GENERTEC UNIVERSAL MEDICAL GROUP COMPANY LIMITED

通用環球醫療集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code：2666)

DISCLOSEABLE TRANSACTION
CAPITAL INCREASE IN A SUBSIDIARY

THE CAPITAL INCREASE AGREEMENT

In March 2019, Hospital Investment Co., Ltd., Minmetals Assets Management, Minmetals Innovation Investment and CITIC Capital (Tianjin) established the Target Company, for the purpose of cooperation with China Minmetals Corporation (中國五礦集團有限公司). Upon the establishment of the Target Company, it was held by Hospital Investment Co., Ltd., Minmetals Assets Management, Minmetals Innovation Investment and CITIC Capital (Tianjin) as to 46%, 39%, 5% and 10%, respectively, and accounted as a subsidiary of the Company.

The Board is pleased to announce that, on 31 May 2020 (after trading hours), Hospital Investment Co., Ltd. entered into the Capital Increase Agreement with the Minmetals Investors, Minmetals Innovation Investment and CITIC Capital (Tianjin), pursuant to which the Parties agreed to further increase the capital of the Target Company. Subject to any further adjustment as required under the relevant SASAC rules or recognized by the Parties, Hospital Investment Co., Ltd., Minmetals Innovation Investment and CITIC Capital (Tianjin) will respectively contribute RMB385.02 million, RMB41.85 million and RMB83.70 million in cash, and the Minmetals Investors will contribute RMB326.43 million by injecting the Target Assets. Upon the completion of the capital increase, the Target Company will be held by Hospital Investment Co., Ltd., the Minmetals Investors, Minmetals Innovation Investment and CITIC Capital (Tianjin) as to 46%, 39%, 5% and 10%, respectively. The Target Company will become the new sponsor or promoter of the Target Medical Institutions.

LISTING RULES IMPLICATIONS

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

As at the date of this announcement, (i) the Target Company is an insignificant subsidiary of the Company under Rule 14A.09(1) of the Listing Rules; and (ii) Minmetals Assets Management, one of the Minmetals Investors, and CITIC Capital (Tianjin) respectively holds 39% and 10% of equity interest of the Target Company, and each of them is a substantial shareholder of an insignificant subsidiary of the Company. Notwithstanding the respective interest of Minmetals Assets Management and CITIC Capital (Tianjin) in the Target Company, each of them and their respective ultimate beneficial owners are not regarded as connected persons of the Company pursuant to Rule 14A.09 of the Listing Rules. Therefore, the transaction contemplated under the Capital Increase Agreement does not constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

WARNING

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

INTRODUCTION

In March 2019, Hospital Investment Co., Ltd., Minmetals Assets Management, Minmetals Innovation Investment and CITIC Capital (Tianjin) established the Target Company, for the purpose of cooperation with China Minmetals Corporation (中國五礦集團有限公司). Upon the establishment of the Target Company, it was held by Hospital Investment Co., Ltd., Minmetals Assets Management, Minmetals Innovation Investment and CITIC Capital (Tianjin) as to 46%, 39%, 5% and 10%, respectively, and accounted as a subsidiary of the Company.

The Board is pleased to announce that, on 31 May 2020 (after trading hours), Hospital Investment Co., Ltd. entered into the Capital Increase Agreement with the Minmetals Investors, Minmetals Innovation Investment and CITIC Capital (Tianjin), pursuant to which the Parties agreed to further increase the capital of the Target Company. Subject to any further adjustment as required under the relevant SASAC rules or recognized by the Parties, Hospital Investment Co., Ltd., Minmetals Innovation Investment and CITIC Capital (Tianjin) will respectively contribute RMB385.02 million, RMB41.85 million and RMB83.70 million in cash, and the Minmetals Investors will contribute RMB326.43 million by injecting the Target Assets. Upon the completion of the capital increase, the Target Company will be held by Hospital Investment Co., Ltd., the Minmetals Investors, Minmetals Innovation Investment and CITIC Capital (Tianjin) as to 46%, 39%, 5% and 10%, respectively. The Target Company will become the new sponsor or promoter of the Target Medical Institutions.

THE CAPITAL INCREASE AGREEMENT

The principal terms of the Capital Increase Agreement are summarized as below:

Date

31 May 2020

Parties

(1) the Minmetals Investors,

(2) Hospital Investment Co., Ltd.,

(3) Minmetals Innovation Investment, and

(4) CITIC Capital (Tianjin)

As at the date of this announcement, Minmetals Assets Management, one of the Minmetals Investors, and CITIC Capital (Tianjin) respectively holds 39% and 10% of equity interest of the Target Company, which is an insignificant subsidiary (as defined under Rule 14A.09 of the Listing Rules) of the Company. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save for the abovementioned interests in the Target Company, the Minmetals Investors, Minmetals Innovation Investment, CITIC Capital (Tianjin) and their ultimate beneficial owners are third parties independent of the Company and its connected persons, without regard to SASAC.

Capital Increase in the Target Company

Pursuant to the Capital Increase Agreement and subject to any further adjustment as required under the relevant SASAC rules or recognized by the Parties, the total investment to the Target Company is RMB837.00 million, of which the Minmetals Investors will contribute the Target Assets in an amount of RMB326.43 million, Hospital Investment Co., Ltd. will contribute RMB385.02 million in cash, Minmetals Innovation Investment will contribute RMB41.85 million in cash, and CITIC Capital (Tianjin) will contribute RMB83.70 million in cash, respectively. Upon the completion of the capital increase, the Target Company will be held by Hospital Investment Co., Ltd., the Minmetals Investors, Minmetals Innovation Investment and CITIC Capital (Tianjin) as to 46%, 39%, 5% and 10%, respectively. The Target Company will become the new sponsor or promoter of the Target Medical Institutions.

The Minmetals Investors shall:

- within five business days upon fulfillment of certain mutually agreed customary conditions precedent, transfer the Target Assets (other than the real properties with further transfer requirements on registration or filing with the relevant authorities) to the

Target Company or its designated entity, and sign a transferred property list (the "**Transfer List**") with the Target Medical Institutions, Hospital Investment Co., Ltd., Minmetals Innovation Investment and CITIC Capital (Tianjin) to confirm transfer of the relevant assets; and

- for those real properties with further transfer requirements on registration or filing with the relevant authorities, the Minmetals Investors shall complete such registration, filing or transfer, as applicable, within 12 months upon completion of registration for this capital increase, unless extended by consensus.

Each of Hospital Investment Co., Ltd., Minmetals Innovation Investment and CITIC Capital (Tianjin) shall:

- make their respective first-phase capital contribution within 15 business days after signing the Transfer List;

- where the Minmetals Investors fulfill their capital contribution obligations regarding the real properties in one single time, make their respective remaining payment of the contribution within 15 business days thereafter; and

- where the Minmetals Investors fulfill their capital contribution obligations regarding the real properties in more than one time,

    (a) make their respective second-phase capital contribution within 15 business days after the Minmetals Investors complete contribution of not less than 50% of the estimated value of the relevant real properties; and

    (b) make their respective remaining payment of the contribution within 15 business days after the Minmetals Investors fulfill their capital contribution obligations.

The respective amount of the capital contribution to be made by each Party under the Capital Increase Agreement was arrived at after arm's length negotiations among the Parties having taken into account, among others, the expected capital requirements of the Target Company, the valued net assets to be injected, their respective intended equity interest in the Target Company and the relevant PRC laws and regulations.

Corporate Governance

Currently, the board of the Target Company comprises of seven directors, two of which were nominated by Minmetals Assets Management, three of which were nominated by Hospital Investment Co., Ltd., one of which was nominated by CITIC Capital (Tianjin), and one of which was elected at the employee representatives' conference. Hospital Investment Co., Ltd. is entitled to nominate the chairman of the board, who also serves as the legal representative of the Target Company. In addition, the Target Company has a supervisory committee comprising three supervisors, each of whom was nominated by Minmetals Assets Management, Hospital Investment Co., Ltd., and CITIC Capital (Tianjin), respectively, and two supervisors elected at the employee representatives' conference. The general manager of the Target Company was nominated by Minmetals Assets Management, and the financial controller of the Target Company was nominated by Hospital Investment Co., Ltd. Upon the completion of the capital increase, Minmetals Assets Management will exercise shareholder's rights, other than the right of dividend, on behalf of the Minmetals Investors. The composition and governance of the general meeting, board of the directors and supervisory committee of the Target Company, and the nomination procedure of the managers and financial controller will remain unchanged.

Financial Information of the Target Assets

As the operating assets to be injected into the Target Company by the Minmetals Investors, according to their respective unaudited financial information for the year ended 31 December 2019 and audited financial information for the year ended 31 December 2018 prepared in accordance with General Accepted Accounting Principles of the PRC (中國企業會計準則), the Target Medical Institutions (in aggregate) recorded an annual income of approximately RMB434.5 million and approximately RMB427.5 million for the year ended 31 December 2019 and 2018, respectively. According to the applicable PRC laws, the Target Medical Institutions are not-for-profit legal entities, which are not subject to corporate income tax. The Target Medical Institutions (in aggregate) recorded a net profit of approximately RMB7.5 million and approximately RMB19.8 million for the year ended 31 December 2019 and 2018, respectively. For the year ended 31 December 2018 and 2019, there is no revenue or profits solely attributable to the real properties to be injected to the Target Company. As of 31 December 2019, the book value of the Target Assets was approximately RMB126.8 million.

REASONS FOR AND BENEFITS OF THE CAPITAL INCREASE

The Company's decision to further increase the capital of the Target Company is in line with the national policies of reform on state-owned enterprises-affiliated hospitals. Detailed information of the Target Medical Institutions is set out below:

Medical Institution	Grade/Class	Location	Actual Capacity of Beds
China MCC 5 Group Co., Ltd. Hospital (中國五冶集團有限公司醫院)	Grade II Class A	Chengdu, Sichuan	533
China MCC 19 Group Co., Ltd. Hospital (中國十九冶集團職工醫院)	Grade II Class A	Panzhihua, Sichuan	852
Minmetals Hanxing General Hospital (五礦邯邢職工總醫院)	Grade II Class A	Handan, Hebei	262

The Target Medical Institutions are located at relatively densely populated urban areas with geographical advantages. After the Target Medical Institutions being injected into the Target

Company, the Group can further expand its national layout of the hospital business. In the future, the Group will further integrate medical resources and improve the overall operational efficiency and managerial capacity of the Target Medical Institutions, to establish their reputation in local areas for high-quality medical services.

As a public company controlled by a stated-owned key enterprise with medical and health as its core business, the Company proactively responds to national policies, sticks to the philosophy of benefiting people's livelihood with quality medical services, and makes great efforts to promote more acquisitions of state-owned enterprises-affiliated hospitals, actively building itself into a leading medical and health conglomerate.

As Mr. Zhang Yichen is the chairman and chief executive officer of CITIC Capital Holdings Limited, the holding company of CITIC Capital (Tianjin), and Mr. Li Yinquan is a director of China Minmetals Corporation, both of them have abstained from the voting to approve the transaction contemplated under the Capital Increase Agreement. The Directors (including the independent non-executive Directors, but excluding Mr. Zhang Yichen and Mr. Li Yinquan) consider that further investment in the Target Company will enhance the long-term growth and value of the Group, strengthen the diversified healthcare service portfolio of the Group, and improve the Group's core competitiveness. The Directors (excluding Mr. Zhang Yichen and Mr. Li Yinquan) are also of the view that the terms of each of the Capital Increase Agreement are on normal commercial terms, fair and reasonable and in the interest of the Company and the Shareholders as a whole.

GENERAL INFORMATION

The Company

The Company is an integrated healthcare service provider with focuses on the fast-growing healthcare service industry in the PRC. Leveraging on 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.

Hospital Investment Co., Ltd.

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

The Minmetals Investors

Minmetals Assets Management, a wholly-owned subsidiary of China Minmetals Corporation, is a company established in the PRC with limited liability in 1984, the primary activity of which is assets management, investment management, enterprise management and advisory services.

China MCC 5 Group Co., Ltd. (中國五冶集團有限公司), a subsidiary of China Minmetals Corporation, is a company established in the PRC with limited liability in 1980, the primary activity of which is constructional engineering, smelting, and real estate development.

China MCC 19 Group Co., Ltd. (中國十九冶集團有限公司), a subsidiary of China Minmetals Corporation, is a company established in the PRC with limited liability in 1982, the primary activity of which is metallurgical engineering, constructional engineering and municipal engineering.

China MCC 17 Group Co., Ltd. (中國十七冶集團有限公司), a subsidiary of China Minmetals Corporation, is a company established in the PRC with limited liability in 2006, the principal activity of which is constructional engineering, metallurgical engineering and municipal engineering.

Minmetals (Handan) Real Estate Management Company Limited (五礦（邯鄲）房產管理有限公司), a wholly-owned subsidiary of China Minmetals Corporation, is a company established in the PRC with limited liability in 2011, the principal activity of which is assets management, property management and rental services.

Minmetals Innovation Investment

Minmetals Innovation Investment, a wholly-owned subsidiary of China Minmetals Corporation, is a company established in the PRC with limited liability in 2017. The principal activity of Minmetals Innovation Investment is investment, assets management, investment management and investment advisory services.

CITIC Capital (Tianjin)

CITIC Capital (Tianjin) is a company established in the PRC with limited liability in 2009. The principal activity of CITIC Capital (Tianjin) is investment, assets management and advisory services.

LISTING RULES IMPLICATIONS

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

As at the date of this announcement, (i) the Target Company is an insignificant subsidiary of the Company under Rule 14A.09(1) of the Listing Rules; and (ii) Minmetals Assets Management, one of the Minmetals Investors, and CITIC Capital (Tianjin) respectively holds 39% and 10% of equity interest of the Target Company, and each of them is a substantial shareholder of an insignificant subsidiary of the Company. Notwithstanding the respective interest of Minmetals Assets Management and CITIC Capital (Tianjin) in the Target Company, each of them and their respective ultimate beneficial owners are not regarded as connected persons of the Company pursuant to Rule 14A.09 of the Listing Rules. Therefore, the transaction contemplated under the Capital Increase Agreement does not constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

WARNING

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

DEFINITIONS

"Board"	the board of directors of the Company
"Capital Increase Agreement"	the Capital Increase Agreement entered into among the Minmetals Investors, Hospital Investment Co., Ltd., Minmetals Innovation Investment and CITIC Capital (Tianjin) on 31 May 2020
"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)
"Company"	Genertec Universal Medical Group Company Limited (通用環球醫療集團有限公司), a company incorporated in Hong Kong with limited liability and the issued shares of which are listed on the main board of the Stock Exchange (stock code: 2666)
"connected person"	has the meaning ascribed thereto under the Listing Rules
"Director(s)"	director(s) of the Company
"Group"	the Company and its subsidiaries
"Hong Kong"	Hong Kong Special Administrative Region of the PRC
"Hospital Investment Co., Ltd."	Genertec Universal Hospital Investment & Management (Tianjin) Co., Ltd. (通用環球醫院投資管理(天津)有限公司), previously known as Wiseman Hospital Investment Management (Tianjin) Co., Ltd. (融慧濟民醫院投資管理(天津)有限公司), a wholly-owned subsidiary of the Company established in the PRC in 2015

"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)
"Minmetals Assets Management"	Minmetals Assets Management Company Limited (五礦資產經營管理有限公司)
"Minmetals Innovation Investment"	Minmetals Innovation Investment Company Limited (五礦創新投資有限公司)
"Minmetals Investors"	Minmetals Assets Management, China MCC 5 Group Co., Ltd. (中國五冶集團有限公司), China MCC 19 Group Co., Ltd. (中國十九冶集團有限公司), China MCC 17 Group Co., Ltd. (中國十七冶集團有限公司) and Minmetals (Handan) Real Estate Management Company Limited (五礦（邯鄲）房產管理有限公司)
"Parties"	the Minmetals Investors, Hospital Investment Co., Ltd., Minmetals Innovation Investment and CITIC Capital (Tianjin); each a "Party"
"PRC"	the People's Republic of China, for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
"RMB"	Renminbi, the lawful currency of the PRC
"SASAC"	State-owned Assets Supervision and Administration Commission of the State Council of the PRC
"Share(s)"	the ordinary shares in the issued capital of the Company
"Shareholder(s)"	holder(s) of Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary"	has the meaning ascribed thereto under the Listing Rules

"Target Assets"	the assets to be injected into the Target Company by the Minmetals Investors upon completion of the transaction contemplated under the Capital Increase Agreement, comprising assets of the Target Medical Institutions and certain real properties held by Minmetals Assets Management's wholly-owned subsidiary or by China MCC 17 Group Co., Ltd.
"Target Company"	Genertec Minmetals Hospital Management (Beijing) Company Limited (通用五礦醫院管理（北京）有限公司)
"Target Medical Institutions"	China MCC 5 Group Co., Ltd. Hospital (中國五冶集團有限公司醫院), China MCC 19 Group Co., Ltd. Hospital (中國十九冶集團職工醫院) and Minmetals Hanxing General Hospital (五礦邯邢職工總醫院)

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

Beijing, PRC, 1 June 2020

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