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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Genertec Universal Medical Group Company Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)

**PROPOSED RE-ELECTION OF RETIRING DIRECTORS;
PROPOSED GRANTING OF GENERAL MANDATES TO
BUY BACK SHARES AND ISSUE NEW SHARES;
PROPOSED ENTERING INTO CONTINUING CONNECTED TRANSACTIONS;
PROPOSED DECLARATION AND PAYMENT OF FINAL DIVIDEND;
AND
NOTICE OF ANNUAL GENERAL MEETING**

**Independent Financial Adviser to the Independent Board Committee and the Independent
Shareholders in respect of the Continuing Connected Transactions and Annual Caps**



The notice convening the Annual General Meeting of Genertec Universal Medical Group Company Limited to be held at Room 1, 10/F, United Centre, 95 Queensway, Admiralty, Hong Kong on Friday, 7 June 2024 at 10:00 a.m. is set out in this circular.

Whether or not you are able to attend the Annual General Meeting, please complete and sign the enclosed form of proxy for use at the Annual General Meeting in accordance with the instructions stated thereon and return it to the Company's share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours (excluding any part of a day that is a public holiday) before the time appointed for the Annual General Meeting or the adjourned meeting (as the case may be). Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the Annual General Meeting if they so wish.

This circular together with the form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company (www.umcare.cn), respectively.

16 May 2024

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DEFINITIONS

In this circular, 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 |
| “Annual General Meeting” or “AGM” | the annual general meeting of the Company to be held at 9/F, The Center, No. 99 Queen’s Road Central, Hong Kong on Friday, 7 June 2024 at 10:00 a.m., to consider and, if appropriate, to approve the resolutions contained in the notice of the meeting which is set out on pages 50 to 54 of this circular, or any adjournment thereof |
| “Articles of Association” | the articles of association of the Company |
| “associate(s)” | has the meaning ascribed thereto under the Listing Rules |
| “Audit Committee” | the audit committee of the Board |
| “Board” or “Board of Directors” | the board of Directors |
| “CITIC Capital” | CITIC Capital Holdings Limited |
| “CITIC Capital (Tianjin)” | CITIC Capital Equity Investment (Tianjin) Corporation Limited (中信資本股權投資(天津)股份有限公司) |
| “CITIC CPL” | CITIC Capital Partners Limited |
| “close associates” | has the meaning ascribed thereto under the Listing Rules |
| “Companies Ordinance” | the Companies Ordinance (Chapter 622 of the Laws of Hong Kong, which has become effective from 3 March 2014), as amended, supplemented or otherwise modified from time to time |
| “Company” or “Universal Medical” | 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, the shares of which are listed on the main board of the Stock Exchange |
| “controlling shareholder” | has the meaning ascribed thereto under the Listing Rules |
| “core connected persons” | has the meaning ascribed thereto under the Listing Rules |
| “Director(s)” | the director(s) of the Company |

DEFINITIONS

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|---|---|
| “Evergreen” | Evergreen021 Co., Ltd, a company incorporated under the laws of the British Virgin Islands on 14 August 2014 with limited liability |
| “Group”, “we” or “us” | the Company and its subsidiaries |
| “GT-HK” | Genertec Hong Kong International Capital Limited (通用技術集團香港國際資本有限公司), a company incorporated under the laws of Hong Kong on 24 March 1994 with limited liability, an indirect wholly-owned subsidiary of GT-PRC, and one of the controlling shareholders of the Company |
| “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), which is a state-owned enterprise under the direct administration of the PRC central government, the ultimate controlling shareholder of the Company |
| “GUHID” | Genertec Universal Healthcare Industry Development (Tianjin) Co., Ltd. (通用環球健康產業發展(天津)有限公司), a limited liability company incorporated in the PRC and a wholly owned subsidiary of the Company |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “Hong Kong” | the Hong Kong Special Administrative Region of the People’s Republic of China |
| “Independent Board Committee” | an independent board committee comprising all the independent non-executive Directors, for the purpose of providing advice to the Independent Shareholders in respect of the 2024 Finance Lease Framework Agreement and the transactions contemplated thereunder |
| “Independent Financial Adviser” or “Gram Capital” | Gram Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance, being the independent financial adviser appointed (i) to advise the Independent Board Committee and the Independent Shareholders in respect of the 2024 Finance Lease Framework Agreement and the transactions contemplated thereunder; and (ii) to express its opinion on term of individual agreements pursuant to Rule 14A.52 of the Listing Rules |
| “Independent Shareholders” | the Shareholders who are not required to abstain from voting in respect of the continuing connected transactions under the 2024 Finance Lease Framework Agreement and the proposed annual caps thereof |

DEFINITIONS

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|--------------------------------|---|
| “Issue Mandate” | a general and unconditional mandate proposed to be granted to the Directors to issue, allot or deal with additional Shares of not exceeding 20% of the total number of issued Shares of the Company as at the date of passing of the proposed ordinary resolution contained in item 7 of the notice of the Annual General Meeting as set out on pages 50 to 54 of this circular |
| “Latest Practicable Date” | 13 May 2024, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained therein |
| “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 |
| “Million Surplus Developments” | Million Surplus Developments Limited (百盈發展有限公司), a company incorporated in the British Virgin Islands with limited liability |
| “Model Code” | the Model Code for Securities Transactions by Directors of Listed Issuers, as set out in Appendix C3 (formerly Appendix 10) to the Listing Rules |
| “Nomination Committee” | the nomination committee of the Board |
| “PBOC” | the People’s Bank of China |
| “PRC” or “China” | The People’s Republic of China, for the purpose of this circular, excluding Hong Kong, Macau and Taiwan |
| “Remuneration Committee” | the remuneration committee of the Board |
| “Risk Control Committee” | the risk control committee of the Board |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “Securities Dealing Code” | the Company’s own code of conduct regarding directors’ and employees’ dealings in the Company’s securities |
| “SFO” | the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time |
| “Share(s)” | ordinary share(s) in the share capital of the Company |

DEFINITIONS

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|------------------------------|---|
| “Share Buy-back Mandate” | a general and unconditional mandate proposed to be granted to the Directors to buy back Shares on the Stock Exchange of not exceeding 10% of the total number of issued Shares of the Company as at the date of passing of the proposed ordinary resolution contained in item 6 of the notice of the Annual General Meeting as set out on pages 50 to 54 of this circular |
| “Shareholder(s)” | holder(s) of Shares |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Strategy Committee” | the strategy committee of the Board |
| “subsidiary(ies)” | has the meaning ascribed thereto under the Listing Rules |
| “substantial shareholder(s)” | has the meaning ascribed thereto under the Listing Rules |
| “Takeovers Code” | The Codes on Takeovers and Mergers and Share Buy-backs issued by the Securities and Futures Commission (as amended from time to time) |
| “%” | per cent |

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Chen Shisu (陳仕俗先生) (*Chairman*)
Mr. Wang Wenbing (王文兵先生) (*Chief Executive Officer*)
Ms. Wang Lin (王琳女士)

Registered Office:

Room 702, Fairmont House
8 Cotton Tree Drive
Central
Hong Kong

Non-executive Directors:

Mr. Chan Kai Kong (陳啟剛先生) (*Vice-chairman*)
Mr. Tong Chaoyin (童朝銀先生)
Mr. Xu Ming (徐明先生)
Mr. Zhu Ziyang (朱梓陽先生)

Head Office in China:

20th to 28th Floor
No. 90, Side Road of West Third
Ring Middle Road, Fengtai District,
Beijing, China

Independent Non-executive Directors:

Mr. Li Yinquan (李引泉先生)
Mr. Chow Siu Lui (鄒小磊先生)
Mr. Xu Zhiming (許志明先生)
Mr. Chan, Hiu Fung Nicholas (陳曉峰先生)

16 May 2024

To the Shareholders

Dear Sir/Madam,

**PROPOSED RE-ELECTION OF RETIRING DIRECTORS;
PROPOSED GRANTING OF GENERAL MANDATES TO
BUY BACK SHARES AND ISSUE NEW SHARES;
PROPOSED ENTERING INTO CONTINUING CONNECTED TRANSACTIONS;
PROPOSED DECLARATION AND PAYMENT OF FINAL DIVIDEND;
AND
NOTICE OF ANNUAL GENERAL MEETING**

1. INTRODUCTION

The purpose of this circular is to provide the Shareholders with information in respect of certain resolutions to be proposed at the Annual General Meeting to be held on Friday, 7 June 2024.

LETTER FROM THE BOARD

2. PROPOSED RE-ELECTION OF RETIRING DIRECTORS

In accordance with the Articles of Association, Mr. Chen Shisu, Ms. Wang Lin, Mr. Xu Ming, Mr. Zhu Ziyang and Mr. Li Yinquan shall retire at the Annual General Meeting. All of the above retiring Directors, being eligible, will offer themselves for re-election at the Annual General Meeting.

Code Provision B.2.3 of the Corporate Governance Code as set out in Appendix C1 of the Listing Rules stipulated that if an independent non-executive Director serves more than nine years, his further appointment should be subject to a separate resolution to be approved by shareholders. Mr. Li Yinquan was appointed as an independent non-executive Director with effect from June 2015 and therefore would have served for more than nine years as of June 2024. Mr. Li Yinquan has confirmed his independence with reference to the factors as set out in Rule 3.13 of the Listing Rules. Notwithstanding his years of service as an independent non-executive Director, (i) the Board has assessed and reviewed the annual confirmation of independence based on the criteria set out in Rule 3.13 of the Listing Rules and confirmed that Mr. Li Yinquan remains independent; (ii) the Nomination Committee has assessed and is satisfied of the independence of Mr. Li Yinquan; and (iii) the Board is satisfied that through exercising scrutinizing and monitoring functions as an independent non-executive Director, Mr. Li Yinquan has continued to provide independent and objective judgement and advice to the Board to safeguard the interests of the Group and the Shareholders.

Mr. Li Yinquan attended all the meetings of the Board and the Board committees where he is a member held in the past years and the current financial year. Details of the attendance records are set out in the “Corporate Governance Report” section in the 2023 annual report. The relevant Board papers and materials were provided to the Directors for review and consideration prior to the meeting. Mr. Li Yinquan has remained responsible for his performance functions and discharged his duties to the Company through active participation on the Board and by bringing balance of views as well as knowledge, experience and expertise.

As contained in his biographical information set out in Appendix I to this circular, Mr. Li Yinquan has been holding five listed company directorships including the directorship as an independent non-executive director of the Company. Mr. Li Yinquan has confirmed that he will continue to devote sufficient time for the discharge of his functions and responsibilities as an independent non-executive Director. With his background and experience as set out in the biographical information, Mr. Li Yinquan is fully aware of the responsibilities and expected time involvements in the Company. Based on the foregoing, the Board believes that Mr. Li Yinquan’s position outside the Company will not affect him in maintaining his current role in, and his functions and responsibilities for, the Company.

The Nomination Committee and the Board have followed the nomination policy and board diversity policy of the Company for the re-appointment of Mr. Li Yinquan as the independent non-executive Director. The Nomination Committee and the Board considered the Board’s diversity from a number of aspects, including but not limited to skills, professional experience, educational background, knowledge, expertise, culture, independence, age and gender. All Board appointments will be based on meritocracy, and candidates will be considered against criteria including qualifications, skills, knowledge, experience and diversity of perspectives as may be necessary for the operation of the Board as a whole, with a view to maintaining a sound balance of the Board’s composition.

LETTER FROM THE BOARD

The election of Mr. Li Yinquan as an independent non-executive Director will continue to further replenish the valuable knowledge of the Board in management, capital market, accounting, financing and medical industry. The Nomination Committee and the Board also consider that Mr. Li is able to devote sufficient time and attention to perform the duties as an independent non-executive Director. Moreover, the Board is not aware of any circumstances that would affect the independence of Mr. Li. The Nomination Committee and the Board consider that Mr. Li meets the independence guidelines set out in Rule 3.13 of the Listing Rules and is independent in accordance with the terms of the guidelines.

As such, the Nomination Committee proposed the re-election of Mr. Li Yinquan as an independent non-executive Director to the Board for it to recommend to the Shareholders for re-election at the Annual General Meeting.

The Nomination Committee and the Board reviewed the structure and composition of the Board, the diversified background and experience in their expertise, and proposed the re-election for each of Mr. Chen Shisu, Ms. Wang Lin, Mr. Xu Ming, Mr. Zhu Ziyang and Mr. Li Yinquan as a Director to the Board for it to recommend to the Shareholders for re-election at the Annual General Meeting. The Board believes their re-election is in the best interests of the Company and its Shareholders as a whole and therefore they should be re-elected.

Details of the Directors proposed for re-election at the Annual General Meeting are set out in Appendix I to this circular.

3. PROPOSED GRANTING OF GENERAL MANDATES TO BUY BACK SHARES AND ISSUE NEW SHARES

At the annual general meeting of the Company held on 7 June 2023, a general mandate was granted to the Directors to buy back Shares and issue Shares. Such mandate will lapse at the conclusion of the Annual General Meeting. In order to give the Company the flexibility to buy back Shares and issue Shares if and when appropriate, the following ordinary resolutions will be proposed at the Annual General Meeting to approve:

- (a) the granting of the Share Buy-back Mandate to the Directors to buy back Shares on the Stock Exchange of not exceeding 10% of the total number of issued Shares of the Company as at the date of passing of the proposed ordinary resolution contained in item 6 of the notice of the Annual General Meeting as set out on pages 50 to 54 of the circular (i.e. a total of 189,153,966 Shares on the basis that the issued share capital of the Company remains unchanged as at the date of the Annual General Meeting);
- (b) the granting of the Issue Mandate to the Directors to issue, allot or deal with additional Shares of not exceeding 20% of the total number of issued Shares of the Company as at the date of passing of the proposed ordinary resolution contained in item 7 of the notice of the Annual General Meeting as set out on pages 50 to 54 (i.e. a total of 378,307,932 Shares on the basis that the issued share capital of the Company remains unchanged as at the date of the Annual General Meeting); and

LETTER FROM THE BOARD

- (c) the extension of the Issue Mandate by adding thereto the number of Shares bought back by the Company pursuant to the Share Buy-back Mandate.

The Share Buy-back Mandate and the Issue Mandate will continue in force until (i) the conclusion of the next annual general meeting of the Company, unless it is renewed at such meeting or (ii) revoked or varied by ordinary resolutions of the Shareholders in general meeting, whichever occurs first.

An explanatory statement required by the Listing Rules to provide the Shareholders with requisite information reasonably necessary for them to make an informed decision on whether to vote for or against the granting of the Share Buy-back Mandate is set out in Appendix II to this circular.

4. PROPOSED ENTERING INTO CONTINUING CONNECTED TRANSACTIONS

Reference is made to the announcement of the Company dated 27 March 2024 in relation to entering into new continuing connected transactions.

Background

In its ordinary course of business, the Group offers two types of finance lease services: (1) direct finance leases and (2) sale-and-leasebacks.

(1) *Direct Finance Lease*

In a direct finance lease, the Group purchases specific asset from the equipment supplier which is normally selected by customers, and then the Group leases the asset to customers for use in return for periodic lease payments. A typical direct finance lease transaction is a tri-party arrangement involving a lessor, a lessee and an equipment supplier. In direct finance leases, the Group may receive a one-time payment of handling fees from the equipment supplier or the lessee prior to making payment of equipment price. The following diagram A illustrates the relationship among the three parties:

LETTER FROM THE BOARD

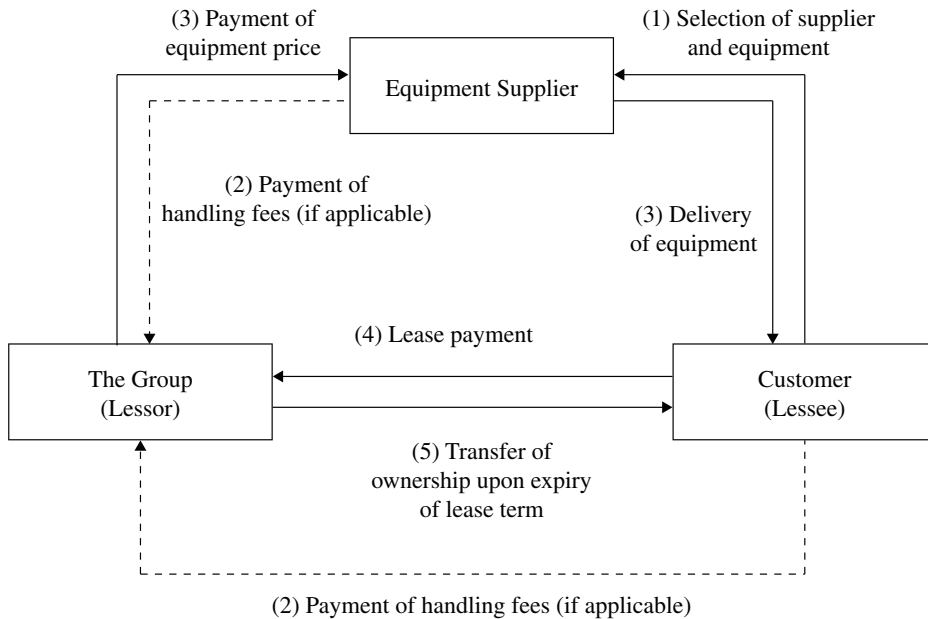


Diagram A

(2) Sale-and-leaseback

In a sale-and-leaseback transaction, the Group’s customer sells the relevant asset to the Group for a negotiated purchase price, and the Group then leases the asset back to the customer in return for periodic lease payments, so that the customer may cover its funding needs and continue to use the asset as a lessee. A typical sale-and-leaseback transaction involves a lessor and a lessee. The following diagram B illustrates the relationship between the two parties:

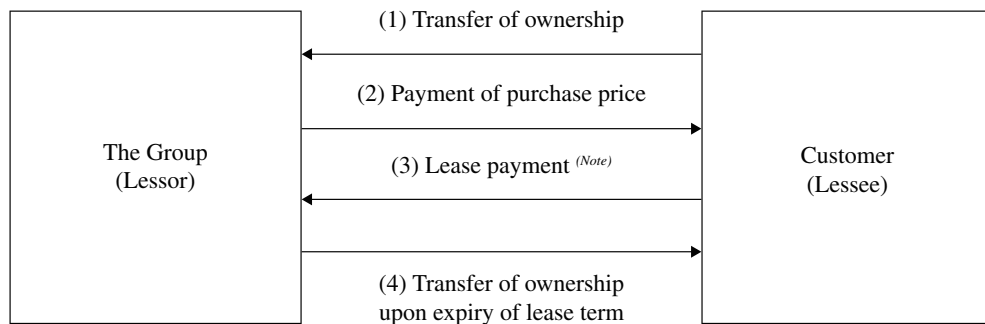


Diagram B

Note:

Under a standard sale-and-leaseback transaction, the lessor would receive periodical lease payments (including both lease principal and lease interest) from the lessee. However, under certain sale-and-leaseback transactions, the Group (as lessor) may receive (i) a one-time payment of a portion of or the total amount of lease interest from a third party (other than the lessee), and (ii) periodical payments of the lease principal and any remaining

LETTER FROM THE BOARD

lease interest from the lessee. The third party agrees to make lease interest payment to the lessor because the third party would recover its receivables from the lessee after the lessee obtains funding from the finance lease transaction.

GT-PRC and/or its associates may be involved in the Group's finance lease services in the following scenarios:

- (i) GT-PRC and/or its associates (as the lessee) seek the Group's finance lease services, either in direct lease transactions or sale-and-leaseback transactions (as illustrated in diagrams A and B above). Additionally, GT-PRC and/or its associates may participate as a third party, making payments for the lease interest in a sale-and-leaseback transaction between the Group and a customer. For example, third-party hospitals (as customers) engaging in separate medical supplies transactions with GT-PRC (as suppliers) may require finance lease services to settle pre-existing accounts payables to GT-PRC. Given the mutual benefit of expediting receivables collection, GT-PRC would be willing to pay the lease interest in such sale-and-leaseback transactions. Under such arrangements, the sole contractual obligation of GT-PRC to the Group is a one-time payment of the agreed lease interest; or
- (ii) GT-PRC and/or its associates is involved in the Group's direct finance lease services solely as the equipment supplier, selected by the lessee, and subsequently selling the relevant asset to the Group (as illustrated in diagram A above).

Principal Terms of the 2024 Finance Lease Framework Agreement

The principal terms of the 2024 Finance Lease Framework Agreement and the annual caps for the transactions thereunder are set out as below:

Parties: GT-PRC and the Company

Reasons for and benefit of entering into the transactions: The Group provides finance lease services in respect of various equipment and devices such as medical devices and machineries. The Group has maintained long-term business relationships with GT-PRC which have substantial assets with reliable financial capability and is a trusted and reputable business partner. No matter whether acting as the lessee, equipment supplier or a third party in the Group's finance lease transactions as described above, the involvement of GT-PRC and/or its associate provides the Group with a valuable opportunity to broaden its customer base in finance lease business and achieve better economies of scale.

Major terms: The Company entered into the 2024 Finance Lease Framework Agreement with GT-PRC on 27 March 2024. 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

LETTER FROM THE BOARD

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, purchase price of the equipment, and delivery arrangements; and
- the 2024 Finance Lease Framework Agreement will come into effect from 27 March 2024 with a term up to 31 December 2026 and may be renewed by mutual consent. The connected transactions under the 2024 Finance Lease Framework Agreement will not commence until obtaining independent Shareholders' approval.

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 determine the transaction consideration (such as lease interest) based on the applicable PBOC benchmark lending rate, financing cost, and risk premium taking into account its assessment of the credit risk of the lessee involved. The Group will 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 Group typically is not involved in setting the purchase price, which would normally be determined between the supplier and the lessee after arm's length negotiation or through public tender process based on market value of the equipment. Nevertheless, the Group will adhere to its credit criteria and pricing evaluation standards 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.

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

LETTER FROM THE BOARD

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.

Annual caps: For the three years ending 31 December 2024, 2025 and 2026, the annual caps under the 2024 Finance Lease Framework Agreement are as follows:

| | | Year ending 31 December | | |
|--|--|--------------------------------|-------------|-------------|
| | | <i>(RMB' million)</i> | | |
| | | 2024 | 2025 | 2026 |
| The Lessee/Interest Payer | Proposed annual caps | 230 | 230 | 230 |
| Caps (GT-PRC and/or its associates as lessee or lease interest payer) | (including principal amount, lease interest and, where applicable, handling fees) ¹ | | | |
| The Equipment Supplier | Proposed annual caps | 1,340 | 1,340 | 1,340 |
| Caps (GT-PRC and/or its associates solely as equipment supplier) | (including purchase price of the equipment and handling fees) ² | | | |

Note:

- 1 Each of the annual caps is the aggregate amount of principal amounts, expected interest income and handling fees (as applicable) for the entire lease period of finance leases expected to be provided by the Group in each respective year.
- 2 Each of the annual caps is the aggregate amount of purchase prices of the equipment and handling fees under finance leases expected to be provided by the Group in each respective year.

Basis of annual caps:

The Lessee/Interest Payer Caps

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

- (i) the estimated demand for lease services by GT-PRC and/or its associates, amounting to approximately RMB100 million based on available information to the Group. This estimation is arrived at with reference to (i) the types of equipment typically procured by hospitals in direct finance lease transactions, (ii) the total market price range of RMB51.5 million to RMB61.8 million for potential equipment which is expected to be involved in direct finance lease transactions; and (iii) the estimated demand of sale and leaseback services from 336 medical institutions within GT-PRC based on the number of its medical institutions and the median principal amounts (i.e. RMB10 million) of sale and leaseback services provided by the Group to certain clients;
- (ii) the estimated demand for sale and leaseback services by clients of GT-PRC and/or its associates, which have outstanding payments, amounting to approximately RMB100 million. This estimation is primarily based on the accounts receivable status of a listed member of GT-

LETTER FROM THE BOARD

PRC group. According to the interim report of the listed member, it recorded account receivables of approximately RMB15,970 million as of 30 June 2023, among which approximately RMB116 million with aged more than two years but less than three years. The Directors consider that these account receivables with long age would lead to demand of finance lease transactions. The Company anticipates potential demand for sale and leaseback services from clients of this listed member in the near future, and the Group may pursue such business opportunities, subject to these clients passing the Group's business evaluation process; and

- (iii) the estimated interests to be paid by GT-PRC and/or its associates for the abovementioned lease services, taking into account the average rate the Group charges independent third-party finance lease service clients with comparable financial capability in similar transactions. The Company anticipates that handling fees would be minimal in transactions involving GT-PRC and/or its associate as lessees or lease interest payers and would not be a meaningful indicator when setting the relevant annual caps.

The Equipment Supplier Caps

The above proposed Equipment Supplier Caps are based on the following factors:

- (i) the estimated demand for direct finance lease services by clients of GT-PRC and/or its associates, amounting to approximately RMB1,285 million based on available information to the Group. The Company anticipates that certain clients of GT-PRC group members may have demand of finance lease services and it may capture some of these business opportunities. As of the Latest Practicable Date, the Group has identified several potential finance lease business opportunities with clients of GT-PRC's associates, which amounted to approximately RMB890 million. In addition, the Company anticipates potential additional demand of finance lease service in the amount of approximately RMB500 million, which takes into account the revenue of relevant members of GT-PRC for 2023 (approximately RMB5,000 million) on the assumption that 10% of such revenue may be related to finance lease arrangements. Should these opportunities come to fruition in the future, GT-PRC's associates will serve as equipment suppliers in direct finance lease transactions between the Group and clients of GT-PRC's associates;
- (ii) the expected average three-year duration for the abovementioned direct finance lease transactions. This duration would affect the amount of interest charged by the Group in those transactions, because when estimating the relevant annual caps, the Company calculates the amount of all lease interest for a transaction to be charged in the year when the transaction is entered into. Additionally, the length of the expected duration is also a factor which may affect the level of interest rate applied in a finance lease transaction; and
- (iii) the estimated handling fees to be paid by GT-PRC and/or its associates for the abovementioned direct lease services, taking into account the average handling fees charged to the Group's independent finance lease clients in 2023.

LETTER FROM THE BOARD

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:

- 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, handling fees and overall project return rate) 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. The Group will adhere to the same evaluation mechanism, review process, and credit criteria applied to its independent finance lease clients;
- 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 (including lease interest and handling fees) 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. In addition, the Company's treasury department and finance management department will assess the overall project return rate of a finance lease transaction to ensure that it meets the internal requirements for overall returns and is no less favorable to the Group than the return rate in comparable transactions with independent third parties;
- 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, risk management department, finance management department, legal affairs department and treasury department, a final report will be made to the senior management who will approve individual transactions in accordance with the Group's standard operating procedures and credit guidelines;
- throughout the whole process of each finance lease project, the Group implements risk management measures to oversee the business and financial status of its finance lease clients, as well as the collection of lease payments. These measures include real-time tracking, follow-up inspections, intensified collection efforts, and, if needed, resorting to litigation and asset preservation methods, all aimed at safeguarding the Company's interests in finance lease projects;
- the legal affairs department of the Company will collect and monitor the transaction amount of continuing connected transactions based on real-time occurrences to ensure timely assessment on whether the relevant annual caps are exceeded; and

LETTER FROM THE BOARD

- 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 about the Parties

The Company

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 Latest Practicable Date, GT-PRC holds approximately 39.68%% of the total issued share capital of the Company and is a controlling shareholder of the Company. Therefore, GT-PRC and its associates constitute connected persons of the Company pursuant to Rule 14A.07 of the Listing Rules. 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.

For each of the three years ending 31 December 2024, 2025 and 2026, the highest applicable percentage ratios of the annual caps for the transactions under the 2024 Finance Lease Framework Agreement will exceed 5% but none of them is 25% or more. Therefore, the transactions under the 2024 Finance Lease Framework Agreement will constitute discloseable transactions and non-exempt continuing connected transactions of the Company subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements pursuant to Chapters 14 and 14A of the Listing Rules.

In addition, as the term of individual agreements to be entered into pursuant to the 2024 Finance Lease Framework Agreement may exceed three years, pursuant to Rule 14A.52 of the Listing Rules, the Company must appoint an independent financial adviser to explain why the individual agreements requires a longer period and to confirm that it is normal business practice for agreements of this type to be of such duration.

LETTER FROM THE BOARD

Approval by the Board

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 the transactions under the 2024 Finance Lease Framework Agreement. Mr. Tong Chaoyin and Mr. Xu Ming had abstained from voting on the resolution in respect of the 2024 Finance Lease Framework Agreement at the Board meeting. Save as disclosed above, no Director has interests in the transactions under the 2024 Finance Lease Framework Agreement. The transactions under the 2024 Finance Lease Framework Agreement and the annual caps have been approved by the Directors who are entitled to vote at the Board meeting.

In light of the reasons stated above, the Directors of the Company (excluding (i) Mr. Tong and Mr. Xu, and (ii) the independent non-executive Directors whose view is set out in the letter from the Independent Board Committee on page 19 to page 20 of this circular) are of the view that the 2024 Finance Lease Framework Agreement and the proposed annual caps thereunder have been entered into/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.

Independent Board Committee and Independent Financial Adviser

The Company has established the Independent Board Committee comprising all independent non-executive Directors to advise the Independent Shareholders in respect of the 2024 Finance Lease Framework Agreement and the transactions contemplated thereunder. None of the members of the Independent Board Committee has any material interest in the 2024 Finance Lease Framework Agreement.

Gram Capital has been appointed as the Independent Financial Adviser (i) to advise the Independent Board Committee and Independent Shareholders in respect of the aforesaid matter; and (ii) to express its opinion on term of individual agreements pursuant to Rule 14A.52 of the Listing Rules.

5. PROPOSED DECLARATION AND PAYMENT OF FINAL DIVIDEND AND CLOSURE OF REGISTER

The Board recommends the payment of a final dividend of HK\$0.35 per Share for the year ended 31 December 2023 to Shareholders whose names appear on the register of members of the Company on Tuesday, 18 June 2024. The proposed final dividend will be paid on Tuesday, 30 July 2024, subject to the approval of the Shareholders at the Annual General Meeting.

The register of members of the Company will be closed during the following periods:

- (i) from Tuesday, 4 June 2024 to Friday, 7 June 2024, both days inclusive and during which period no share transfer will be registered, for the purpose of ascertaining Shareholders' entitlement to attend and vote at the Annual General Meeting. In order to be eligible to attend and vote at the Annual General Meeting, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's share registrar,

LETTER FROM THE BOARD

Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, 3 June 2024; and

- (ii) from Friday, 14 June 2024 to Tuesday, 18 June 2024, both days inclusive and during which period no share transfer will be registered, for the purpose of ascertaining Shareholders' entitlement to the proposed final dividend. In order to establish entitlements to the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Thursday, 13 June 2024.

6. ANNUAL GENERAL MEETING AND PROXY ARRANGEMENT

The notice of the Annual General Meeting is set out on pages 50 to 54 of this circular.

Pursuant to the Listing Rules and the Articles of Association, any vote of Shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. An announcement on the poll results will be published by the Company after the Annual General Meeting in the manner prescribed under the Listing Rules.

Any Shareholder who has a material interest in the above matters shall abstain from voting on the resolution(s) in relation thereto to be proposed at the AGM. As at the Latest Practicable Date, GT-PRC holds approximately 39.68% of the total issued share capital of the Company (i.e., 750,651,700 Shares) and is the controlling shareholder of the Company. As such, GT-PRC and its associates shall abstain from voting on the ordinary resolution approving the 2024 Finance Lease Framework Agreement and the proposed annual caps thereunder at the AGM. GT-PRC and its associates are entitled to vote on the other resolutions at the AGM.

Save as disclosed above, to the best of the Directors' knowledge, information and belief having made reasonable enquiries, no other Shareholders would be required to abstain from voting at the AGM.

A form of proxy for use at the Annual General Meeting is enclosed with this circular and such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company (www.umcare.cn). To be valid, the form of proxy must be completed and signed in accordance with the instructions stated thereon and deposited, together with any authority under which it is executed or a copy of the authority certified notarially, at the Company's share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours (excluding any part of a day that is a public holiday) before the time appointed for the Annual General Meeting or the adjourned meeting (as the case may be). Accordingly, the form of proxy must be delivered to the Company not later than 10:00 a.m. on Wednesday, 5 June 2024. Completion and delivery of the form of proxy will not preclude you from attending and voting at the Annual General Meeting if you so wish.

LETTER FROM THE BOARD

If Shareholders have any questions relating to the Annual General Meeting, please contact the Company's registrar, Computershare Hong Kong Investor Services Limited, as follows:

Computershare Hong Kong Investor Services Limited
17M Floor, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong
Tel: +852 2862 8555
Fax: +852 2865 0990
Email: unimedical.com@computershare.com.hk

7. RECOMMENDATION

The Board considers that (a) the proposed re-election of retiring Directors, (b) the proposed granting of the Share Buy-back Mandate and the Issue Mandate, (c) the proposed entering into the continuing connected transactions under the 2024 Finance Lease Framework Agreement and the proposed annual caps thereof, and (d) the proposed declaration and payment of a final dividend for the year ended 31 December 2023 are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of all the relevant resolutions to be proposed at the Annual General Meeting.

8. FURTHER INFORMATION

Your attention is drawn to the letter from the Independent Board Committee, the letter from the Independent Financial Adviser, and the additional information set out in the appendix to this circular.

Yours faithfully,
For and on behalf 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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



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)

16 May 2024

To the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS UNDER 2024 FINANCE LEASE FRAMEWORK AGREEMENT

We refer to the circular dated 16 May 2024 issued by the Company to its Shareholders (the “**Circular**”) of which this letter forms part. Capitalised terms used in this letter shall bear the same meanings as defined in the Circular unless the context otherwise requires.

Under the Listing Rules, the 2024 Finance Lease Framework Agreement and the transactions contemplated thereunder are subject to the approval of the Independent Shareholders at the AGM.

We have been appointed as the Independent Board Committee to consider terms of the 2024 Finance Lease Framework Agreement and the transactions contemplated thereunder and to advise the Independent Shareholders and make recommendations to the Independent Shareholders as to how to vote at the AGM on the ordinary resolutions regarding the 2024 Finance Lease Framework Agreement and the transactions contemplated thereunder.

Gram Capital Limited has been appointed as the Independent Financial Adviser to advise us and the Independent Shareholders in this regard. We wish to draw your attention to the letter from the Board and the letter from the Independent Financial Adviser as set out in the Circular.

Having taken into account, among other things, the advice from the Independent Financial Adviser, we are of the view that the 2024 Finance Lease Framework Agreement and the transactions contemplated thereunder (i) have been negotiated on an arm’s length basis; (ii) are determined on normal commercial terms; (iii) are entered into in the ordinary and usual course of business of the Company; and (iv) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Accordingly, we recommend the Independent Shareholders to vote at the AGM in favour of the ordinary resolutions regarding the 2024 Finance Lease Framework Agreement and the transactions contemplated and the proposed annual caps thereunder.

Yours faithfully,
For and on behalf of
Independent Board Committee
Genertec Universal Medical Group Company Limited
通用環球醫療集團有限公司

Mr. Li Yinquan
Independent
non-executive Director

Mr. Chow Siu Lui
Independent
non-executive Director

Mr. Xu Zhiming
Independent
non-executive Director

Mr. Chan, Hiu Fung
Nicholas
Independent
non-executive Director

LETTER FROM INDEPENDENT FINANCIAL ADVISER

Set out below is the text of a letter received from Gram Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Transactions for the purpose of inclusion in this circular.



Room 1209, 12/F.
Nan Fung Tower
88 Connaught Road Central/
173 Des Voeux Road Central
Hong Kong

16 May 2024

*To: The independent board committee and the independent shareholders
of Genertec Universal Medical Group Company Limited*

Dear Sir/Madam,

DISCLOSEABLE TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the transactions contemplated under the 2024 Finance Lease Framework Agreement (the “**Transactions**”), details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 16 May 2024 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

On 27 March 2024 (after trading hours), the Company and GT-PRC entered into the 2024 Finance Lease Framework Agreement, which will come into effect from 27 March 2024 with a term up to 31 December 2026 (subject to the compliance of relevant connected transaction requirements of Listing Rules). Pursuant to the 2024 Finance Lease Framework Agreement, the Group 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.

With reference to the Board Letter, the Transactions constitute discloseable transactions and continuing connected transactions and are subject to the reporting and announcement, annual review and the Independent Shareholders’ approval requirement under the Listing Rules.

The Independent Board Committee comprising Mr. Li Yinquan, Mr. Chow Siu Lui, Mr. Xu Zhiming and Mr. Chan, Hiu Fung Nicholas (all being independent non-executive Directors) has been established to advise the Independent Shareholders on (i) whether the terms of the Transactions are on normal commercial terms and are fair and reasonable; (ii) whether the Transactions are in the interests of the Company and the

LETTER FROM INDEPENDENT FINANCIAL ADVISER

Shareholders as a whole and are conducted in the ordinary and usual course of business of the Group; and (iii) how the Independent Shareholders should vote in respect of the resolution(s) to approve the Transactions at the AGM.

In addition, since the term of individual agreements to be entered into pursuant to the 2024 Finance Lease Framework Agreement (the “**Individual Agreements**”) may exceed three years, pursuant to Rule 14A.52 of the Listing Rules, the Company must appoint an independent financial adviser to explain why the Individual Agreements requires a longer period and to confirm that it is normal business practice for agreements of this type to be of such duration.

We, Gram Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

INDEPENDENCE

We were not aware of (i) any relationships or interests between Gram Capital and the Company; or (ii) any services provided by Gram Capital to the Company, during the past two years immediately preceding the Latest Practicable Date, or any other parties that could be reasonably regarded as hindrance to Gram Capital’s independence to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate in all material respects at the time when they were made and continue to be so as at the date of AGM. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company and/or the Directors, which have been provided to us. Our opinion is based on the Directors’ representation and confirmation that there are no undisclosed private agreement/arrangement or implied understanding with anyone concerning the 2024 Finance Lease Framework Agreement. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

The Circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in the Circular or the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, GT-PRC and each of their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Transactions. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, it is the responsibility of Gram Capital to ensure that such information has been correctly extracted from the relevant sources while we are not obligated to conduct any independent in-depth investigation into the accuracy and completeness of those information.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Transactions, we have taken into consideration the following principal factors and reasons:

Information on the Group

With reference to the Board Letter, 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.

Set out below are the audited consolidated financial information of the Group for the two years ended 31 December 2023 as extracted from the Company's annual report for the year ended 31 December 2023 (the "2023 Annual Report"):

| | For the year ended 31 December 2023 | For the year ended 31 December 2022 | Year on year change |
|--|--|--|--------------------------------|
| | <i>RMB'000</i> | <i>RMB'000</i> (restated) | <i>%</i> |
| Revenue | 13,650,203 | 12,073,172 | 13.1 |
| – Finance business | 5,823,120 | 5,706,656 | 2.0 |
| – Healthcare business | 7,827,083 | 6,366,516 | 22.9 |
| Profit attributable to owners of the parent | 2,020,918 | 1,888,417 | 7.0 |

LETTER FROM INDEPENDENT FINANCIAL ADVISER

As illustrated in the above table, the Group's revenue increased to approximately RMB13,650.2 million for the year ended 31 December 2023 ("FY2023") from approximately RMB12,703.2 million for the year ended 31 December 2022 ("FY2022"). With reference to the 2023 Annual Report, the aforesaid increase in revenue was mainly due to the increase in revenue generated from both finance business and healthcare business for FY2023, in particular the substantial increase in revenue generated from healthcare business segment which was mainly due to the fact that (i) revenue from medical business recorded accelerated growth with continuous increase in income per bed; (ii) the Group recorded substantial increase in patient visits with enhanced admission and treatment capabilities and significant improvement in operation efficiency; and (iii) the Group accelerated the Deployment of Specialties and Healthcare Industry Layout. Revenue generated from finance business accounted for approximately 42.7% and 47.3%; and healthcare business accounted for approximately 57.3% and 52.7% to the Group's revenue for FY2023 and FY2022 respectively.

In addition, the Group recorded profit attributable to owners of the parent of approximately RMB2,020.9 million for FY2023, representing an increase of approximately 7.0% as compared to that for FY2022.

With reference to the 2023 Annual Report, as at 31 December 2023, the Group operated 67 medical institutions, and provided the public with quality medical services.

With reference to the 2023 Annual Report, by grasping every favourable opportunity and capitalising on all favourable conditions, the Group strives to develop into a medical and healthcare conglomerate with financial service capabilities, featured specialty services and differentiated industrial business advantages, and gradually unleashes the value of its various business segments and assets, laying a solid foundation for the achievement of serving a "Health China" and the corporate vision of "To Be A Trusted World-class Healthcare Enterprise", with an aim to creating greater returns for all Shareholders.

Information on GT-PRC

With reference to the Board Letter, 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. As at the Latest Practicable Date, GT-PRC directly and indirectly holds approximately 39.68% of the issued share capital of the Company and is a controlling shareholder of the Company.

As advised by the Directors, GT-PRC together with its members operated 403 medical institutions (including 67 medical institutions operated by the Group) as at 31 December 2023.

Reasons for and benefit of the Transactions

With reference to the Board Letter, the Group provides finance lease services in respect of various equipment and devices such as medical devices and machineries. The Group has maintained long-term business relationships with GT-PRC which have substantial assets with reliable financial capability and is a trusted and reputable business partner. No matter whether acting as the lessee, equipment supplier or a third

LETTER FROM INDEPENDENT FINANCIAL ADVISER

party in the Group's finance lease transactions as described above, the involvement of GT-PRC and/or its associate provides the Group with a valuable opportunity to broaden its customer base in finance lease business and achieve better economies of scale.

As advised by the Directors, the Transactions are conducted in ordinary and usual course of business of the Group and revenue in nature. Revenue generated from the Transactions will be recorded in finance leasing business segment. With reference to the 2023 Annual Report, the Group's finance business mainly focuses on finance leasing business, and centered on further exploration and development based on the development prospect, profitability, revenue/risk profile, cashflow stability of the industry and other criteria. As the continuous profit contributor of the Group, the finance business will always strive to maintain healthy and steady development while ensuring asset security, serving as the cornerstone for the Group's sustainable development.

As mentioned above, revenue generated from finance leasing business segment accounted for approximately 47.3% and 42.7% of the Group's revenue for FY2022 and FY2023 respectively. Furthermore, we noted from the 2023 Annual Report that profit recorded from finance leasing business segment accounted for approximately 81.9% and 79.3% of the Group's profit after tax for FY2022 and FY2023. We consider that finance leasing business segment is important to the Group.

In light of the above reasons, in particular, (i) the Transactions are revenue in nature and revenue generated from the Transactions will be recorded in finance leasing business segment, which is important to the Group; and (ii) the Transactions provides the Group with a valuable opportunity to broaden its customer base in finance lease business and achieve better economies of scale, we are of the view that the Transactions are conducted in the ordinary and usual course of business of the Group and are in the interests of the Company and the Shareholders as a whole.

Principal terms of the Transactions

Set out below are the key terms of the Transactions, details of which are set out under the section headed "Principal Terms of the 2024 Finance Lease Framework Agreement" of the Board Letter.

Date: 27 March 2024

Parties: GT-PRC and the Company

Major terms: 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;

LETTER FROM INDEPENDENT FINANCIAL ADVISER

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 (e.g. purchase price of the equipment, and delivery arrangements); and

Subject to the compliance of relevant connected transaction requirements of Listing Rules, the 2024 Finance Lease Framework Agreement will come into effect from 27 March 2024 with a term up to 31 December 2026 and may be renewed by mutual consent.

Duration of the Individual Agreements

With reference to the Board Letter and as advised by the Directors, the term of the Individual Agreement may exceed three years, which are expected to be 5 years maximum, depending on the type of leased assets involved.

In assessing the reasons for the duration of the Individual Agreements to be longer than three years, we considered the following factors:

- The leased assets include medical devices and machineries, which typically involve a relatively larger financing amount and thus requires a relatively longer repayment term.
- The lease period of the Individual Agreements shall be determined with reference to, among other things, the useful life of relevant leased assets, which, as confirmed by the Directors, would normally be 10 years or more.
- As further advised by the Directors, the maximum duration of existing financial lease arrangement between the Group and its clients is five years in general.

In considering whether it is normal business practice for agreements of similar nature with the Individual Agreements to have a term of such duration, we identified over 10 finance lease agreements entered into by companies listed on the Stock Exchange regarding the provision of finance lease services to their clients (including both connected persons and independent third parties), with duration of more than three years. As there were a large number of transactions which met the aforesaid criteria, we only listed out the transactions with agreement date falls within the period from 1 January 2024 to date of the 2024 Finance Lease Framework Agreement (i.e. 27 March 2024) as announced by companies listed on the Stock Exchange as follows:

LETTER FROM INDEPENDENT FINANCIAL ADVISER

| Announcement date | Company name | Duration | Leased assets type |
|--------------------------|---|-----------------|---------------------------|
| 24 January 2024 | China Development Bank Financial Leasing Co., Ltd. (1606) | 15 years | Equipment and facilities |
| 25 January 2024 | Hing Yip Holdings Limited (132) | 5 years | Equipment and facilities |
| 30 January 2024 | China Development Bank Financial Leasing Co., Ltd. (1606) | 5 years | Equipment and facilities |
| 31 January 2024 | Hing Yip Holdings Limited (132) | 5 years | Equipment and facilities |
| 31 January 2024 | Zhongguancun Science-Tech Leasing Co., Ltd. (1601) | 4 years | Equipment and facilities |
| 1 February 2024 | China Taiping Insurance Holdings Company Limited (966) | 5 years | Equipment and facilities |
| 2 February 2024 | Hing Yip Holdings Limited (132) | 6 years | Equipment and facilities |
| 23 February 2024 | Hing Yip Holdings Limited (132) | 5 years | Equipment and facilities |
| 6 March 2024 | Hing Yip Holdings Limited (132) | 6 years | Equipment and facilities |
| 8 March 2024 | Hing Yip Holdings Limited (132) | 5 years | Equipment and facilities |
| 18 March 2024 | China Development Bank Financial Leasing Co., Ltd. (1606) | 15 years | Equipment and facilities |
| 21 March 2024 | Hing Yip Holdings Limited (132) | 5 years | Equipment and facilities |

Note: Hing Yip Holdings Limited (132) was formerly known as China Investments Holdings Limited.

Upon our further request, the Company provided us with a list of individual agreements in respect of the provision of finance lease by the Group with lease commencement date in 2023 (the “**2023 Individual Agreements List**”). We noted from the list that there were approximately 150 individual agreements with duration of five years.

Taking into account of the above, in particular, (i) the useful life of relevant leased assets; and (ii) the number of the Group’s existing individual agreements with duration of five years and our findings on finance lease agreements entered into by companies listed on the Stock Exchange, we confirm that the duration of the Individual Agreements, being longer than three years, is required and it is normal business practice for agreements of this type to be of such duration.

Pricing policy

Pursuant to the 2024 Finance Lease Framework Agreement and with reference to the Board Letter,

- 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 determine the transaction consideration (such as lease interest) based on the applicable PBOC benchmark lending

LETTER FROM INDEPENDENT FINANCIAL ADVISER

rate, financing cost, and risk premium taking into account its assessment of the credit risk of the lessee involved. The Group will 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 Group typically is not involved in setting the purchase price, which would normally be determined between the supplier and the lessee after arm's length negotiation or through public tender process based on market value of the equipment. Nevertheless, the Group will adhere to its credit criteria and pricing evaluation standards 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.

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.

To assess the fairness and reasonableness of pricing policy of the Transactions, we selected five individual agreements (the responsible business department of which is Medical Financial Business Department^(Note) of the Company) from the 2023 Individual Agreements List on a random basis. As the number of the aforesaid individual agreements represented 25% to the total number of individual agreements (the responsible business department of which is Medical Financial Business Department of the Company) as listed out in the 2023 Individual Agreement List, we consider that the sample size is sufficient for our analysis purposes.

Upon our further request, we obtained pricing proposals of the five sample agreements, showing, among other things, lease interest, lease interest rate, handling fees and overall project return rate.

Note: As advised by the Directors, the Company expected that there will be two departments involving in the provision of finance lease services to GT-PRC group, i.e. Medical Financial Business Department and Financial Innovation Department of the Company. The Financial Innovation Department of the Company did not enter into any individual agreement in relation to the provision of finance lease services in 2023.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

After reviewing the pricing proposals, we noted that (i) the lease interest rate was higher than relevant loan prime rate as published by PBOC; (ii) additional fee (i.e. handling fees) was not charged but had been considered in the pricing proposals; and (iii) implied overall project return for each individual lease arrangement was explicitly stated and compared with internal requirements of overall project return. Therefore, we are of the view that the pricing policy of the Transactions is generally in line with our aforesaid findings.

Having considered that for the pricing policy under the 2024 Finance Lease Framework Agreement, (i) the applicable PBOC benchmark lending rate, financing cost, and risk premium will be considered; (ii) purchase price of equipment will be based on market value; (iii) 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; and (iv) our findings on pricing proposals as mentioned above, we are of the view that the pricing policy of the Transactions is fair and reasonable.

Internal control

With reference to the Board Letter, for the Transactions, the Company has adopted the certain internal procedures to safeguard the interest of the Shareholders as a whole. Details of which are set out under the section headed “Internal Control Measures” of the Board Letter. Having considered that (i) there will be market analysis and pricing proposal (including lease interest, purchase price, handling fees, etc.) to senior management; (ii) there will be comparison procedures (i.e. compare the quotations and/or contracts made by the Group for similar finance lease services offered to independent third party customers; and compare overall project return rate with internal requirements and comparable transactions (with independent third parties)); (iii) there will be several rounds of internal assessment conducted on individual transactions; (iv) a final report will be made to the senior management who will approve individual transactions; and (v) the legal affairs department of the Company will collect and monitor the transaction amount of continuing connected transactions based on real-time business occurrences, we are of the view that there will be sufficient measures to ensure the fair pricing of the Transactions and the proposed annual caps of the Transactions being not exceeded.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

The proposed annual caps

Set out below are the proposed annual caps pursuant to the Transactions for the three years ending 31 December 2026:

| | | Year ending 31 December (RMB' million) | | |
|--|---|---|-------|-------|
| | | 2024 | 2025 | 2026 |
| GT-PRC and/or its associates as lessee or lease interest payer (“Lessee/Interest Payer Cap(s)”) | Proposed annual caps (including principal amount, lease interest and, where applicable, handling fees) ¹ | 230 | 230 | 230 |
| GT-PRC and/or its associates solely as equipment supplier (“Equipment Supplier Cap(s)”) | Proposed annual caps (including purchase price of the equipment and handling fees) ² | 1,340 | 1,340 | 1,340 |

Notes:

- Each of the annual caps is the aggregate amount of principal amounts, expected interest income and handling fees (as applicable) for the entire lease period of finance leases expected to be provided by the Group in each respective year.
- Each of the annual caps is the aggregate amount of purchase prices of the equipment and handling fees under finance leases expected to be provided by the Group in each respective year.

With reference to the Board Letter, the proposed annual caps were determined based on various factors, details of which were set out under the section headed “Basis of annual caps” of the Board Letter.

Upon our request, we obtained a calculation sheet for the proposed annual caps.

The Lessee/Interest Payer Caps

According to the calculation sheet, the Lessee/Interest Payer Caps comprised (i) estimated demand of direct lease services by GT-PRC group with principal amounts of RMB50 million; (ii) estimated demand of sale and leaseback services by GT-PRC group with principal amounts of RMB50 million; (iii) estimated demand of sale and leaseback services by GT-PRC group’s clients (who have not settled outstanding payments with GT-PRC group) with principal amounts of RMB100 million; and (iv) estimated interests to be paid by GT-PRC group to the Group according to (i) to (iii), for the three years ending 31 December 2026. The calculation sheet was prepared by Medical Financial Business Department of the Company.

- Estimated demand of direct lease services by GT-PRC group:** the Directors advised us different types of equipment which were generally procured by hospital and were assumed to be underlying assets under such direct lease services.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

Upon our request, we obtained three copies of successful tender notices for each type of equipment. After reviewing the successful tender notices, we noted that (i) the successful tender notices were published on 全國公共資源交易平臺 (National Public Resource Trading Platform*, which is operated by The State Information Center of the PRC); (ii) there were three quotations provided by three different suppliers (comprising two independent third party suppliers and a connected person supplier); (iii) the publication date of the successful tender notices fell within 2024; and (iv) the total market prices of the equipments ranged from RMB51.5 million to RMB61.8 million.

The estimate demand of direct lease services by GT-PRC group (i.e. RMB50 million) is close to (with difference of 3%) the low-end of the aforesaid range of RMB51.5 million to RMB61.8 million.

- **Estimated demand of sale and leaseback services by GT-PRC group**, the Directors advised us that such estimation was made with reference to (i) number of medical institutions of GT-PRC group; (ii) number of the Group's medical institutions which accepted sale and leaseback services from the Group in 2023; and (iii) estimated principal amounts for each sale and leaseback arrangement.

As advised by the Directors, the Group provided sale and leaseback services to one of its 67 medical institutions in 2023. According to the website of GT-PRC and our confirmation with the Directors, GT-PRC group owned 403 medical institutions as at 31 December 2023.

Furthermore, after reviewing the 2023 Individual Agreement Lists, we noticed that the median principal amounts of sale and leaseback services provided by Medical Financial Business Department (which will be engaged in the provision of sale and leaseback services to GT-PRC group) in respect of medical institutions related projects with lease commencement date in 2023 was RMB10 million.

The implied estimated demand of sale and leaseback services by GT-PRC group was approximately RMB50 million according to the aforesaid figures (i.e. RMB10 million x ((403 – 67)/67)). The estimated demand of sale and leaseback services by GT-PRC group is approximate the same as the aforesaid implied amounts.

We considered the calculation of the implied estimated demand of sale and leaseback services by GT-PRC group above is reasonable as the following parameters are considered (i) principal amount per project (based on median of sale and leaseback services provided by Medical Financial Business Department); and (ii) number of projects (based on number of medical institutions of GT-PRC group and experimental probability).

- **Estimated demand of sale and leaseback services by GT-PRC group's clients:** the Directors advised us that they mainly made reference to the account receivables of a listed member of GT-PRC group (the “GT-PRC Subsidiary”) as the potential purpose of sale and leaseback services herein is to collect the outstanding payment from its clients based on the Directors' understanding.

After reviewing the interim report of the GT-PRC Subsidiary for the six months ended 30 June 2023, we noted that the GT-PRC Subsidiary group recorded account receivables of approximately RMB15,970 million as at 30 June 2023, among which approximately RMB991 million receivables with aged more than one year but less than two years and approximately RMB116 million receivables with aged more than two years but less than three years.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

The Directors consider that the GT-PRC Subsidiary may use its best endeavour to collect the outstanding amounts, in particular, those with long age. Therefore, the Directors estimated the demand of sale and leaseback services by GT-PRC group's clients to be RMB100 million.

In our view, (i) the account receivables indicate the amount of money owed by customers for purchases made on credit; (ii) as more proportion of account receivables with a longer age will be treated as provision for bad debt according to the interim report of the GT-PRC Subsidiary (aged more than one year but less than two years: 15%; aged more than two years but less than three years: 50%; aged more than three years: 100%), it is reasonable for the Directors to determine the estimated demand of sale and leaseback services by GT-PRC group's clients by reference to account receivables the GT-PRC Subsidiary, in particular, those with long age.

As the amount of estimated demand of sale and leaseback services by GT-PRC group's clients (RMB100 million) is close to the GT-PRC Subsidiary's receivables with aged more than two years but less than three years (i.e. RMB116 million) and on the assumption that the GT-PRC Subsidiary may use its best endeavour to collect the outstanding amounts, in particular, those with long age, we consider the estimated demand of sale and leaseback services by GT-PRC group's clients is fair and reasonable.

- **Fees to be paid by GT-PRC group to the Group:** we noted that the estimated interest income was based on the estimated interest rate and the estimated principal amounts of the finance lease services.

To verify the fairness of the interest income, we discussed with the Directors and understood that internal rate of return (IRR), which was converted from interest rate, will be considered as return of the individual project of finance lease service provision. As the estimated interest rate (after converting to IRR of finance lease project according to the conversion calculation provided by the Company and conversion calculation conducted by us) falls within the range of IRR of the finance lease arrangement between the Group and independent third parties in 2023, we are of the view that the estimated interest income for the three years ending 31 December 2026 are fair and reasonable.

As the Lessee/Interest Payer Caps for the three years ending 31 December 2026 are close to (with difference of approximately 2%) the summation of (i) estimated demand of direct lease services by GT-PRC group; (ii) estimated demand of sale and leaseback services by GT-PRC group; (iii) estimated demand of sale and leaseback services by GT-PRC group's clients (who have not settled outstanding payments with GT-PRC group); and (iv) estimated interests to be paid by GT-PRC group to the Group according to (i) to (iii), which are fair and reasonable as analysed above, we are of the view that the Lessee/Interest Payer Caps for the three years ending 31 December 2026 are fair and reasonable.

The Equipment Supplier Caps

According to the calculation sheet, the estimated principal amounts of the finance lease services and estimated amounts of handling fees accounted for approximately 96% and 4% of the Equipment Supplier Caps for the three years ending 31 December 2026 respectively.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

Based on our discussion with the Directors, the Equipment Supplier Caps were mainly determined with reference to the possible demand of finance lease services by GT-PRC group's clients, which was estimated by Medical Financial Business Department and Financial Innovation Department of the Company.

Upon our discussion with Regional Business Directors of Medical Financial Business Department, we understood that such possible demand was made from the discussion between such staff and members of the GT-PRC group (as equipment supplier). We further obtained and reviewed records showing the identity of equipment supplier and indicated demand of finance lease services for FY2024, which amounted to approximately RMB890 million according to the equipment suppliers' possible coming business opportunities. As part of our due diligence work, we also interviewed with the equipment suppliers and acknowledged the aforesaid amounts.

In addition, we discussed with Supportive Operating Manager of Financial Innovation Department of the Company and understood that such possible demand was made according to revenue of relevant members of GT-PRC group for FY2023 on the assumption that 10% of the aforesaid revenue will involve finance lease arrangements. According to the key financial information of relevant members as provided by the Company, the sum of revenue of the aforesaid relevant members of GT-PRC group for FY2023 was approximately RMB5,000 million. Therefore, it is estimated that the possible demand would be approximately RMB500 million (calculated by RMB5,000 million x 10%). For our due diligence purpose, we further selected top two of aforesaid GT-PRC's members in terms of sales and acknowledged (by reviewing the historical annual report of such members) that the historical revenues of the two members were at the level of revenues as provided by the Company.

Based on the above, as the estimated principal amounts of the finance lease services is close to (with difference of approximately 3%) to the possible demand of approximately RMB500 million as mentioned above, we are of the view that the estimated principal amounts of the finance lease services accounted for the three years ending 31 December 2026 are fair and reasonable.

We also noted that the estimated handling fees was adopted based on the estimated handling fees rates and the estimated principal amounts of the finance lease services for the three years ending 31 December 2026. After reviewing the handling fees rates under the finance lease arrangement between the Group and independent third parties in 2023, we noticed that the estimated handling fees rates falls within the range of handling fees rates under the finance lease arrangement between the Group and independent third parties in 2023. Therefore, we are of the view that the estimated handling fees for the three years ending 31 December 2026 are fair and reasonable.

As the Equipment Supplier Caps for the three years ending 31 December 2026 are close to (with difference of less than 1%) the summation of estimated principal amounts of finance lease services and estimated handling fees for the corresponding periods, which are fair and reasonable as analysed above, we are of the view that the Equipment Supplier Caps for the three years ending 31 December 2026 are fair and reasonable.

Shareholders should note that as the proposed annual caps are relating to future events and were estimated based on assumptions which may or may not remain valid for the entire period up to 31 December 2026, and they do not represent forecasts of revenue/income arising from the Transactions. Consequently, we express no opinion as to how closely the actual revenue/income arising from the Transactions will correspond with the proposed annual caps.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

Listing Rules implication

The Directors confirmed that the Company shall comply with the requirements of Rules 14A.53 to 14A.59 of the Listing Rules pursuant to which (i) the values of the Transactions must be restricted by the relevant annual caps for the period concerned under the 2024 Finance Lease Framework Agreement; (ii) the terms of the Transactions must be reviewed by the independent non-executive Directors annually; (iii) details of independent non-executive Directors' annual review on the terms of the Transactions must be included in the Company's subsequent published annual reports.

Furthermore, it is also required by the Listing Rules that the auditors of the Company must provide a letter to the Board confirming, among other things, whether anything has come to their attention that causes them to believe that the Transactions (i) have not been approved by the listed issuer's board of directors; (ii) were not, in all material respects, in accordance with the pricing policies of the listed issuer's group if the transactions involve the provision of goods or services by the listed issuer's group; (iii) were not entered into, in all material respects, in accordance with the relevant agreement governing the transactions; and (iv) have exceeded the caps.

In the event that the maximum amounts of the Transactions are anticipated to exceed their respective annual caps, or that there is any proposed material amendment to the terms of the Transactions, as confirmed by the Directors, the Company shall comply with the applicable provisions of the Listing Rules governing continuing connected transaction.

Given the above stipulated requirements for continuing connected transactions pursuant to the Listing Rules, we are of the view that there are adequate measures in place to monitor the Transactions and thus the interest of the Independent Shareholders would be safeguarded.

RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that (i) the terms of the Transactions are on normal commercial terms and are fair and reasonable; and (ii) the Transactions are conducted in the ordinary and usual course of business of the Group and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution(s) to be proposed at the AGM to approve the Transactions and we recommend the Independent Shareholders to vote in favour of the resolution(s) in this regard.

Yours faithfully,
For and on behalf of
Gram Capital Limited
Graham Lam
Managing Director

Note: Mr. Graham Lam is a licensed person registered with the Securities and Futures Commission and a responsible officer of Gram Capital Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has over 25 years of experience in investment banking industry.

* *For identification purposes only*

APPENDIX I DETAILS OF THE RETIRING DIRECTORS PROPOSED TO BE RE-ELECTED AT THE ANNUAL GENERAL MEETING

The following are details of the Directors who will retire and being eligible, offer themselves for re-election at the Annual General Meeting.

(1) MR. CHEN SHISU – EXECUTIVE DIRECTOR

Mr. Chen Shisu (陳仕俗), aged 52, is an executive Director. He was appointed as the chairman of the Board, an executive Director and the chairman of each of the Nomination Committee and the Strategy Committee with effect from 16 May 2024. He is primarily responsible for leading and chairing the Board and providing advice and participating in meetings of the Board in connection with matters requiring Directors' consideration and/or approval, and he is also responsible for planning development strategy, business and management system of the Group.

Mr. Chen has extensive experience in strategic planning and capital management. Mr. Chen has served as the deputy chief economist (副總經濟師) of GT-PRC since August 2022. He has served as the chairman and the secretary of the Party Committee (黨委書記) of General Technology Group Medical Management Technology Co., Ltd. (通用技術集團健康管理科技有限公司) since April 2023 and July 2023, respectively. He also served as the chairman and the secretary of the Party Committee of Aerospace Medical & Healthcare Technology Group Co., Ltd. (航天醫療健康科技集團有限公司), previously known as Aerospace Medical & Healthcare Technology Co., Ltd. (航天醫療健康科技有限公司) from November 2018 to April 2024 and from October 2020 to July 2023, respectively. In addition, from June 2012 to November 2018, he successively served several positions, including the head of the asset operation department (資產運營部部長), a deputy general manager and the secretary of the board at AISINO CO. LTD. (航天信息股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600271). From July 1999 to June 2012, Mr. Chen successively served several positions, including a deputy director of the planning department of the development planning division (發展計劃部規劃處副處長) and the director of the fixed assets investment department of the development planning division (發展計劃部固定資產投資處處長) at China Aerospace Science and Industry Corporation (中國航天科工集團公司, currently known as China Aerospace Science and Industry Corporation Limited (中國航天科工集團有限公司)).

Mr. Chen obtained a bachelor's degree (majored in Architecture and Engineering) in July 1995 from Chongqing University (重慶大學), and he studied as a part-time graduate student and obtained a master's degree in management science and engineering in October 2018 from Harbin Institute of Technology (哈爾濱工業大學).

Save as disclosed above, Mr. Chen does not have any relationship with any Directors, senior management, substantial shareholders or controlling shareholders of the Company; and he does not at present nor did he in the last three years hold any directorship in other public companies the securities of which are listed on any securities market in Hong Kong or overseas.

As at the Latest Practicable Date, Mr. Chen did not have any interests in the Shares or underlying Shares pursuant to Part XV of the SFO.

APPENDIX I DETAILS OF THE RETIRING DIRECTORS PROPOSED TO BE RE-ELECTED AT THE ANNUAL GENERAL MEETING

Mr. Chen has entered into a service contract with the Company commencing from 16 May 2024 until conclusion of the Annual General Meeting. Pursuant to the service contract, the remuneration of Mr. Chen as an executive Director will be considered by the Remuneration Committee and subsequently considered and approved by the Board. He is not subject to retirement by rotation and re-election at least once every three years at the annual general meeting of the Company in accordance with the Articles of Association.

Save as disclosed above, there is no information which is required to be disclosed pursuant to any of the requirements under Rule 13.51(2)(h) to (v) of the Listing Rules and there are no other matters concerning her that needs to be brought to the attention of the Shareholders.

(2) MS. WANG LIN – EXECUTIVE DIRECTOR

Ms. Wang Lin (王琳), aged 49, is an executive Director. She is primarily responsible for work of party committee and human resources affairs. Ms. Wang was appointed as an executive Director on 25 July 2023.

Ms. Wang has extensive experience in corporate governance. Ms. Wang served as a director and deputy general manager of General Technology Group Health and Elderly Care Sector Co., Ltd. (通用技術集團健康養老產業有限公司, “GT-HECS”), a subsidiary of GT-PRC from August 2022 to July 2023, and served as the party secretary of GT-HECS from December 2022 to July 2023. From May 2019 to August 2022, she held several positions in a subsidiary of GT-PRC specialized in inspection, testing and certification, including the leader of the business group of inspection, testing and certification, the director and the general manager. From January 2020 to September 2021, she served as a director of China Automotive Engineering Research Institute Co., Ltd (中國汽車工程研究院股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 601965).

Ms. Wang obtained a bachelor’s degree (majored in organization work (機關工作專業)) in July 1999 from Xi’an Political College (西安政治學院), where she also received her master’s degree (majored in organization work (機關工作專業) and part-time) in February 2006. Ms. Wang was qualified as a senior engineer (高級工程師) in December 2018 by the State Administration for Market Regulation of China (中華人民共和國國家市場監督管理總局).

Save as disclosed above, Ms. Wang does not have any relationship with any Directors, senior management, substantial shareholders or controlling shareholders of the Company; and she does not at present nor did she in the last three years hold any directorship in other public companies the securities of which are listed on any securities market in Hong Kong or overseas.

As at the Latest Practicable Date, Ms. Wang did not have any interests in the Shares or underlying Shares pursuant to Part XV of the SFO.

Ms. Wang has entered into a service contract with the Company commencing from 25 July 2023 until conclusion of the Annual General Meeting. Pursuant to the service contract, the remuneration of Ms. Wang as an executive Director will be considered by the Remuneration Committee and subsequently

APPENDIX I DETAILS OF THE RETIRING DIRECTORS PROPOSED TO BE RE-ELECTED AT THE ANNUAL GENERAL MEETING

considered and approved by the Board. She is not subject to retirement by rotation and re-election at least once every three years at the annual general meeting of the Company in accordance with the Articles of Association.

Save as disclosed above, there is no information which is required to be disclosed pursuant to any of the requirements under Rule 13.51(2)(h) to (v) of the Listing Rules and there are no other matters concerning her that needs to be brought to the attention of the Shareholders.

(3) MR. XU MING – NON-EXECUTIVE DIRECTOR

Mr. Xu Ming (徐明), aged 59, was appointed as a non-executive Director and a member of each of the Remuneration Committee and the Nomination Committee with effect from 22 June 2022. He is primarily responsible for providing advice on matters requiring Directors' discussion and/or approval and participating in meetings of the Board.

Mr. Xu has extensive experience in corporate governance. Mr. Xu has been the general manager of Genertec Hong Kong International Capital Limited (通用技術集團香港國際資本有限公司), a wholly-owned subsidiary of the Company's controlling shareholder, GT-PRC, since September 2018. From August 2008 to February 2020, Mr. Xu served as a director of China Meheco Group Co., Ltd. (中國醫藥健康產業股份有限公司), the shares of which are listed on the Shanghai Stock Exchange (stock code: 600056). From July 1998 to September 2018, Mr. Xu successively served as a department manager, a vice general manager and the general manager of the financial management department of GT-PRC.

Mr. Xu received a master's degree in business administration (part-time) from Tsinghua University (清華大學) in January 2013 and a bachelor's degree in accounting from Beijing Institute of Business (北京商學院) in June 1988. Mr. Xu was qualified as a senior accountant (高級會計師) in August 2002 by Appraisal and Approval Committee for Professional & Technical Qualification of GT-PRC (通用技術集團專業技術資格評審委員會).

Save as disclosed above, Mr. Xu does not have any relationship with any Directors, senior management, substantial shareholders or controlling shareholders of the Company; and he does not at present nor did he in the last three years hold any directorship in other public companies the securities of which are listed on any securities market in Hong Kong or overseas.

As at the Latest Practicable Date, Mr. Xu did not have any interests in the Shares or underlying Shares pursuant to Part XV of the SFO.

Mr. Xu has entered into an appointment letter with the Company, pursuant to which he was appointed since 22 June 2022, and he shall hold office until the conclusion of the next annual general meeting of the Company following his appointment, and shall then be eligible for re-election at that general meeting. Pursuant to the Shareholders' approval at the Company's 2023 annual general meeting, Mr. Xu was re-elected as a non-executive Director. Mr. Xu, pursuant to the appointment letter, is not

APPENDIX I DETAILS OF THE RETIRING DIRECTORS PROPOSED TO BE RE-ELECTED AT THE ANNUAL GENERAL MEETING

entitled to any remuneration during his term of services. He is subject to retirement by rotation and re-election at least once every three years at the annual general meeting of the Company in accordance with the Articles of Association.

Save as disclosed above, there is no information which is required to be disclosed pursuant to any of the requirements under Rules 13.51(2)(h) to (v) of the Listing Rules and there are no other matters concerning him that need to be brought to the attention of the Shareholders.

(4) MR. ZHU ZIYANG – NON-EXECUTIVE DIRECTOR

Mr. Zhu Ziyang (朱梓陽), aged 28, was appointed as a non-executive Director, the chairman of the Risk Control Committee and a member of the Strategy Committee with effect from 7 July 2021. He is primarily responsible for providing advice on matters requiring Directors' consideration and/or approval and participating in meetings of the Board.

Mr. Zhu has been a non-executive director of Ping An Healthcare and Technology Company Limited (whose shares are listed on the Main Board of the Stock Exchange (stock code: 1833)) since 10 December 2021. He has been the vice president of Hopson Development Holdings Limited (whose shares are listed on the Main Board of the Stock Exchange (stock code: 0754)) since July 2021, responsible for operation of the Group's technology sector. He has been a non-executive director of YSB Inc. (whose shares are listed on the Main Board of the Stock Exchange (stock code: 9885)) since February 2021. He has also been the head for the medical sector of Guangdong Yuanzhi Technology Group Co., Ltd. (廣東元知科技集團有限公司). Mr. Zhu served as the assistant to the principal of the Strategy Committee (戰略委員會主任助理) of Hopson Development.

Mr. Zhu obtained his bachelor's degree in management from Beijing Institute of Technology (北京理工大學) in June 2017. Mr. Zhu is a nephew of Mr. Chu Mang Yee (朱孟依), a substantial shareholder of the Company.

Save as disclosed above, Mr. Zhu does not have any relationship with any Directors, senior management, substantial shareholders or controlling shareholders of the Company; and he does not at present nor did he in the last three years hold any directorship in other public companies the securities of which are listed on any securities market in Hong Kong or overseas.

As at the Latest Practicable Date, Mr. Zhu did not have any interests in the Shares or underlying Shares pursuant to Part XV of the SFO.

Mr. Zhu has entered into an appointment letter with the Company, pursuant to which he was appointed since 7 July 2021, and he shall hold office until the conclusion of the next annual general meeting of the Company following his appointment, and shall then be eligible for re-election at that general meeting. Pursuant to the Shareholders' approval at the Company's 2022 annual general meeting, such service contract was extended and he shall hold office until the commencement of third annual general meeting of the Company following the extension. Mr. Zhu, pursuant to the

APPENDIX I DETAILS OF THE RETIRING DIRECTORS PROPOSED TO BE RE-ELECTED AT THE ANNUAL GENERAL MEETING

appointment letter, is not entitled to any remuneration during his term of services. He is subject to retirement by rotation and re-election at least once every three years at the annual general meeting of the Company in accordance with the Articles of Association.

Save as disclosed above, there is no information which is required to be disclosed pursuant to any of the requirements under Rules 13.51(2)(h) to (v) of the Listing Rules and there are no other matters concerning him that need to be brought to the attention of the Shareholders.

(5) MR. LI YINQUAN – INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr. Li Yinquan (李引泉), aged 68, was appointed as an independent non-executive Director with effect from 9 June 2015. He is also the chairman of the Audit Committee. He was appointed as a member of each of the Remuneration Committee and the Nomination Committee on 13 September 2021. He is primarily responsible for providing advice on matters requiring Directors' discussion and/or approval and participating in meetings of the Board.

Mr. Li has served as an independent non-executive director of Million Cities Holdings Limited (whose shares are listed on the Main Board of the Stock Exchange (stock code: 2892)) since June 2018, an independent non-executive director of Hong Kong Shanghai Alliance Holdings Limited (whose shares are listed on the Main Board of the Stock Exchange (stock code: 1001)) since July 2018. Mr. Li has served as an independent non-executive director of China Everbright Bank Company Limited (whose shares are listed on the Main Board of the Stock Exchange (stock code: 6818) and the Shanghai Stock Exchange (stock code: 601818)) since June 2020. Mr. Li has served as an independent non-executive director of Mainland Headwear Holdings Limited (whose shares are listed on the Main Board of the Stock Exchange (stock code: 1100)) since September 2023.

Mr. Li successively served as the general manager of the financial department, financial controller and vice president of China Merchants Group, and the chief executive officer of China Merchants Capital Investment Co., Ltd. during 2000 to 2017. He served as an executive director of China Merchants Port Holdings Company Limited (formerly known as China Merchants Holdings (International) Co., Ltd.) (whose shares are listed on the Main Board of the Stock Exchange (stock code: 144)) from June 2001 to March 2015 and a non-executive director of China Merchants Bank Co., Ltd. (whose shares are listed on the Main Board of the Stock Exchange (stock code: 3968) and the Shanghai Stock Exchange (stock code: 600036)) from April 2001 to June 2016. He was an executive director of China Merchants China Direct Investments Limited (whose shares are listed on the Main Board of the Stock Exchange (stock code: 133)) from July 2008 to April 2017. He was an independent non-executive director of Lizhi Inc. (whose shares are listed on the NASDAQ Stock Market (stock code: LIZI)) from January 2020 to June 2021 and an independent non-executive director of Kimou Environmental Holding Limited (whose shares are listed on the Main Board of the Stock Exchange (stock code: 6805)) from June 2019 to December 2022.

Mr. Li was awarded a bachelor's degree in Economics from Shaanxi Institute of Finance and Economics (陝西財經學院), China in July 1983. He was then awarded a master's degree in Economics from the PBC School of Finance, Tsinghua University (清華大學五道口金融學院) (formerly known as Graduate School of the People's Bank of China (中國人民銀行總行金融研究

APPENDIX I DETAILS OF THE RETIRING DIRECTORS PROPOSED TO BE RE-ELECTED AT THE ANNUAL GENERAL MEETING

所)) in July 1986. In October 1988, Mr. Li obtained a master's degree in Banking and Finance for Development from Finafrica Institute in Milan, Italy. In August 1989, he was qualified as a senior economist by the Appraisal and Approval Committee for Professional & Technical Qualification of the Agricultural Bank of China.

Save as disclosed above, Mr. Li does not have any relationship with any Directors, senior management, substantial shareholders or controlling shareholders of the Company; and he does not at present nor did he in the last three years hold any directorship in other public companies the securities of which are listed on any securities market in Hong Kong or overseas.

As at the Latest Practicable Date, Mr. Li did not have any interests in the Shares or underlying Shares pursuant to Part XV of the SFO.

Mr. Li has entered into an appointment letter with the Company for a term of three years commencing from 9 June 2021 unless terminated by either party giving not less than three months' notice in writing. Pursuant to the appointment letter, Mr. Li is entitled to a director's remuneration of HK\$400,000 per annum which was determined by the Board with reference to the remuneration of the comparable companies, his time contribution, duties and responsibilities as well as the results of the Group. He is subject to retirement by rotation and re-election at least once every three years at the annual general meeting of the Company in accordance with the Articles of Association.

Save as disclosed above, there is no information which is required to be disclosed pursuant to any of the requirements under Rules 13.51(2)(h) to (v) of the Listing Rules and there are no other matters concerning him that need to be brought to the attention of the Shareholders.

The following is an explanatory statement required by the Listing Rules to provide the Shareholders with requisite information reasonably necessary for them to make an informed decision on whether to vote for or against the ordinary resolution to be proposed at the Annual General Meeting in relation to the granting of the Share Buy-back Mandate. It also constitutes the memorandum under section 239(2) of the Companies Ordinance.

1. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 1,891,539,661 Shares. Subject to the passing of the ordinary resolution set out in item 6 of the notice of the Annual General Meeting in respect of the granting of the Share Buy-back Mandate and on the basis that the issued share capital of the Company remains unchanged on the date of the Annual General Meeting, i.e. being 1,891,539,661 Shares, the Directors would be authorised under the Share Buy-back Mandate to buy back, during the period in which the Share Buy-back Mandate remains in force, a total of 189,153,966 Shares, representing 10% of the total number of Shares in issue as at the date of the Annual General Meeting.

2. REASONS FOR SHARE BUY-BACK

The Directors believe that the granting of the Share Buy-back Mandate is in the best interests of the Company and the Shareholders.

Shares buy-back may, depending on the market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made when the Directors believe that such a buy-back will benefit the Company and the Shareholders.

3. FUNDING OF SHARE BUY-BACK

The company may only apply funds legally available for share buy-back in accordance with its Articles of Association, the laws of Hong Kong and/or any other applicable laws, as the case may be.

4. IMPACT OF SHARE BUY-BACK

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited financial statements contained in the annual report of the Company for the year ended 31 December 2023) in the event that the Share Buy-back Mandate were to be carried out in full at any time during the proposed buy-back period. However, the Directors do not intend to exercise the Share Buy-back Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

5. MARKET PRICES OF SHARES

The highest and lowest prices per Share at which Shares have traded on the Stock Exchange during each of the previous 12 months up to and including the Latest Practicable Date were as follows:

| Month | Highest HK\$ | Lowest HK\$ |
|--|-------------------------|------------------------|
| 2023 | | |
| April | 5.30 | 4.70 |
| May | 5.40 | 4.59 |
| June | 4.85 | 4.13 |
| July | 4.36 | 4.01 |
| August | 4.33 | 3.57 |
| September | 4.13 | 3.88 |
| October | 4.08 | 3.75 |
| November | 4.21 | 3.92 |
| December | 4.49 | 4.09 |
| 2024 | | |
| January | 4.54 | 3.71 |
| February | 4.41 | 3.90 |
| March | 4.34 | 4.15 |
| April | 4.85 | 4.20 |
| May (<i>up to the Latest Practicable Date</i>) | 5.15 | 4.67 |

6. GENERAL

To the best of their knowledge and having made all reasonable enquiries, none of the Directors nor any of their respective close associates have any present intention to sell any Shares to the Company in the event that the granting of the Share Buy-back Mandate is approved by the Shareholders.

The Company has not been notified by any core connected persons of the Company that they have a present intention to sell any Shares to the Company, or that they have undertaken not to sell any Shares held by them to the Company in the event that the granting of the Share Buy-back Mandate is approved by the Shareholders.

The Directors will exercise the power of the Company to buy back Shares pursuant to the Share Buy-back Mandate in accordance with the Listing Rules and the applicable laws of Hong Kong. In addition, the Company has confirmed that neither the Explanatory Statement nor the proposed share repurchase has any unusual features.

7. TAKEOVERS CODE

If as a result of a buy-back of Shares pursuant to the Share Buy-back Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition of voting rights for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert (within the meaning under the Takeovers Code), depending on the level of increase in the Shareholder's interest, could obtain or consolidate control of the Company and thereby become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code.

To the best knowledge of the Company, as at the Latest Practicable Date, GT-PRC was interested in 750,651,700 Shares representing approximately 39.68% of the total issued share capital of the Company. In the event that the Directors exercised the proposed Share Buy-back Mandate in full, the shareholding interests of GT-PRC would be increased to approximately 44.09% of the issued share capital of the Company.

The Directors consider that such increase in shareholding interests would give rise to an obligation on GT-PRC to make a mandatory offer under Rule 26 of the Takeovers Code but would not reduce the issued share capital in the public to less than 25%, the prescribed minimum percentage required by the Stock Exchange. The Directors do not have any present intention to exercise the proposed Share Buy-back Mandate to such an extent as would give rise to such obligation.

8. SHARE BUY-BACK MADE BY THE COMPANY

During the six months preceding the Latest Practicable Date, the Company has not bought back any of the Shares (whether on the Stock Exchange or otherwise).

1. RESPONSIBILITY STATEMENT

This circular, for which our Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. All of the Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, and to the best knowledge of the Directors, the following entities/persons (except for the Directors and the chief executive of the Company) have interests or short positions in the Shares or underlying shares of the Company which are required to be disclosed to the Company under the provisions of Divisions 2 and 3 in Part XV of SFO:

| Name | Nature of interest | Number of Shares Interested | Approximate percentage of interest held in the Company |
|---|------------------------------------|-----------------------------|--|
| GT-HK (<i>Note 1</i>) | Beneficial owner | 687,173,395 | 36.33% |
| GT-PRC (<i>Note 1</i>) | Interest of controlled corporation | 750,651,700 | 39.68% |
| Trustar Capital Holdings Limited (<i>Note 2</i>) | Interest of controlled corporation | 191,349,753 | 10.12% |
| CP Management Holdings Limited (<i>Note 2</i>) | Interest of controlled corporation | 191,349,753 | 10.12% |
| Zhang Yichen (<i>Note 2</i>) | Interest of controlled corporation | 191,349,753 | 10.12% |
| CITIC Capital (<i>Notes 2 and 3</i>) | Interest of controlled corporation | 233,342,753 | 12.34% |
| Chu Mang Yee (<i>Note 4</i>) | Interest of controlled corporation | 245,629,081 | 12.99% |
| Sounda Properties (<i>Note 4</i>) | Beneficial owner | 4,806,000 | 0.25% |
| | Interest of controlled corporation | 240,823,081 | 12.73% |
| Meta Group Limited (<i>Note 4</i>) | Interest of controlled corporation | 169,835,081 | 8.98% |
| Sounda Hopson Technology Investment Limited (<i>Note 4</i>) | Interest of controlled corporation | 169,835,081 | 8.98% |
| Sounda Hopson Technology Holdings Limited (<i>Note 4</i>) | Interest of controlled corporation | 169,835,081 | 8.98% |

Notes:

- (1) Among the 750,651,700 Shares, 687,173,395 Shares are registered under the name of GT-HK and 63,478,305 Shares are registered under the name of China General Consulting & Investment (Hong Kong) Co., Limited (“**CGCI-HK**”). The entire issued share capital of GT-HK is ultimately owned by GT-PRC and the entire issued share capital of CGCI- HK is directly held by China General Consulting & Investment Co., Limited, which in turn, is wholly-owned by GT- PRC. By virtue of the SFO, GT-PRC is deemed to be interested in a total of 750,651,700 Shares held by GT-HK and CGCI-HK.
- (2) CCP Leasing II Limited, a wholly-owned subsidiary of CITIC Capital China Partners IV, L.P., is interested in 191,349,753 Shares, which arises from the entering into a subscription agreement in relation to subscription of convertible bonds in the amount of USD150 million with the Group on 29 December 2020. The general partner of CITIC Capital China Partners IV, L.P. is CCP IV GP Ltd. CCP IV GP Ltd. is a wholly-owned subsidiary of CCP Ltd., which is wholly owned by Trustar Capital Partners Limited. Trustar Capital Partners Limited is indirectly wholly owned by Trustar Capital Holdings Limited through Trustar Capital Company Limited. Trustar Capital Holdings Limited is held as to 51% and 49% by CITIC Capital and CP Management Holdings Limited (of which Mr. Zhang Yichen holds more than one-third voting power), respectively. By virtue of the SFO, Trustar Capital Holdings Limited, CITIC Capital, CP Management Holdings Limited and Mr. Zhang Yichen are deemed to be interested in the 191,349,753 Shares directly held by CCP Leasing II Limited.
- (3) Other than the 191,349,753 Shares mentioned above, CITIC Capital is also interested in another 41,993,000 Shares, which are indirectly held by CITIC Capital (Tianjin) through its wholly owned subsidiary, Infinite Benefits Limited. CITIC Capital (Tianjin) is held as to 68.17% by Prestige Way Limited, a wholly owned subsidiary of Prestige Way Holdings Limited. Prestige Way Holdings Limited is a wholly owned subsidiary of CITIC Capital MB Investment Limited, which is wholly owned by CITIC Capital. By virtue of the SFO, CITIC Capital is deemed to be interested in the 41,993,000 Shares.
- (4) Among the 245,629,081 Shares, (i) 4,806,000 Shares are directly held by Sounda Properties Limited (“**Sounda Properties**”); (ii) 169,835,081 Shares are directly held by Million Surplus Developments; and (iii) 70,988,000 Shares are directly held by Hopson E-Commerce Limited (“**Hopson E-Commerce**”).

Sounda Properties is wholly owned by Mr. Chu Mang Yee. By virtue of the SFO, Mr. Chu Mang Yee is deemed to be interested in the 4,806,000 Shares held by Sounda Properties.

Million Surplus Developments is wholly owned by Meta Group Limited, which in turn, is indirectly owned as to 80% by Sounda Hopson Investment Holdings Limited (“**Sounda Hopson Investment**”) through Sounda Hopson Technology Holdings Limited and Sounda Hopson Technology Investment Limited. Sounda Properties holds 100% of the equity interest in Sounda Hopson Investment. By virtue of the SFO, Mr. Chu Mang Yee is deemed to be interested in the 169,835,081 Shares held by Million Surplus Developments.

Hopson E-Commerce, through Hopson Capital International Limited, is indirectly wholly owned by Hopson Development International Limited. Hopson Development International Limited is wholly owned by Hopson Development Holdings Limited, which in turn, is owned as to 53.75% by Sounda Properties. By virtue of the SFO, Mr. Chu Mang Yee is deemed to be interested in the 70,988,000 Shares held by Hopson E-Commerce.

Therefore, Mr. Chu Mang Yee is deemed to be interested in a total of 245,629,081 Shares.

As at the Latest Practicable Date, so far as is known to the Directors, the following Director is a director or employee of the substantial Shareholders set out above:

| Name of Director | Name of substantial Shareholders | Positions held |
|-------------------------|---|--|
| Mr. Chan Kai Kong | CITIC Capital Holdings Limited | Chief financial officer and senior managing director |
| Mr. Xu Ming | GT-HK | Director |

Save as disclosed above, as at the Latest Practicable Date, so far as is known to the Directors, no other Director was a director or employee of a company which had an interest or short position in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. INTERESTS OF THE DIRECTORS AND CHIEF EXECUTIVE

As at the Latest Practicable Date, the interests or short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which will fall to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which are recorded in the register required to be kept under section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Long positions in the Shares

| Name | Nature of interest | Position | Number of Shares Interested | Approximate percentage of interest held in the Company |
|--------------------------|------------------------------------|------------------------|------------------------------------|---|
| Peng Jiahong (Note 1) | Interest of controlled corporation | Executive Director | 7,617,400 | 0.40% |
| Chan Kai Kong | Beneficial owner | Non-executive Director | 30,000 | 0.00% |

Note:

- (1) Ms. Peng Jiahong is the sole legal and beneficial owner of Evergreen which is the beneficial owner of the said 7,617,400 Shares. By virtue of the SFO, Ms. Peng is deemed to be interested in the Shares owned by Evergreen. Ms. Peng resigned as an executive Director with effect from 16 May 2024.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests or short positions in any Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were recorded in the register required to be kept under section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

4. DIRECTORS' SERVICE CONTRACTS

The Company has entered into service contracts with all of the Directors. None of the Directors has entered into any service contracts with the Company which cannot be terminated by the Company within one year without payment of compensation (other than statutory compensation).

5. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirmed that there had been no material adverse change in the Group's financial or trading position since 31 December 2023 (being the date to which the Company's latest published audited consolidated financial statements were made).

6. QUALIFICATION AND CONSENT OF EXPERT

The following are the qualifications of the expert who has given advice, letter or opinion for incorporation and as contained in this circular:

| Name | Qualification |
|----------------------|---|
| Gram Capital Limited | a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activities under the SFO |

As at the Latest Practicable Date, Gram Capital Limited had given and had not withdrawn its written consent to the issue of this circular with the inclusion of its letter and/or the references to its name included herein in the form and context in which they are respectively included.

As at the Latest Practicable Date, Gram Capital Limited did not have any shareholding in any member of the Group or the rights (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for the securities in any member of the Group.

As at the Latest Practicable Date, Gram Capital Limited did not have any interest in any assets which have been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2023 (being the date to which the latest published audited consolidated financial statements of the Company were made).

7. COMPETING INTERESTS

As at the Latest Practicable Date, Mr. Tong Chaoyin and Mr. Zhu Ziyang, each a non-executive Director, had interests in the following business, which is considered to compete or be likely to compete, either directly or indirectly, with the Group's businesses:

| Name of Director | Name of Company | Interest in the Competing Business | Nature of the Competing Business |
|-------------------------|---|---|---|
| Tong Chaoyin | GT-PRC Healthcare Company Limited | Non-executive director | Medical and healthcare business |
| Zhu Ziyang | Ping An Healthcare and Technology Company Limited | Non-executive director | Medical and healthcare business |

As each of Mr. Tong Chaoyin and Mr. Zhu Ziyang is not a member of our executive management team, we do not believe that their respective interests in the above business as a director would render us incapable of carrying on our businesses independently from GT-PRC Healthcare Company Limited and Ping An Healthcare and Technology Company Limited.

Save as disclosed above, none of the Directors and their close associates was considered to be interested in business which competes or is likely to compete, either directly or indirectly, with the core business of the Group, which is required to be disclosed under Rule 8.10 of the Listing Rules.

8. INTERESTS IN ASSETS OF THE GROUP

So far as the Directors were aware, as at the Latest Practicable Date, none of the Directors had any interest, either direct or indirect, in any assets which had been since 31 December 2023 (being the date to which the latest published audited accounts of the Company were made up) acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

So far as the Directors were aware, save for the continuing connected transactions entered into between the Company and GT-PRC and/or its associates, as at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement subsisting at the date hereof which was significant in relation to the business of the Group.

9. DOCUMENTS ON DISPLAY

Copies of the following documents will be on display for inspection on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.umcare.cn for 14 days from the date of this circular:

- (a) the 2024 Finance Lease Framework Agreement;

- (b) the letter of recommendation from the Independent Board Committee to the Independent Shareholders, the text of which is set out in the section headed “Letter from the Independent Board Committee” on page 19 to page 20 of this circular;
- (c) the letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and Independent Shareholders, the text of which is set out in the section headed “Letter from the Independent Financial Adviser” on page 21 to page 34 of this circular;
- (d) the written consent as referred to in the paragraph headed “Qualification and Consent of Expert” in this appendix; and
- (e) this circular.

10. MISCELLANEOUS

- (a) The secretary to the Company is Ms. Ng Wai Kam, who is a Chartered Secretary and an Associate of both The Hong Kong Institute of Chartered Secretaries and The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators) in the United Kingdom.
- (b) The registered office of the Company is situated at Room 702, Fairmont House, 8 Cotton Tree Drive, Central, Hong Kong.
- (c) The head office in China of the Company is situated at 20th to 28th Floor, No. 90, Side Road of West Third Ring Middle Road, Fengtai District, Beijing, China.
- (d) The share registrar of the Company is Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong.
- (e) This circular has been prepared in both English and Chinese. In the case of inconsistency, the English text of this circular will prevail over the Chinese text.

NOTICE OF ANNUAL GENERAL MEETING



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)

Notice is hereby given that the annual general meeting of Genertec Universal Medical Group Company Limited (the “**Company**”) will be held at Room 1, 10/F, United Centre, 95 Queensway, Admiralty, Hong Kong on Friday, 7 June 2024 at 10:00 a.m. (the “**Annual General Meeting**”) for the following purposes:

1. To receive and consider the audited consolidated financial statements of the Company and the reports of the directors of the Company (the “**Directors**”) and auditors of the Company (the “**Auditors**”) for the year ended 31 December 2023.
2. To declare a final dividend of HK\$0.35 per share for the year ended 31 December 2023.
3. To re-elect retiring Directors as follows:
 - (a) To re-elect Mr. Chen Shisu as Director;
 - (b) To re-elect Ms. Wang Lin as Director;
 - (c) To re-elect Mr. Xu Ming as Director;
 - (d) To re-elect Mr. Zhu Ziyang as Director; and
 - (e) To re-elect Mr. Li Yinquan as Director.
4. To authorise the board of Directors (the “**Board**”) to fix the Directors’ remuneration.
5. To re-appoint Ernst & Young as the Auditors and to authorise the Board to fix their remuneration.
6. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

“**THAT:**

- (a) subject to compliance with the prevailing requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and paragraph (b) below, a general mandate be and is hereby generally and unconditionally given to the Directors to exercise during the Relevant Period (as defined below) all the powers of the Company to buy back its shares in accordance with all applicable laws, rules and regulations;

NOTICE OF ANNUAL GENERAL MEETING

- (b) the total number of shares of the Company to be bought back pursuant to the mandate in paragraph (a) above shall not exceed 10% of the total number of issued shares of the Company as at the date of passing of this resolution, (subject to adjustment in the case of any consolidation or subdivision of shares of the Company after the date of passing of this resolution); and
- (c) for the purposes of this resolution:

“**Relevant Period**” means the period from the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws to be held; and
- (iii) the date on which the authority set out in this resolution is revoked or varied by an ordinary resolution of the shareholders in general meeting.”

7. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

“**THAT:**

- (a) subject to compliance with the prevailing requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and paragraph (b) below, a general mandate be and is hereby generally and unconditionally given to the Directors to issue, allot and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options, which might require the exercise of such powers during or after the end of the Relevant Period (as defined below) in accordance with all applicable laws, rules and regulations;
- (b) the aggregate number of shares issued and allotted or to be issued and allotted or agreed conditionally or unconditionally to be issued and allotted by the Directors pursuant to the mandate in paragraph (a) above, otherwise than pursuant to:
 - (i) a Rights Issue (as defined below); or
 - (ii) any scrip dividend scheme or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the articles of association of the Company; or
 - (iii) any issue of shares upon exercise of options under a share option scheme of the Company; or

NOTICE OF ANNUAL GENERAL MEETING

- (iv) any specific authority granted or to be granted by the shareholders of the Company in general meeting,

shall not exceed 20% of the total number of issued shares of the Company as at the date of passing of this resolution (subject to adjustment in the case of any consolidation or subdivision of shares of the Company after the date of passing of this resolution); and

- (c) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws to be held; and
- (iii) the date on which the authority set out in this resolution is revoked or varied by an ordinary resolution of the shareholders in general meeting.

“Rights Issue” means an offer of shares or offer or issue of warrants, options or other securities giving rights to subscribe for shares open for a period fixed by the Directors to holders of shares of the Company or any class thereof on the register on a fixed record date in proportion to their then holdings of such shares or class thereof (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of any relevant jurisdiction or the requirements of any recognised regulatory body or any stock exchange).”

- 8. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

“THAT conditional upon the passing of the resolutions set out in items 6 and 7 of the notice convening this meeting (the **“Notice”**), the general mandate referred to in the resolution set out in item 7 of the Notice be and is hereby extended by the addition to the aggregate number of shares which may be issued and allotted or agreed conditionally or unconditionally to be issued and allotted by the Directors pursuant to such general mandate of the number of shares bought back by the Company pursuant to the mandate referred to in resolution set out in item 6 of the Notice, provided that such number of shares shall not exceed 10% of the total number of issued shares of the Company as at the date of passing of this resolution (subject to adjustment in the case of any consolidation or subdivision of shares of the Company after the date of passing of this resolution).”

NOTICE OF ANNUAL GENERAL MEETING

9. To consider and approve the continuing connected transactions under the 2024 Finance Lease Framework Agreement (as defined in the circular of the Company dated 16 May 2024 (the “**Circular**”)) and the proposed annual caps thereunder for the three years ending 31 December 2026 (as set out in the Circular).

For and on behalf 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, 16 May 2024

Notes:

1. All resolutions at the meeting will be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands pursuant to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The results of the poll will be published on the websites of Hong Kong Exchanges and Clearing Limited and the Company in accordance with the Listing Rules.
2. Any member of the Company entitled to attend and vote at the above meeting is entitled to appoint another person as his proxy to attend, speak and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf. A proxy need not be a member of the Company. If more than one proxy is appointed, the number of shares in respect of which each such proxy so appointed must be specified in the relevant form of proxy. On a poll, every member who is present in person or by proxy shall have one vote for every fully paid-up share held by him.
3. In order to be valid, the form of proxy and any authority under which it is executed or a copy of the authority certified notarially, must be deposited at the Company’s share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not less than 48 hours (excluding any part of a day that is a public holiday) before the time appointed for the above meeting or the adjourned meeting (as the case may be). Accordingly, the form of proxy must be delivered to the Company’s share registrar not later than 10:00 a.m. on Wednesday, 5 June 2024 (Hong Kong time).
4. Deposit of the form of proxy shall not preclude a member from attending and voting at the meeting or at any adjournment of it and, in such event, the form of proxy shall be deemed to be revoked.
5. For determining the entitlement to attend and vote at the above meeting, the Register of Members of the Company will be closed from Tuesday, 4 June 2024 to Friday, 7 June 2024, both dates inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the Annual General Meeting, unregistered holders of shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Monday, 3 June 2024.
6. For determining the entitlement to the proposed final dividend (subject to approval by the shareholders at the Annual General Meeting), the Register of Members of the Company will be closed from Friday, 14 June 2024 to Tuesday, 18 June 2024, both dates inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, unregistered holders of shares of the Company shall ensure that all transfer documents

NOTICE OF ANNUAL GENERAL MEETING

accompanied by the relevant share certificates must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Thursday, 13 June 2024.

7. A circular containing further details concerning items 2, 3, 6, 7, 8 and 9 set out in the above notice will be sent to all members of the Company.
8. If a tropical cyclone warning signal number 8 or above is hoisted, or "extreme conditions" caused by super typhoons or a black rainstorm warning or is/are in force at any time after 8:00 a.m. on 7 June 2024, the Annual General Meeting will be postponed. If postponed, the Company will as soon as practicable post an announcement on the websites of Hong Kong Exchanges and Clearing Limited and the Company. Shareholders may contact Customer Service Hotline of Computershare Hong Kong Investor Services Limited at (852) 2862 8555 from 9:00 a.m. to 5:00 p.m., Monday to Friday (excluding public holidays) for any enquiry regarding the aforesaid arrangement.

As at the date of this announcement, the executive Directors are Mr. Chen Shisu (Chairman), Mr. Wang Wenbing and Ms. Wang Lin; 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.

This circular (in both English and Chinese versions) has been posted on the Company's website at www.umcare.cn. Shareholders who have chosen to receive the Company's Corporate Communications (including but not limited to annual report, summary financial report (where applicable), interim report, summary interim report (where applicable), notice of meeting, listing document, circular and proxy form) via the Company's website and for any reason have difficulty in gaining access to this circular posted on the Company's website will promptly upon request be sent by post this circular in printed form free of charge. Shareholders may at any time change their choice of means of receipt and language of the Corporate Communications. Shareholders may request for printed copy of the circular free of charge or change their choice of means of receipt and language of the Company's corporate communications by sending reasonable notice in writing to the Company's share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong or by sending an email to unimedical.ecom@computershare.com.hk.

Shareholders who have chosen to receive the Company's corporate communication in either English or Chinese version will receive both English and Chinese versions of this circular since both languages are bound together into one booklet.