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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 30 November 2022 (after the trading hours), CULC (a direct wholly owned subsidiary of the Company), as the vendor and the original interest owner, and HT Asset Management, as the purchaser and the Project Manager of the ABS Programme, entered into the CULC Assets Disposal Agreement, pursuant to which, among other things, CULC conditionally agreed to sell and HT Asset Management conditionally agreed to acquire the CULC Underlying Assets at the CULC Consideration of RMB1,352,000,000.00.

THE ABS

CULC has appointed HT Asset Management 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, HT Asset Management entered into the CULC Assets 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 30 November 2022 (after the trading hours), CULC (a direct wholly owned subsidiary of the Company), as the vendor and the original interest owner, and HT Asset Management, as the purchaser and the Project Manager of the ABS Programme, entered into the CULC Assets Disposal Agreement, pursuant to which, among other things, CULC conditionally agreed to sell and HT Asset Management conditionally agreed to acquire the CULC Underlying Assets at the CULC Consideration of RMB1,352,000,000.00.

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

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

CULC ASSETS DISPOSAL AGREEMENT

Date:

30 November 2022

Parties:

Vendor: CULC

Purchaser: HT Asset Management

CULC Underlying Assets to be disposed of:

The CULC 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 CULC 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 CULC Underlying Assets; (4) the right to request, sue, recover or receive all the payments in relation to the CULC 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 CULC Underlying Assets and all the rights and legal remedies arising from the CULC Underlying Assets.

As of the Record Date, the carrying amount of the CULC Underlying Assets, being the amortised cost of lease receivables less any allowance for impairment, was approximately RMB1,352.2 million.

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

CULC Consideration:

The CULC Consideration payable by HT Asset Management to CULC for the Disposal is RMB1,352,000,000.00, which should be paid on the delivery date of the CULC Underlying Assets.

CULC and HT Asset Management 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 HT Asset Management 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 CULC Assets 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 HT Asset Management respectively.

The CULC Consideration was determined after arm's length negotiations between CULC and HT Asset Management after having taken into account the factors of the expected return rate on the CULC Underlying Assets and the expected return rate on the ABS Programme. The CULC Consideration for the Disposal represents a discount of approximately RMB0.2 million to the outstanding aggregate amount of principals in relation to the CULC Underlying Assets of approximately RMB1,352.2 million, after taking into consideration the associated credit risks relating to the CULC Finance Leases and the CULC Underlying Assets.

Conditions Precedent:

Conditions precedent to performance of obligations by CULC

Performance of its obligations under the CULC Assets 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) HT Asset Management having duly signed and delivered the CULC Assets 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 HT Asset Management, which are required for the performance of its obligations under the CULC Assets Disposal Agreement and the ABS Programme having been obtained, including but not limited to the internal authorisation documents required for signing the CULC Assets Disposal Agreement by HT Asset Management (if applicable); and
- (c) CULC having received copies of the latest securities service qualification documents, business

license and the articles of association of HT Asset Management.

Conditions precedent to performance of obligations by HT Asset Management

Performance of its obligations under the CULC Assets Disposal Agreement (including but not limited to the payment of the CULC Consideration) by HT Asset Management is conditional on the satisfaction of or written waiver by HT Asset Management (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 CULC Assets Disposal Agreement and other relevant documents of the ABS Programme to HT Asset Management, and CULC having delivered to HT Asset Management's designated assets service agency all the documents relating to the CULC Underlying Assets on or before the establishment of the ABS Programme and having provided a complete list of the CULC Underlying Assets;
- (b) HT Asset Management 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 CULC Assets 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 CULC Assets Disposal Agreement by CULC;
- (d) the ABS Programme having been duly established;
- (e) as at the date of HT Asset Management paying the CULC Consideration to CULC, there being no breach of any of the representations and warranties made by CULC in the CULC Assets Disposal Agreement and other documents relating to the ABS Programme;
- (f) the due diligence conducted on the CULC Underlying Assets and the underlying leased property by HT Asset Management having been completed; and
- (g) the status of the CULC Underlying Assets and the underlying leased property conforming to the relevant requirements under the CULC Assets Disposal Agreement as at the date of delivery of the CULC Underlying Assets.

Redemption Arrangements:

Unqualified Assets

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

Pursuant to the CULC Assets Disposal Agreement, HT Asset Management 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 CULC Unqualified Assets. CULC should redeem such CULC Unqualified Assets from HT Asset Management in accordance with the terms of the CULC Assets Disposal Agreement.

The price for redemption of CULC 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 CULC Unqualified Assets;
- (b) all write-off (for the purpose of the CULC Assets Disposal Agreement, referring to the write-off of uncollectibles) of the principal amount in connection with the relevant CULC 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 CULC Underlying Assets other than CULC Unqualified Assets are “**CULC Normal Underlying Assets**”.

Pursuant to the CULC Assets Disposal Agreement, CULC is entitled to apply for the redemption of CULC Normal Underlying Assets by giving a written application to HT Asset Management. To apply for the redemption of CULC Normal Underlying Assets, CULC should set out the basic information of the relevant CULC 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 CULC Normal Underlying Assets upon confirmation of the written application by HT Asset Management with seal.

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

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

Clearance Repurchase

Pursuant to the CULC Assets Disposal Agreement, CULC (as the vendor) is entitled to carry out the clearance repurchase based on a fair market value as agreed with HT Asset Management, 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 CULC Assets Disposal Agreement, is not less than the agreed amount.

SERVICE AGREEMENT

HT Asset Management (as the project manager of the ABS Programme), CULC has entered into a service agreement (the “**Service Agreement**”), pursuant to which HT Asset Management appointed CULC as the assets service agencies of the ABS Programme.

According to the Service Agreement, CULC primarily provides the following services for the CULC 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 CULC 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 CULC Underlying Assets for the two years ended 31 December 2020 and 2021 were as follows:

	Year Ended 31 December 2020 (RMB: million)	Year Ended 31 December 2021 (RMB: million)
Net profits before taxation	5.30	8.56
Net profits after taxation	5.00	8.08

FINANCIAL IMPACT AND USE OF PROCEEDS FROM THE DISPOSAL

Immediately upon the payment of the CULC Consideration, CULC will cease to have rights or interests in the CULC Underlying Assets. It is anticipated that upon completion of the Disposal, the Group would realize a net loss of approximately RMB0.2 million, representing the difference between the net proceeds from the Disposal and the unaudited carrying amount of the CULC Underlying Assets as at the date of the CULC Assets 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 HT ASSET MANAGEMENT

HT Asset Management is a company incorporated in the PRC with limited liability and a wholly owned subsidiary of Haitong Securities Co., Ltd. (海通證券股份有限公司), 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: 6837) and on the SSE (stock code: 600837), respectively. HT Asset Management 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, HT Asset Management will subsequently securitize the CULC Underlying Assets and launch the ABS Programme for investors in the market. The Directors believe that the securitization of the CULC 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 HT Asset Management backed by the CULC 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 HT Asset Management in relation to the CULC 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
“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 Assets Disposal Agreement”	the assets disposal agreement dated 30 November 2022

	entered into between CULC and HT Asset Management in relation to the Disposal
“CULC Consideration”	the sum of RMB1,352,000,000.00, being the consideration for the Disposal under the CULC Assets Disposal Agreement
“CULC Finance Leases”	the 14 finance lease transactions entered into by CULC (as lessor) and other lessees, the rights and interests from which so derived constitute the CULC Underlying Assets
“CULC 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. They 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 CULC Underlying Assets; (4) the right to request, sue, recover or receive all the payments in relation to the CULC 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 CULC Underlying Assets and all the rights and legal remedies arising from the CULC Underlying Assets
“Director(s)”	the directors of the Company
“Disposal”	the disposal of the CULC Underlying Assets pursuant to the CULC Assets Disposal Agreement
“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 “HT Asset Management”	Shanghai Haitong Securities Asset Management Co., Ltd. (上海海通證券資產管理有限公司), a company incorporated in

the PRC with limited liability and a wholly owned subsidiary of Haitong Securities Co., Ltd. (海通證券股份有限公司), 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: 6837) and on the SSE (stock code: 600837), respectively

“Record Date”	20 November 2022
“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 CULC Assets 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”	the CULC Assets Disposal Agreement, the Service Agreement and the Liquidity Support Undertaking
%	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, 30 November 2022

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.