Liquidity Support Undertaking”	the liquidity support undertaking issued by CULC in favor of

	the Project Manager in relation to the liquidity support services
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Project Manager” or “CICC”	China International Capital Corporation Limited (中國國際金融股份有限公司), a joint stock company incorporated in the PRC with limited liability and whose H shares and A shares are listed on the main board of the Stock Exchange (stock code: 3908) and SSE (stock code: 601995), respectively
“Record Date”	1 April 2023
“Redemption Counting Date”	the last day of the relevant rental collection period during which the redemption is requested in accordance with the terms of the Disposal Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“SSE”	the Shanghai Stock Exchange
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transaction Documents”	collectively, the Disposal Agreement, the Service Agreement and the Liquidity Support Undertaking
“Underlying Assets”	the rights and interest (present and future, existing and contingent) of CULC pursuant to the underlying CULC Finance Leases as at the Record Date. The Underlying Assets include, (1) all creditor’s rights under the CULC Finance Leases from leasing the underlying leased property to the lessees, including the outstanding balance of principals, interests, penalty, liquidated damage, buy back price of the underlying leased property, the income from the disposal of the leased property as the payments to be made by the lessees to CULC and other payments to be made by lessees to CULC under the CULC Finance Leases as at the Record Date (inclusive); (2) all security rights and interests attached to such creditor’s rights; (3) the proceeds from recovery, sale or otherwise disposal of the Underlying Assets; (4) the right to request, sue, recover or receive all the payments in relation to the Underlying Assets (no matter whether such payments are payable by the lessees under the CULC Finance Leases); and (5) interests arising from commitments in relation to the

Underlying Assets and all the rights and legal remedies
arising from the Underlying Assets

%

per cent

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

Chairwoman of the Board

Beijing, PRC, 19 June 2023

As at the date of this announcement, the executive Directors are Ms. Peng Jiahong (Chairwoman), Mr. Wang Wenbing and Mr. Yu Gang; the non-executive Directors are Mr. Chan Kai Kong (Vice-chairman), Mr. Tong Chaoyin, Mr. Xu Ming and Mr. Zhu Ziyang; and the independent non-executive Directors are Mr. Li Yinquan, Mr. Chow Siu Lui, Mr. Xu Zhiming and Mr. Chan, Hiu Fung Nicholas.