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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)**

### **CONTINUING CONNECTED TRANSACTIONS REVISION OF THE ANNUAL CAPS UNDER THE 2024 FINANCE LEASE FRAMEWORK AGREEMENT**

#### **REVISION OF ANNUAL CAPS UNDER THE 2024 FINANCE LEASE FRAMEWORK AGREEMENT**

Reference is made to the announcement of the Company dated 27 March 2024 in relation to the 2024 Finance Lease Framework Agreement entered into between the Company and GT-PRC.

On 19 December 2024, in anticipation of the finance lease transactions for the two years ending 31 December 2025 and 2026, the Board resolved to revise the Existing Lessee/Interest Payer Annual Caps for the transactions under the 2024 Finance Lease Framework Agreement for the two years ending 31 December 2025 and 2026. All terms and conditions under the 2024 Finance Lease Framework Agreement remain the same.

#### **LISTING RULES IMPLICATIONS**

As at the date of this announcement, GT-PRC directly and indirectly holds approximately 40.10% of the issued share capital of the Company and is a controlling shareholder of the Company. According to Rule 14A.07 of the Listing Rules, GT-PRC and its associates are connected persons of the Company.

Accordingly, the transactions between the Group and GT-PRC and/or its associates under the 2024 Finance Lease Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios of the New Lessee/Interest Payer Annual Caps exceeds 0.1% but is less than 5%. Therefore, the transactions under the 2024 Finance Lease Framework Agreement will constitute non-exempt continuing connected transactions of the Company subject to the reporting, annual review and announcement requirements but exempt from the Independent Shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

As at the date of this announcement, among the Directors, Mr. Tong Chaoyin and Mr. Xu Ming hold positions in GT-PRC or its associates and accordingly they are considered to have material interests in entering into the 2024 Finance Lease Framework Agreement. Mr. Tong Chaoyin and Mr. Xu Ming had abstained from voting on the resolution in respect of the New Lessee/Interest Payer Annual Caps at the Board meeting. Save as disclosed above, no Director has interests in the transactions under the 2024 Finance Lease Framework Agreement.

## INTRODUCTION

Reference is made to the announcement of the Company dated 27 March 2024 in relation to the 2024 Finance Lease Framework Agreement entered into between the Company and GT-PRC.

On 19 December 2024, in anticipation of the finance lease transaction for the two years ending 31 December 2025 and 2026, the Board resolved to revise the Existing Lessee/Interest Payer Annual Caps for the transactions under the 2024 Finance Lease Framework Agreement for the two years ending 31 December 2025 and 2026. All terms and conditions under the 2024 Finance Lease Framework Agreement remain the same.

## THE 2024 FINANCE LEASE FRAMEWORK AGREEMENT

The principal terms of the 2024 Finance Lease Framework Agreement are set out as below:

**Parties:** GT-PRC and the Company

**Major terms:** The Company entered into the 2024 Finance Lease Framework Agreement with GT-PRC on 27 March 2024. All terms and conditions under the 2024 Finance Lease Framework Agreement remain the same. The major terms of the 2024 Finance Lease Framework Agreement are as follows:

- the Company and/or its subsidiaries would provide finance lease services, including but not limited to finance lease of medical devices and machineries, to (i) GT-PRC and/or its associates, or (ii) a third party while GT-PRC and/or its associates would make payments of lease interest to the Group. In addition, when the Company and/or its subsidiaries provide finance lease services to a third party (as the lessee), GT-PRC and/or its associates agree to sell its equipment, as selected by the lessee, to the Group;
- with respect to specific finance lease projects, the Company and/or its subsidiaries should enter into individual agreements with GT-PRC and/or its associates to prescribe specific

terms and conditions, including principal, rental, ownership and use right, lease period and other terms; and

- the 2024 Finance Lease Framework Agreement took effect from 27 March 2024 with a term up to 31 December 2026 and may be renewed by mutual consent.

**Pricing policy:**

- When GT-PRC and/or its associates engage in transactions to receive finance lease services as a lessee or to make lease interest payments for a third-party lessee, the Group will, based on the benchmark lending interest rate for a similar term set by the PBOC from time to time, determine the transaction consideration such as lease interest rate taking into account its financing cost and risk premium based on assessment of the credit risk of the lessee involved, and ensure that the terms of transaction should be no less favorable to the Group than the terms available to independent third parties with similar credit in the same industry.
- In transactions where GT-PRC and/or its associates supply equipment selected by the lessee, the transaction consideration such as purchase price should be determined through arm's length negotiation based on market value to ensure that the terms of transaction should be no less favorable to the Group than the terms available to independent third parties in comparable transactions.

The transaction consideration in a finance lease transaction is the overall project return, comprising lease interest and any additional fees payable by the counterparties, such as handling fees. The Group will determine the lease interest and, where applicable, handling fees, based on its internal requirements regarding overall project return rates and return rates for comparable finance lease services provided to independent third parties. Specifically, the lease interest rate applied will be higher than the applicable PBOC benchmark lending rate to enable the Group to reasonably profit from provision of the finance lease service. Typically, the Group determines the lease interest rate by moderately elevating it above the PBOC benchmark lending interest rate for a similar term, after taking into account the Group's financing cost and risk premium involved. The risk premium is based on assessment of the credit risk (e.g. the financial conditions, credit history, size of finance lease, industry and scale of business) of the lessee involved.

Handling fees are typically determined based on the lease principal, the lease interest, overall project return rate and the terms of similar finance lease services provided by the Group to independent third-party customers (including but not limited to the proportion of handling fees to the principal amount and the lease interest applied in similar transactions). When handling fees are involved, the Group will ensure that the overall project return aligns with its internal requirements and the fee rate would be acceptable to each counterparty, while maximizing return from a specific transaction.

**HISTORIAL TRANSACTION AMOUNT UNDER THE 2024 FINANCE LEASE FRAMEWORK AGREEMENT**

The following table set out the historical principal amount and lease interest paid by GT-PRC and/or its associates as lessee or lease interest payer for the finance lease services provided by the Company pursuant to the 2024 Finance Lease Framework Agreement:

**For the ten months ended  
31 October 2024**  
*(RMB' million)*

The actual amount paid by GT-PRC and/or its associates as lessee or lease interest payer	3.60
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As at the date of this announcement, the actual amount incurred under the 2024 Finance Lease Framework Agreement has not exceeded the Existing Lessee/Interest Payer Annual Cap for the year ending 31 December 2024.

### **THE NEW LESSEE/INTEREST PAYER ANNUAL CAPS**

For each of the two years ending 31 December 2025 and 2026, the Existing Lessee/Interest Payer Annual Caps are RMB230 million:

		<b>Year ending 31 December</b> <i>(RMB' million)</i>	
		<b>2025</b>	<b>2026</b>
<b>The Lessee/Interest Payer Caps</b>	Annual caps (including principal amount and lease interest) <sup>1</sup>	230	230
	(GT-PRC and/or its associates as lessee or lease interest payer)		

On 19 December 2024, the Board resolved to revise the Existing Lessee/Interest Payer Annual Caps under the 2024 Finance Lease Framework Agreement for the two years ending 31 December 2025 and 2026 and the New Lessee/Interest Payer Annual Caps are as follows:

		<b>Year ending 31 December</b> <i>(RMB' million)</i>	
		<b>2025</b>	<b>2026</b>
<b>The Lessee/Interest Payer Caps</b>	Annual caps (including principal amount and lease interest) <sup>1</sup>	400	400
	(GT-PRC and/or its associates as lessee or lease interest payer)		

**Note:**

1. *Each of the annual caps is the aggregate amount of principal amounts and expected interest income for the entire lease period of finance leases expected to be provided by the Group in each respective year.*

## **BASIS OF DETERMINATION OF THE NEW LESSEE/INTEREST PAYER ANNUAL CAPS**

The above New Lessee/Interest Payer Annual Caps are based on the following factors:

- (i) the Existing Lessee/Interest Payer Annual Caps of RMB230 million for each of the two years ending 31 December 2025 and 2026;
- (ii) the estimated demand for finance lease services from GT-PRC and/ or its associates as a result of the expansion of potential cross-border finance lease projects located in South America and South East Asia with an estimated value of approximately RMB50 million for each project; and
- (iii) the actual lease principal amount and lease interest paid by GT-PRC and/or its associates as lessee or lease interest payer for the ten months ended 31 October 2024, being RMB3.60 million.

## **REASONS FOR AND BENEFIT OF THE NEW LESSEE/INTEREST PAYER ANNUAL CAPS**

As domestic economic development enters a new norm, the Company actively explores domestic and foreign markets and seeks new business growth points. Along with the “Belt and Road” policy, General Technology Group International Holdings Limited (“**International Limited**”), a subsidiary of GT-PRC, has potential business advantages in overseas equipment manufacturing, new energy and other areas, and the Company will deepen its future cooperation with International Limited in the field of international finance lease in order to expand new growth opportunities. Leveraging its extensive experience in major overseas infrastructure projects and large-scale technical equipment projects, International Limited is well-equipped to provide the full range of support required for internal finance lease businesses, including financial and tax consulting, import/ export management, legal services, and logistics and transportation expertise. The participation in major overseas infrastructure projects and related large-scale technical equipment leasing projects through International Limited will expand the Company’s business layout in overseas markets, focus on the main responsibilities of central enterprises and enhance the Company’s influence in overseas markets.

In view of the above reasons, the Directors (including the independent non-executive Directors, but excluding Mr. Tong Chaoyin and Mr. Xu Ming) are of the view that the New Lessee/Interest Payer Annual Caps have been arrived at (i) in the ordinary and usual course of the business of the Company; (ii) on normal commercial terms; and (iii) on terms that are fair and reasonable and in the interest of the Company and its shareholders as a whole.

## **INTERNAL CONTROL MEASURES**

For the continuing connected transactions under the 2024 Finance Lease Framework Agreement, the Company has adopted the following internal procedures to safeguard the interest of the Shareholders as a whole:

- (i) the business departments of the Company will conduct market analysis on specific finance lease service, and make pricing proposal (including lease principal, lease interest, purchase price or handling fees, where applicable) to the senior management after considering a number of factors, including overall market price of the leased assets, net book value of the leased assets, the risk premium, the benchmark RMB lending rate published by PBOC from time to time, the funding cost of the Company, value added by relevant service and importance of customer relationship;
- (ii) in general, the principal amount to be adopted under individual finance lease agreements should be, in the case of sale-and-leaseback transactions, not higher than the net book value of the leased assets and, in the case of direct finance lease transactions, the market price of the leased assets. The business department will compare the quotations and/or contracts made by the Group for similar finance lease services offered to independent third party customers to make sure that the interest rate and handling fees are fair and reasonable and on normal commercial terms or better;
- (iii) the business departments of the Company will conduct arm's length negotiation with GT-PRC and/or its associate, and after several rounds of internal assessment conducted on individual transactions based on the above factors by the Company's internal departments such as business operation department and treasury department, a final report will be made to the senior management who will approve individual transactions;
- (iv) the legal affairs department of the Company will collect and monitor the transaction amount of continuing connected transactions based on real-time business occurrences to ensure timely assessment on whether the relevant annual caps are exceeded; and
- (v) the independent non-executive Directors will also conduct annual review on the continuing connected transactions to ensure that such transactions have been entered into on normal commercial terms, are fair and reasonable and conducted according to the terms. The auditor of the Company will also conduct annual review on the pricing and annual caps of the continuing connected transactions.

## **INFORMATION OF THE PARTIES**

### **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.

## **GT-PRC**

GT-PRC was established in March 1998 as a state-owned enterprise supervised by the State-owned Assets Supervision and Administration Commission. The principal business of GT-PRC comprises three major segments, namely, advanced manufacturing and technology service, pharmaceutical and healthcare and trade and engineering contracting.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, GT-PRC directly and indirectly holds approximately 40.10% of the issued share capital of the Company and is a controlling shareholder of the Company. According to Rule 14A.07 of the Listing Rules, GT-PRC and its associates are connected persons of the Company.

Accordingly, the transactions between the Group and GT-PRC and/or its associates under the 2024 Finance Lease Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

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As at the date of this announcement, among the Directors, Mr. Tong Chaoyin and Mr. Xu Ming hold positions in GT-PRC or its associates and accordingly they are considered to have material interests in entering into the 2024 Finance Lease Framework Agreement. Mr. Tong Chaoyin and Mr. Xu Ming had abstained from voting on the resolution in respect of the New Lessee/Interest Payer Annual Caps at the Board meeting. Save as disclosed above, no Director has interests in the transactions under the 2024 Finance Lease Framework Agreement.

## **DEFINITIONS**

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

“2024 Finance Lease Framework Agreement”	the finance lease framework agreement entered into between the Company and GT-PRC on 27 March 2024
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“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
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the directors of the Company
“Existing Lessee/Interest Payer Annual Caps”	the annual cap for the two years ending 31 December 2025 and 2026 under the 2024 Finance Lease Framework Agreement, being RMB230 million for each of the two years ending 31 December 2025 and 2026
“Group”	the Company and its subsidiaries
“GT-PRC”	China General Technology (Group) Holding Company Limited (中國通用技術（集團）控股有限責任公司), a state-owned enterprise and a controlling shareholder of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
New Lessee/Interest Payer Annual Caps”	the new annual cap for the two years ending 31 December 2025 and 2026 under the 2024 Finance Lease Framework Agreement, resolved by the Board on 19 December 2024, being RMB400 million for each of the two years ending 31 December 2025 and 2026
“PBOC”	the People’s Bank of China
“PRC” or “China”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	holder(s) of the shares of the Company
“Shares”	the ordinary share(s) in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it under the Listing Rules



“%”

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

**Chen Shisu**  
*Chairman of the Board*

Beijing, PRC, 19 December 2024

*As at the date of this announcement, the executive directors of the Company are Mr. Chen Shisu(Chairman), Mr. Wang Wenbing and Ms. Wang Lin; the non-executive directors of the Company are Mr. Chan Kai Kong (Vice-chairman), Mr. Tong Chaoyin, Mr. Xu Ming and Mr. Zhu Ziyang; and the independent non-executive directors of the Company are Mr. Li Yinquan, Mr. Chow SiuLui, Mr. Xu Zhiming and Mr. Chan, Hiu Fung Nicholas.*