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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

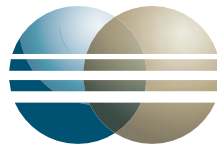
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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Universal Medical Financial & Technical Advisory Services 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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**UNIVERSAL MEDICAL FINANCIAL & TECHNICAL  
ADVISORY SERVICES COMPANY LIMITED**

**環球醫療金融與技術諮詢服務有限公司**

*(Incorporated in Hong Kong with limited liability)*

**(Stock code: 2666)**

**MAJOR TRANSACTION  
IN RELATION TO THE ESTABLISHMENT AND OPERATION OF  
INTERNATIONAL LAND PORT HOSPITAL  
AND  
NOTICE OF EXTRAORDINARY GENERAL MEETING**

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A letter from the Board is set out on pages 3 to 22 of this circular.

A notice convening the EGM to be held at Tianlu Room, Shangri-la Hong Kong, Pacific Place, 88 Queensway, Hong Kong on Tuesday, 8 November 2016 at 10:00 a.m. is set out on pages 34 to 35 of this circular. The EGM is to be held to approve matters referred to in this circular.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you propose to attend the EGM, you are requested to complete the accompanying form of proxy for use at the EGM in accordance with the instructions printed thereon and return it to the Company's share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof if you so desire.

24 October 2016

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## CONTENTS

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	<i>Page</i>
<b>Definitions</b> . . . . .	1
<b>Letter from the Board</b> . . . . .	3
<b>Appendix I – Financial Information of the Group</b> . . . . .	23
<b>Appendix II – General Information</b> . . . . .	25
<b>Appendix III – Laws and Regulations</b> . . . . .	32
<b>Notice of Extraordinary General Meeting</b> . . . . .	34

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## DEFINITIONS

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

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of directors of the Company
“Company”	Universal Medical Financial & Technical Advisory Services Company Limited (環球醫療金融與技術諮詢服務有限公司), 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
“controlling shareholder”	has the meaning ascribed thereto under the Listing Rules
“Construction and Management Fee”	a fee to be charged by the Project Company to International Land Port Hospital as part of its investment return
“Cooperation Agreement”	an agreement entered into between the Company and First Affiliated Hospital on 30 August 2016 in relation to the Project
“Directors”	the directors of the Company
“EGM”	an extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the Cooperation Agreement and the transactions contemplated thereunder
“First Affiliated Hospital”	First Affiliated Hospital of Xi’an Jiaotong University, a leading comprehensive Grade III Class A hospital in Northwest China
“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 in Hong Kong and is an indirectly wholly-owned subsidiary of GT-PRC
“GT-PRC”	China General Technology (Group) Holding Company Limited (中國通用技術(集團)控股有限責任公司), a state-owned enterprise and is the controlling shareholder of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

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## DEFINITIONS

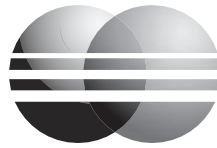
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“International Land Port Hospital”	public not-for-profit First Affiliated Hospital of Xi’an Jiaotong University International Land Port Hospital to be promoted by First Affiliated Hospital
“Latest Practicable Date”	17 October 2016, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“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
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers, as set out in Appendix 10 to the Listing Rules
“NHFPC”	National Health and Family Planning Commission of People’s Republic of China (國家衛生和計劃生育委員會)
“PRC”	the People’s Republic of China excluding Hong Kong, Macau and Taiwan solely for the purpose of this circular
“RMB”	renminbi, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholders”	holder(s) of the shares of the Company
“Shares”	the ordinary share(s) in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules

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LETTER FROM THE BOARD

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**UNIVERSAL MEDICAL FINANCIAL & TECHNICAL  
ADVISORY SERVICES COMPANY LIMITED**  
**環球醫療金融與技術諮詢服務有限公司**

*(Incorporated in Hong Kong with limited liability)*

**(Stock code: 2666)**

*Chairman and Non-executive Directors:*

Mr. Zhang Yichen (張懿宸先生) (*Chairman*)

Mr. Jiang Xin (姜鑫先生) (*Vice-Chairman*)

*Executive Directors:*

Mr. Guo Weiping (郭衛平先生) (*Chief Executive Officer*)

Ms. Peng Jiahong (彭佳虹女士) (*Chief Financial Officer*)

*Non-executive Directors:*

Mr. Liu Zhiyong (劉志勇先生)

Mr. Liu Xiaoping (劉小平先生)

Mr. Su Guang (蘇光先生)

Mr. Zeng Yu (曾昱先生)

*Independent Non-executive Directors:*

Mr. Li Yinquan (李引泉先生)

Mr. Chow Siu Lui (鄒小磊先生)

Mr. Kong Wei (孔偉先生)

Mr. Han Demin (韓德民先生)

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Business in China:*

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No. 6 Xizhimenwai Avenue

Xicheng District

Beijing

China

24 October 2016

*To the Shareholders*

Dear Sir/Madam,

**MAJOR TRANSACTION  
IN RELATION TO THE ESTABLISHMENT AND OPERATION OF  
INTERNATIONAL LAND PORT HOSPITAL  
AND  
NOTICE OF EXTRAORDINARY GENERAL MEETING**

**INTRODUCTION**

Reference is made to the announcement of the Company dated 30 August 2016 in relation to the establishment and operation of International Land Port Hospital of First Affiliated Hospital of Xi'an Jiaotong University (the "Project"). The purpose of this circular is to provide you with, among other things, (i) further details of the Project; (ii) the financial information of the Company; and (iii) the notice of the EGM as set out on pages 34 to 35 of this circular.

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## LETTER FROM THE BOARD

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### THE COOPERATION AGREEMENT

The Company entered into the Cooperation Agreement with First Affiliated Hospital on 30 August 2016, pursuant to which the Company has agreed to (i) establish a wholly owned project company (the “Project Company”) to construct International Land Port Hospital for First Affiliated Hospital (the “Project Construction”), provide a total amount of no more than RMB2 billion in cash to fund the Project and manage and operate International Land Port Hospital in a manner as agreed by both parties after completion of the Project Construction; and (ii) through the Project Company, make a capital contribution of RMB28 million to establish a joint venture with First Affiliated Hospital (the “OPCO”) to provide services including procurement and logistics to International Land Port Hospital, First Affiliated Hospital and other third party hospitals.

The major terms of the Cooperation Agreement are set out below:

Date: 30 August 2016;

Parties: First Affiliated Hospital and the Company;

To the best of the Directors’ knowledge, information and belief and having made all reasonable enquiries, the Directors believe that First Affiliated Hospital and its ultimate beneficial owners are third parties independent of the Company and not connected persons of the Company.

Cooperation Model: Implementation of the Project primarily consists of the following parts:

- i. First Affiliated Hospital has granted the Company:
  - A. a construction and operation right, i.e., a right to (i) manage the Project Construction; (ii) conduct information system construction for International Land Port Hospital; (iii) manage procurement of International Land Port Hospital prior to its operation; (iv) provide and manage the funding for the Project Construction; (v) participate in the management and operation of International Land Port Hospital and (vi) charge International Land Port Hospital the Construction and Management Fee as stipulated in the Cooperation Agreement (the “Construction and Operation Right”); and
  - B. a business cooperation right, i.e., a right at its sole discretion to (i) provide procurement, logistics and other related services to International Land Port Hospital; and (ii) provide procurement services to First Affiliated Hospital (the “Business Cooperation Right”).

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## LETTER FROM THE BOARD

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The Construction and Operation Right and the Business Cooperation Right will be assigned to the Project Company and the OPCO, respectively, after their incorporation. The Construction and Operation Right bears a term of twenty-five (25) years, commencing from the starting date of the Project Construction as confirmed by both parties in writing. The Business Cooperation Right bears an infinite term. Both rights should not be compromised, altered or terminated unless under the circumstances specified in the Cooperation Agreement such as the Cooperation Agreement being terminated.

- ii. The Company or its designated entity will establish the Project Company to construct International Land Port Hospital for First Affiliated Hospital and participate in the management and operation of International Land Port Hospital in a manner as agreed by both parties after completion of the Project Construction. Upon completion of the Project Construction, the Project Company is entitled to charge International Land Port Hospital the Construction and Management Fee on an annual basis.
- iii. The Company will, through the Project Company, establish the OPCO as a joint venture with First Affiliated Hospital. The OPCO is entitled to the Business Cooperation Right to provide procurement, logistics and other related services to International Land Port Hospital at its sole discretion and provide procurement services to First Affiliated Hospital at its sole discretion. Both parties will focus on making the OPCO a medical service platform that has core competitiveness in integrating healthcare resources, providing medical supply chain services and commercial ancillary services, covering seven provinces in Northwest China including Shaanxi, Shanxi and Gansu.

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## LETTER FROM THE BOARD

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### Funding Resources:

The Company has set up a special working group comprising relevant experts to conduct the feasibility study of the Project, according to which the total funding required for the Project is estimated to be approximately RMB2 billion based on the construction planning of International Land Port Hospital, including the estimated costs for the Project Construction, the planned number of beds, medical staff and medical devices, and continuous operational input such as costs for equipment replacement. It is the parties' plan to design and construct International Land Port Hospital to be a Grade III comprehensive hospital with a certified capacity of 1,000 registered beds. With reference to the standards (including but not limited to the minimum average construction area per bed) set out in the Construction Standards of Comprehensive Hospital promulgated by the NHFPC in October 2008 and taking into account the current market conditions, approximately RMB1.1 billion out of the total funding is expected to be used for construction of International Land Port Hospital, approximately RMB0.4 billion is expected to be used for the procurement of medical equipment that are up to high standards and approximately RMB0.5 billion is expected to be used for the replacement of medical equipment in the process of the management and operation of International Land Port Hospital. Accordingly, the Board believes that the total estimated amount of RMB2 billion is fair and reasonable.

The Project Company is committed to providing a total amount of no more than RMB2 billion for the Project and the Company will guarantee its funding commitment on a joint and several basis. If additional fund is required after the operation of International Land Port Hospital, both parties will enter into a supplemental agreement upon negotiation to agree to new investment returns and set out details of the fund provision. As of the Latest Practicable Date, the Company did not anticipate any additional material capital expenditure required in relation to the Project.

The capital contribution from the Project Company to the OPCO will be no more than RMB28 million. If further capital contribution is required as a result of the business expansion of the OPCO, both parties may negotiate on such further contribution and enter into a new agreement if necessary. As of the Latest Practicable Date, the Company did not anticipate any further capital expenditure in relation to the establishment of the OPCO. The Company will comply with relevant requirements in relation to such further contribution under the Listing Rules if applicable.



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## LETTER FROM THE BOARD

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The Company intends to fund the Project and the capital contribution to the OPCO by a combination of internal resources of the Group, proceeds from initial public offering and fund raising activities and/or bank facilities available to or to be obtained by the Group. According to the prospectus of the Company dated 24 June 2015 (the “Prospectus”), 15.0% of the net proceeds from the initial public offering (approximately RMB416 million) will be used for the development of the Group’s hospital management business. As of the Latest Practicable Date, approximately RMB 390 million was still available under such usage. Using such proceeds to finance the capital contribution to the Project Company and the OPCO as stated above is in line with the Company's plan on the use of proceeds as stated in the Prospectus.

The capital commitment of no more than RMB2 billion will be materialized gradually by the Project Company based on the progress of the Project. The capital contribution of no more than RMB28 million is expected to be provided by the Project Company upon the establishment of the OPCO.

Project Company

The Project Company is a wholly-owned company to be established by the Company or its designated party for the purpose of exercising the Construction and Operation Right.

The Project Company will (i) manage the Project Construction; (ii) conduct information system construction for International Land Port Hospital; (iii) manage procurement of International Land Port Hospital prior to its operation; (iv) provide and manage the funding for the Project Construction; (v) participation in the management and operation of International Land Port Hospital. Both the Project Company and First Affiliated Hospital will be involved in the management and operation of International Land Port Hospital through their appointments of members of its executive committee and supervisory committee. Please see “The Cooperation Agreement – International Land Port Hospital” for details. Besides, First Affiliated Hospital has the right to nominate the superintendent of International Land Port Hospital and the Project Company has the right to nominate the chief financial officer of International Land Port Hospital.

OPCO:

The OPCO will be established within 20 business days after the establishment of the Project Company as the entity exercising the Business Cooperation Right. The OPCO will, at its sole discretion, provide procurement, logistics and other related services to International Land Port Hospital and provide procurement services to First Affiliated Hospital.

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## LETTER FROM THE BOARD

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### *Capital contribution*

The registered capital of the OPCO will be RMB35 million, of which not less than RMB7 million will be contributed by First Affiliated Hospital or its designated entity with cash or non-cash assets, representing not less than 20% equity interest of the OPCO, and no more than RMB28 million will be contributed by the Project Company in cash, representing no more than 80% equity interest of the OPCO. Such capital contribution and equity interest percentages were determined based on an arm's length negotiation between the Company and First Affiliated Hospital.

### *Roles of the parties*

The roles of the Project Company and First Affiliated Hospital in the operation and development of the OPCO include: (i) the Project Company and First Affiliated Hospital will jointly manage and operate the OPCO through their representatives at the board of directors of the OPCO; (ii) the Project Company, through its control of a majority of voting rights at the OPCO's general meetings and its control of board composition of the OPCO, will select senior management in charge of the OPCO's daily operation; (iii) First Affiliated Hospital will provide its valuable experience and expertise to the OPCO to develop hospital management business; and (iv) First Affiliated Hospital is expected to be one of the major clients of the OPCO's procurement services.

### *Equity interest adjustment*

The aforesaid equity interests of the Project Company and First Affiliated Hospital are subject to adjustment based on the financial performance of the OPCO and the recovery of investment by the Project Company in International Land Port Hospital and the OPCO, i.e.:

1. when the accumulated net profit of the OPCO reaches a specific fixed amount as agreed by both parties in the Cooperation Agreement, which is several times over RMB35 million, the Project Company will transfer a corresponding specific fixed percentage of equity interest in the OPCO for consideration to First Affiliated Hospital, after taking into account the financial performance of the OPCO and the investment amount by the Project Company in the OPCO. In other words, when such equity transfer takes place, the accumulated net profit attributable to the Project Company is several times over the capital contributed by the Project Company to the OPCO;

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## LETTER FROM THE BOARD

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2. only after the Project Company has fully recovered its investment in International Land Port Hospital and the OPCO (i.e. the return on investment exceeds 100%, the calculation of which is elaborated in the subsection headed “Investment Return” below), will its equity percentage in the OPCO fall to 51%; and
3. but under no circumstances will the Project Company’s equity percentage in the OPCO fall below 51%.

The accumulated net profit of the OPCO will be determined by an audit conducted by an independent auditor appointed by the Project Company and First Affiliated Hospital in accordance with the PRC accounting standards.

*Reasons for the performance-based equity interest adjustment*

On the following basis, the Directors consider the equity interest adjustment described above is fair and reasonable and is in the interest of the Company and the Shareholders as a whole:

- the profit sharing between the Project Company and First Affiliated Hospital on the OPCO level is inextricable from the transactions under the Cooperation Agreement as a whole;
- as the promoter and owner of International Land Port Hospital and a leading comprehensive Grade III Class A hospital in Northwest China that has an established supply chain operation and extremely valuable hospital operation and management experience and expertise, First Affiliated Hospital will have substantial influence on the operation and business development of International Land Port Hospital and the OPCO in terms of hospital management business and supply chain business;
- the Business Cooperation Right granted by First Affiliated Hospital is a key basis of the OPCO’s operation. One of the primary sources of the OPCO’s revenue is expected to come from the provision of procurement, logistics and other related services to International Land Port Hospital and the provision of procurement services to First Affiliated Hospital. Therefore, the business operation of International Land Port Hospital and First Affiliated Hospital are expected to have a material impact on the financial results of the OPCO;

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## LETTER FROM THE BOARD

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- based on the above, the equity interest arrangement in the OPCO should reflect not only the capital contribution by the joint venture partners but also the value brought by First Affiliated Hospital through the operation of International Land Port Hospital, the OPCO and itself;
- the equity interest adjustment is meant to create a win-win situation to, on the one hand, incentivize First Affiliated Hospital to improve the operation and financial results of International Land Port Hospital and the OPCO and, on the other hand, protect the Company's investment and maximize the Company's investment return from the OPCO in the long term; and
- notwithstanding the possible decrease in the equity percentage of the Project Company in the OPCO, the Project Company would have fully realized its return on investment in the OPCO when the adjustment takes place and in addition, its actual amount of investment return would in fact increase as a result of the increase in the OPCO's profits. Accordingly, such a win-win situation is for both parties' benefits under normal commercial terms and does not confer any special benefit on First Affiliated Hospital.

### *Compliance with the Listing Rules*

Pursuant to the Cooperation Agreement, the implementation of the transactions thereunder should be subject to both parties' necessary internal approvals, including shareholders' approval. Accordingly, the Company will comply with relevant rules under Chapters 14 and 14A (if applicable) of the Listing Rules (including obtaining shareholders' approval if applicable) before the Company transfers its equity interest in the OPCO to First Affiliated Hospital pursuant to the performance-based adjustment mechanism. If such transfer is not approved by Shareholders, the Company may not proceed with the transfer without further seeking shareholders' approval.

Without prior written consent of the other party, a party should not transfer its equity interest in the OPCO and each party will enjoy a right of first refusal when the other party transfers its equity interest in the OPCO to any third party. First Affiliated Hospital and the Project Company will separately enter into a joint venture agreement, an article of association and other related documents to record the above arrangements and devise detailed corporate governance including board composition and rights and obligation of each joint venture partner.

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## LETTER FROM THE BOARD

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It is not practicable nor the business plan for the parties to sign the joint venture agreement immediately. However, on the following basis, the Company considers that the key commercial terms which are material to the Company and the Shareholders have been agreed under the Cooperation Agreement and this circular will provide the Shareholders with sufficient information in relation to the joint venture arrangement for them to form an informed decision on the transactions under the Cooperation Agreement:

- (i) the key commercial terms of the joint venture arrangement, including the scope of business and profit or loss sharing arrangement of the OPCO have been disclosed in this circular; and
- (ii) as for the composition of the board of the OPCO, it is a general legal principle under the PRC laws as well as a mutual understanding between the parties that the composition will be largely consistent with the parties' equity percentages in the OPCO. Since the Project Company will hold no less than 51% equity interest in the OPCO, it is expected to appoint no less than a majority of the board members of the OPCO. As such, the Directors believe that given its majority voting power as a shareholder of the OPCO, the composition and the Company's control of the board of the OPCO should not be controversial.

The Company will comply with relevant requirements under Chapter 14 and Chapter 14A (if applicable) of the Listing Rules once the joint venture arrangement is entered into by the relevant parties.

International Land Port  
Hospital:

First Affiliated Hospital is the promoter and owner of International Land Port Hospital.

Upon completion of the Project Construction, International Land Port Hospital will be a not-for-profit Grade III comprehensive hospital located in Xi'an, with a certified capacity of 1,000 registered beds, primarily providing medical treatment and other medical services to residents in Northwest China. International Land Port Hospital is planned to establish several clinical departments by leveraging the specialty of First Affiliated Hospital and regular departments including out-patient, in-patient and emergency departments providing common medical services. The parties will further negotiate the details of the development plan.

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## LETTER FROM THE BOARD

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International Land Port Hospital will adopt a superintendent-in-charge managing system led by an executive committee and supervised by a supervisory committee. The executive committee will consist of five (5) members, among which three (3) will be nominated by First Affiliated Hospital and two (2) will be nominated by the Company. The executive committee is in charge of major issues related to the operation of the hospital. Approvals from more than two-thirds of the members of the executive committee are required for certain material issues, such as any change in the form of ownership or promoter of the hospital, any merger or reorganization for material assets, the amendment of articles of association, the increase or decrease in the members of the executive committee and the supervisory committee, the appointment and removal of senior management, the employees' remuneration and performance standards and arrangements, the employees' incentive plan, the plan and adjustment of departments and the approval of annual business plan and annual budget. The supervisory committee will consist of five (5) members, among which two (2) will be nominated by First Affiliated Hospital and three (3) will be nominated by the Company. The supervisory committee is in charge of supervising material issues, such as the performance of functions as a not-for-profit hospital, financial position and any misconduct of senior management.

The composition of the executive committee and the supervisory committee of International Land Port Hospital was determined through an arm's length negotiation between the Company and First Affiliated Hospital. At the executive committee level, to have veto rights in the decision-making of the material matters only is cost-efficient to the Company from administrative perspective and a commercially reasonable arrangement to balance the benefit of leveraging on First Affiliated Hospital's experience and expertise in the daily operation of International Land Port Hospital and the need to protect the Company's investment. In addition, a majority of members of the supervisory committee will be nominated by the Company. Accordingly, the Directors believe that the composition of the executive committee and the supervisory committee is fair and reasonable and in the interests of the Company and its Shareholders as a whole.

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## LETTER FROM THE BOARD

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Investment Return: The investment return of the Project to the Company primarily comprises:

*Construction and Management Fee*

The Project Company is entitled to annual Construction and Management Fee to be paid by International Land Port Hospital on a quarterly basis within 30 days after the end of each quarter. The Company and First Affiliated Hospital will jointly engage an independent auditor to audit the financial results of International Land Port Hospital within two months after the end of each financial year of the hospital according to Hospital Accounting Standards (醫院會計制度) issued by the Ministry of Finance in December 2010. However, the Construction and Management Fee will be paid to the Project Company quarterly based on the management accounts of International Land Port Hospital. If there is any discrepancy between the audited accounts and management accounts, the Construction and Management Fee will be adjusted and settled accordingly on an annual basis.

The Construction and Management Fee will be calculated based on a layered percentage of the annual income of International Land Port Hospital after deduction of certain expenses and costs. A simplified formula of such calculation is as follows:

$$X = (A - B) \times C$$

“X” represent the Construction and Management Fee;

“A” represents the annual income of International Land Port Hospital excluding non-recurring income;

“B” represents various expenses and costs set out in the Cooperation Agreement including all operating expenses and cost but excluding non-recurring expenses and costs. If (A-B) does not exceed zero in any given financial year, the Construction and Management Fee will not be charged; and

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## LETTER FROM THE BOARD

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“C” represents a pre-agreed fixed layered percentage corresponding to a fixed level of return on investment, which is calculated by dividing the present value\* of accumulated investment return by the present value\* of accumulated investment amount based on a discount rate. “C” starts from 80% and will be gradually reduced as a result of increases in the return on investment until the return on investment exceeds 100% where “C” will remain at 50% thereafter. The pre-agreed fixed layered percentage was determined by both parties based on arm’s length negotiation to strike a balance among (i) the need of International Land Port Hospital to satisfy its working capital requirements in its ordinary course of business; (ii) the value brought by First Affiliated Hospital in terms of its extremely valuable hospital operation and management experience and expertise; and (iii) the interest of the Company to safeguard its investment return with a higher layered percentage at the outset and maximize its investment return in International Land Port Hospital in the long term. In addition, from financial perspective, International Land Port Hospital prefers the Company’s as-early-as-possible full recollection of its investment so that it will pay less Construction and Management Fee, which is a great incentive to International Land Port Hospital to improve its operation and financial performance. Accordingly, the Board believes that the calculation formula of the Construction and Management Fee is fair and reasonable and in the interests of the Company and its Shareholders as a whole.

The Project Company will real-time monitor its actual investment return and investment amount and calculate their present value by discounting their accumulated actual amounts at the end of a month when the actual payment is made. When charging the Construction and Management Fee on a quarterly basis, the applicable layered percentage corresponding to the return on investment of each month will be applied. If the return on investment of a month reaches a level that triggers adjustment to the layered percentage, such adjusted percentage will be immediately applied to such month.

### *Dividends from the OPCO*

The Project Company is entitled to dividends from the OPCO in proportion to its equity interest therein.

\* *Present value is the current worth of a future sum of money or stream of cash flows given a specified rate of return.*



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## LETTER FROM THE BOARD

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### *Recoverability of investment*

The investment return of the Project comprises the Construction and Management Fee and the dividend distribution from the OPCO. The Company assesses the recoverability of its investment based on (i) the financial performance of First Affiliated Hospital; (ii) the supply chain operation results of First Affiliated Hospital and (iii) the expected growth of International Port Land Hospital and the OPCO modeled on First Affiliated Hospital through the following feasibility research and analysis:

- ***Review audited accounts of First Affiliated Hospital.*** The Company deployed a dedicated team with professional background to review and analyze the audited accounts of First Affiliated Hospital for the three years ended 31 December 2015, which are required to be reported to NHFPC annually in accordance with the Hospital Accounting Standards. The Company focused on certain key performance indicators of First Affiliated Hospital, including annual income, annual surplus<sup>\*</sup>, surplus ratio and income per bed.
- ***Compare key performance indicators.*** According to the annual accounting report for the year ended 31 December 2015 published by NHFPC, there were 28 comprehensive hospitals under the direct administration of NHFPC and their total annual income amounted to approximately RMB94,327 million in 2015 with an average surplus ratio of 3.12%. As a leading Grade III Class A hospital in Northwest China and one of the only two comprehensive hospitals under the direct administration of NHFPC in Northwest China, First Affiliated Hospital's surplus ratio was several times over such average surplus ratio for the three years ended 31 December 2015. As compared to First Affiliated Hospital, International Land Port Hospital is expected to have a similar or even better surplus ratio level given the fact that the Company is committed to its initial investment and follow-on funding, which will not incur finance cost and depreciation cost to the hospital, and the Company is expected to be able to efficiently operate the hospital.

Moreover, the growth of the OPCO through the Business Cooperation Right with First Affiliated Hospital and International Land Port Hospital is expected to considerably contribute to the recovery of the Company's investment as (i)

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<sup>\*</sup> *Surplus is a term defined under the Hospital Accounting Standards, which is a result of the income of a hospital deducted by various costs and expenses. Accordingly, surplus ratio is a ratio of surplus divided by income of the hospital.*

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## LETTER FROM THE BOARD

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supply chain business accounts for a substantial portion of the annual income of First Affiliated Hospital and remains stable during the track record period; (ii) the supply chain business of International Land Port Hospital is expected to grow steadily and account for a substantial portion of its annual income by leveraging the established supply chain operation of First Affiliated Hospital; and (iii) the profit margin of supply chain business is expected to be considerable and stable with reference to comparable listed companies on the Stock Exchange.

- ***On-site visits and interviews with key personnel.*** The Company has visited the site for construction and development of International Port Land Hospital to assess its suitability. The Company has also done a large number of discussions with key personnel of First Affiliated Hospital to evaluate various plans for the construction and operation of International Land Port Hospital and optimize its planning. In addition, the Company had several rounds of interviews with relevant governmental agencies and regulators in Shaanxi and Xi'an to assess various favorable local policies on encouraging the PPP model.
- ***Sensitivity analysis.*** The Company has taken into account the key performance indicators in different scenarios to ensure that the investment return is computed in a prudent manner and the expiry of its Construction and Operation Right will not render the Company unable to recover its investment.

In arriving at its investment decision, the Company has also considered the following factors:

- International Land Port Hospital is strategically located in Xi'an International Trade & Logistics Park, which is an important platform of implementing "the Belt and Road" strategy in Shaanxi Province;
- the growth potential of First Affiliated Hospital and International Land Port Hospital will be driven by the increasing resident dispensable income and growing immigration and population of Xi'an with growing demand for quality healthcare service; and
- the established infrastructure and large healthcare talent pool of Xi'an.

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## LETTER FROM THE BOARD

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The Project Construction is expected to be completed within three years since its commencement and International Land Port Hospital is expected to commence operation after the Project Construction is completed. Based on the above, the Company considers 25 years of Construction and Management Right reasonable and expects to recover its investment in a period within the 25 years or a much shorter period.

Notwithstanding the above, Shareholders and potential investors are reminded of risks associated with transactions contemplated under the Cooperation Agreement. See “—Risk Factors Associated with the Hospital Management Services Business” for more details.

**Earnest Money:**

First Affiliated Hospital will pay an earnest money amounting to RMB20 million to the Project Company as a guarantee for the performance of its obligations under the Cooperation Agreement. Such earnest money, after deducting relevant amounts (if any), will be remitted to First Affiliated Hospital (with accrued interest, if any) in the last month of the sixteenth (16th) year after International Land Port Hospital comes into operation.

**Termination:**

The Cooperation Agreement is subject to termination if, among others, any of the following occurs:

- i. a breach of any terms of the Cooperation Agreement, which has not been rectified by the defaulting party within 60 days after receiving the written notice from the non-defaulting party, which renders the transactions contemplated under the Cooperation Agreement incapable or inadvisable to proceed;
- ii. any force majeure event continuing for a period of time as agreed by both parties, which renders the transactions contemplated under the Cooperation Agreement incapable or inadvisable to proceed, and the parties fail to agree on any alternative arrangements; or
- iii. any change in laws, regulations or governmental policies, making the transactions contemplated under the Cooperation Agreement constitute a breach of PRC laws, regulations or governmental policies, and the parties are unable to agree on any amendment to the Cooperation Agreement in compliance with such new rules or policies;

The Cooperation Agreement may also be terminated upon mutual consent. Upon termination of the Cooperation Agreement, the Company is entitled to indemnification pursuant to the terms of the Cooperation Agreement.

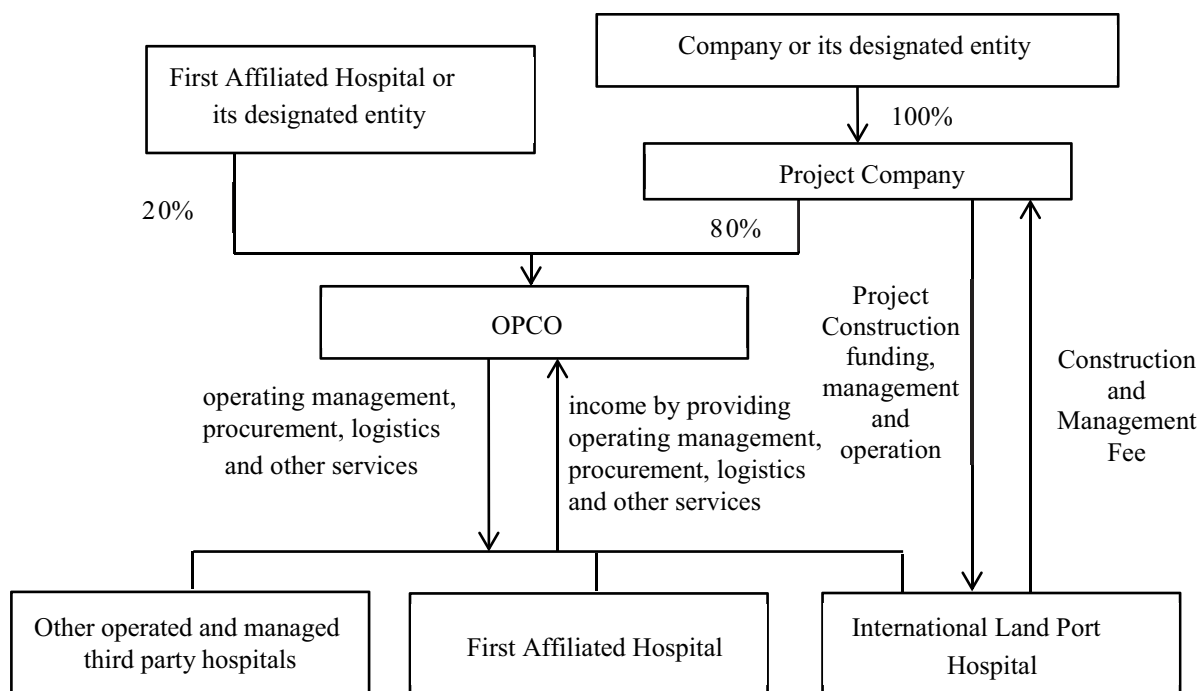
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## LETTER FROM THE BOARD

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### CORPORATE STRUCTURE FOR THE ENTITIES UNDER THE COOPERATION AGREEMENT

After establishments of the Project Company and the OPCO, and upon completion of the Project Construction, the corporate structure of the entities contemplated under the Cooperation Agreement (without considering the adjustments to be made to the equity interest in the OPCO) is set out below:



### POTENTIAL CONNECTED TRANSACTIONS

Upon the establishment of the OPCO, First Affiliated Hospital will become a substantial shareholder of the OPCO. As the OPCO is a non-wholly owned subsidiary of the Company, First Affiliated Hospital and its associates, including International Land Port Hospital, may become connected persons of the Company under the Listing Rules. Accordingly, the transactions to be entered into between the Group and First Affiliated Hospital and its associates, including the International Land Port Hospital, may constitute connected transactions for the Group under Chapter 14A of the Listing Rules. The Company will comply with relevant requirements under Chapter 14A of the Listing Rules if applicable.

### COMPLIANCE WITH PRC REGULATIONS

The businesses to be conducted by the Project Company and the OPCO are subject to certain PRC laws and regulations, details of which are set out in Appendix III to this circular. The Company's PRC legal adviser, Han Kun Law Offices, is of the opinion that (i) there are no PRC legal restrictions with respect to either engaging the Company to operate the International Land Port Hospital or having the International Land Port Hospital pay the Construction and Management Fee to the Company; (ii) the arrangements contemplated under the Cooperation Agreement comply with all relevant PRC Laws, including without limitation (a) *Circular on Issues Concerning the Promotion and Application of the Public-Private*

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## LETTER FROM THE BOARD

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*Partnership Model* (Cai Jin [2014] No.76) promulgated by the Ministry of Finance on 23 September 2014, (b) *Guiding Opinions of the State Council on Innovating the Investment and Financing Mechanisms in Key Areas* and *Encouraging Social Investment* (Guo Fa [2014] No.60) promulgated by the State Council on 16 November 2014, (c) *Guiding Opinions of the National Development and Reform Commission on Launching the Cooperation between Governments and Social Capitals* promulgated (Fa Gai Tou Zi [2014] No. 2724) by the National Development and Reform Commission on 2 December 2014, and (d) *Notice of the General Office of the State Council on Forwarding the Guiding Opinions of the Ministry of Finance, the National Development and Reform Commission and the People's Bank of China on Generalizing the PPP Mode in the Public Service Field* (Guo Ban Fa [2015] No.42) promulgated by the General Office of the State Council on 19 May 2015; and (iii) according to these notices and regulations, social investments are encouraged to be made for the construction and operation of healthcare facilities in the form of Public-Private Partnerships (PPP), and such investments can be made through a wholly-owned entity, joint venture, cooperative, joint operation, leasing or other means, and are permitted to obtain reasonable investment returns from such business operations.

### **EFFECT OF THE TRANSACTION ON THE GROUP'S EARNINGS AND ASSETS AND LIABILITIES**

The maximum funding of RMB2 billion for the Project, once materialized, will be recorded as intangible assets in the Group's financial statements according to Hong Kong Accounting Standard 38.

The OPCO, once established, will be held as to no more than 80% by the Project Company and is expected to be accounted for a subsidiary of the Company and the financial results of the OPCO is expected to be consolidated into the financial results of the Company.

Upon completion of the Project Construction, the Group is entitled to the Construction and Management Fee from International Land Port Hospital and the dividends from the OPCO according to the terms and conditions in the Cooperation Agreement, which is expected to contribute to the growth of the Group's revenue.

As the capital expenditure required for the Project and the capital contribution to the Project Company and the OPCO will be funded by the Group through a combination of internal resources, proceeds from fund raising activities and/or bank facilities available to or to be obtained by the Group, the implementation of the Cooperation Agreement may therefore result in an increase in the Company's debt-to-equity ratio. However, as the consideration under the Cooperation Agreement is payable according to the Project progress, it is not expected to have any material adverse effect on the Company's cash-flow position or its business operations and the transactions under the Cooperation Agreement will not add immediate financial burden to the Company.

### **REASONS FOR AND BENEFITS OF THE COOPERATION AGREEMENT AND TRANSACTIONS CONTEMPLATED THEREUNDER**

The Company's decision to cooperate with First Affiliated Hospital to jointly establish and operate International Land Port Hospital is in line with government policies of encouraging social capital to participate in public service sector reform. As a publicly-traded state-owned key enterprise, the Company proactively responds to national policies and sticks to the philosophy of putting people first and benefiting

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## LETTER FROM THE BOARD

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the people's livelihood. International Land Port Hospital to be established under the Cooperation Agreement will be the first hospital promoted by a hospital under the direct administration of NHFPC that cooperates with social capital, which will set up a model for social capital participating in public hospital reform.

The Company's cooperation with First Affiliated Hospital is a combination of the two parties' strengths. The Company will, on one hand, use its financial resources and integrated healthcare resources to provide funding, technology, talents and advanced operating and managing mechanisms to International Land Port Hospital, and on the other hand, use the strengths of First Affiliated Hospital in medical treatment, education, scientific research and brand, to make International Land Port Hospital a high-quality healthcare center in Northwest China, benefiting the people's livelihood in western China through its advanced medical technology and premium services.

In addition, the Company has possessed necessary resources and expertise to provide hospital management services. The Company continued to deepen its cooperation with internationally well-known healthcare service institutions to gain rich experience in hospital management. As of the Latest Practicable Date, the Company has established strategic cooperation with over 200 domestic and foreign well-known medical experts and 54 international healthcare service institutions. The Company also successively established healthcare resources management department, supply chain operation department, international healthcare cooperation department and healthcare technology cooperation department, which provide organisational support to the development of its hospital investment and management business. Meanwhile, the Company has actively recruited high-quality professionals with hospital investment management and project management background and established an organised staff training system so as to build a talent pool for hospital investment and management business and other new strategic businesses of the Group.

By fully aligning the Company's developing target with First Affiliated Hospital's developing target, the two parties established a long-term and win-win cooperating model under the Cooperation Agreement. The Board believes that the cooperation would give a reliable impetus to the long-term sustained growth of the Company and lay a solid business foundation.

As such, the Board considers that the terms of the Cooperation Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

### **RISK FACTORS ASSOCIATED WITH THE HOSPITAL MANAGEMENT SERVICES BUSINESS**

Entering into the Cooperation Agreement is in line with the Group's strategy to develop hospital management services business. However, there are following inherent risks associated with such developing plans:

- The Company has relatively short track record in the hospital management services business. The Group's expertise and experience in existing business may not be readily applied to or relevant to hospital management services business, and may not be able to establish a competent team to implement relevant business plans timely and at reasonable cost.

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## LETTER FROM THE BOARD

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- The existing market participants of the management services market may have competitive advantages over the Company, which may result in the Company's services being less attractive to target customers and hence, generate less revenue for the Group.
- In addition, the Company's efforts to develop innovative healthcare solutions may potentially be restricted by current or future government regulations and policies. The uncertainties in the interpretation of some of these policies also impose certain risks on the Company.

The Company cannot assure Shareholders that any plan related to the hospital management services business will be successfully implemented as expected at all or in a timely manner. The successful implementation of these plans will involve additional cost and uncertainties, and the Company also needs to divert resources and management's attention from its core business operations. If for any reason any of these plans cannot be implemented or that it does not achieve the planned outcome, the prospects of the Company's business growth could be materially and adversely affected.

### FURTHER INFORMATION ABOUT THE PARTIES

The Company is an integrated healthcare service provider which 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.

First Affiliated Hospital, founded in 1956 and directly administered by the NHFPC, is a leading comprehensive Grade III Class A hospital in Northwest China.

### LISTING RULES IMPLICATIONS

Under the Cooperation Agreement, the maximum funding by the Company for the Project is RMB2 billion and the maximum capital contribution to be made to the OPCO by the Company is RMB28 million. As the highest applicable percentage ratio in respect with the transactions contemplated under the Cooperation Agreement exceeds 25% but is less than 100%, such transactions constitute a major transaction of the Company and are subject to reporting, announcement and Shareholders' approval requirements under the Chapter 14 of Listing Rules.

### EGM

The EGM will be convened for the purpose of, among other matters, considering, and if thought fit, approving the Cooperation Agreement and the transactions contemplated thereunder.

The notice of EGM is set on pages 34 to 35 of this circular. A form of proxy for use at the EGM is enclosed. Whether or not the Shareholders are able to attend the EGM, the Shareholders are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the office of the share registrar of the Company, Computershare Hong Kong Investor Services Limited at 17M, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event

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## LETTER FROM THE BOARD

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not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude the Shareholders from attending and voting in person at the EGM or any adjournment thereof should the Shareholders so wish.

To the best of the Directors' knowledge, information and belief having made reasonable enquiries, no Shareholder has material interest in the proposed transaction contemplated under the Cooperation Agreement and therefore would be required to abstain from voting at the EGM.

### RECOMMENDATION

The Board considers that the terms of the Cooperation Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and its Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of all the relevant resolutions to be proposed at the EGM for such purpose.

### ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendixes to this circular.

Certain statistics and data contained in this circular are derived from various official government publications, which have not been independently verified by the Company. The Company believes that these sources of information are appropriate and has taken reasonable care in extracting and reproducing such information. The Company has no reason to believe that any such information is false or misleading in any material respect or that any fact has been omitted that would render such information false or misleading in any material respect.

For and on behalf of the Board  
**Universal Medical Financial & Technical  
Advisory Services Company Limited**  
**環球醫療金融與技術諮詢服務有限公司**  
**Guo Weiping**  
*Executive Director*



## 1. CONSOLIDATED FINANCIAL STATEMENTS

Audited financial information of the Group for each of the years ended 31 December 2013, 2014 and 2015 was disclosed in the following documents which have been published on both the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company ([www.universalmism.com](http://www.universalmism.com)):

- annual report of the Company for the year ended 31 December 2015 published on 19 April 2016 (pages 93 to 102)

<http://www.hkexnews.hk/listedco/listconews/SEHK/2016/0419/LTN20160419241.pdf>

- prospectus for global offering of the Company dated 24 June 2015 (Appendix I)

<http://www.hkexnews.hk/listedco/listconews/SEHK/2015/0624/LTN20150624037.pdf>

## 2. PROSPECTS OF THE GROUP

The Group will continue to carry on integrated development strategies, seize the opportunities brought by national policies, steadily develop our healthcare financial services, enhance profitability in financial business, and maintain the high-quality asset portfolio. We will actively enhance our healthcare technology service capabilities, further expand healthcare resources platform and continue to expand the scope of cooperation of clinical department upgrade business. We will also devote great efforts to our hospital investment and management business, continue to innovate and improve the business cooperation model, further expand the professional talent pool, and broaden and deepen the regional healthcare resources network so as to enhance the Group's growth potential and operating efficiency.

## 3. INDEBTEDNESS STATEMENT

As at 31 August 2016, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had a total indebtedness of RMB16,550,001,000 with the following breakdown:

	<i>RMB'000</i>
Bank borrowings	8,951,823
Debt Securities	5,443,078
Other borrowings	<u>2,155,100</u>
<b>Total</b>	<b><u>16,550,001</u></b>

As at 31 August 2016, bank borrowings and other borrowings of the Group were RMB11,106,923,000, of which RMB2,887,004,000 were secured by certain assets of the Group with a total value of RMB3,030,212,000.

As at 31 August 2016, the issued debt securities of the Group were RMB5,443,078,000, of which RMB2,348,936,000 were secured by certain assets of the Group with a total value of RMB2,362,838,000. No indebtedness of the Group was guaranteed as at 31 August 2016. The Group has authorized but unissued debt securities of RMB2,000,000,000 as at 31 August 2016.

Save as disclosed above and apart from intra-group liabilities, the Group did not have any outstanding mortgages, charges, debentures, loan capital, debt securities, bank loans and overdrafts or other similar indebtedness, finance leases or hire purchase commitments, liabilities under acceptances or acceptance credits or any guarantees or other material contingent liabilities as at 31 August 2016.

#### **4. WORKING CAPITAL STATEMENT**

Taking into account present financial resources available to the Group, including internally generated fund and available facilities, the Directors are of the opinion that the Group will have sufficient funds to meet its working capital requirements for at least the next 12 months from the date of this circular.

## 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 of shareholder	Nature of interest	Total number of ordinary shares	Approximate percentage of interest held in the Company
GT-HK ( <i>Note 1</i> )	Beneficial owner	584,000,395	34.03%
GT-PRC ( <i>Note 1</i> )	Interest of controlled corporation	647,478,700	37.73%
CITIC Capital Leasing Ltd. ( <i>Note 2</i> )	Beneficial owner	244,326,695	14.24%
CITIC Capital China Partners II, L.P. ( <i>Note 2</i> )	Interest of controlled corporation	244,326,695	14.24%
CCP II GP Ltd. ( <i>Note 2</i> )	Interest of controlled corporation	244,326,695	14.24%
CCP LTD. ( <i>Note 2</i> )	Interest of controlled corporation	244,326,695	14.24%
CITIC Capital Partners Limited ( <i>Note 2</i> )	Interest of controlled corporation	244,326,695	14.24%
CITIC Capital Holdings Limited ( <i>Note 2</i> )	Interest of controlled corporation	244,326,695	14.24%
CP Management Holdings Limited ( <i>Note 2</i> )	Interest of controlled corporation	244,326,695	14.24%
Central Huijin Investment Ltd. ( <i>Note 3</i> )	Interest of controlled corporation	136,103,831	7.93%

*Notes:*

- (1) Among the 647,478,700 Shares, 584,000,395 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 647,478,700 Shares held by GT-HK and CGCI-HK.
- (2) CITIC Capital Leasing Ltd. (“CITIC Capital Leasing”) is wholly-owned by CITIC Capital China Partners II, L.P. (“CITIC Partners”). The general partner of CITIC Partners is CCP II GP Limited (“CCPII”), CCPII is wholly-owned by CCP LTD. CCP LTD. is a wholly-owned subsidiary of CITIC Capital Partners Limited (“CITIC Capital Partners”). CITIC Capital Partners is owned as to 51% and 49% by CITIC Capital Holdings Limited (“CITIC Capital Holdings”) and CP Management Holdings Limited (“CP Management”) respectively. CP Management is owned by CITIC Capital Holdings and Mr. Zhang Yichen in equal shares. By virtue of the

SFO, CITIC Partners, CCPIL, CCP LTD., CITIC Capital Partners, CITIC Capital Holdings, CP Management and Mr. Zhang Yichen are deemed to be interested in the same parcel of Shares in which CITIC Capital Leasing is interested.

- (3) Among the 136,103,831 Shares, 61,834,216 Shares are owned by ICBC International Wealth Investment Limited (“ICBCI”) and 74,269,615 Shares are owned by Glory Spring Global Investment Limited (“Glory Spring”). ICBCI is wholly-owned by ICBC International Finance Limited (“ICBCI Finance”), which is wholly-owned by ICBC International Holdings Limited (“ICBCI Holdings”) and ICBCI Holdings in turn, is wholly-owned by Industrial and Commercial Bank of China Limited (“ICBC”). Glory Spring is wholly-owned by CCBI Investments Limited which in turn is wholly-owned by CCB International (Holdings) Limited. CCB International (Holdings) Limited is wholly-owned by CCB Financial Holdings Limited. CCB Financial Holdings Limited is wholly-owned by CCB International Group Holdings Limited, a wholly-owned subsidiary of China Construction Bank Corporation (“CCB”). Central Huijin Investment Ltd. (“Central Huijin”) holds 35% of ICBC and 57.31% of CCB respectively. By virtue of the SFO, Central Huijin is deemed to be interested in a total of 136,103,831 Shares owned by ICBCI and Glory Spring.

### 3. INTERESTS OF THE DIRECTORS AND CHIEF EXECUTIVES

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 Shares of our Company

Name	Nature of interest	Position	Total number of ordinary shares	Approximate percentage of interest held in the Company
Zhang Yichen (Note 1)	Interest of controlled corporation	Chairman and non-executive Director	244,326,695	14.24%
Guo Weiping (Note 2)	Interest of controlled corporation	Executive Director	15,234,795	0.89%
Peng Jiahong (Note 3)	Interest of controlled corporation	Executive Director	7,617,400	0.44%

Notes:

- (1) Please refer to the above for details of Mr. Zhang Yichen’s interest in Shares of the Company.
- (2) Mr. Guo Weiping is the sole legal and beneficial owner of International Technological Cooperation Co., Ltd (“ITCCL”) which is the beneficial owner of the said 15,234,795 Shares. By virtue of the SFO, Mr. Guo is deemed to be interested in the Shares owned by ITCCL.

- (3) Ms. Peng Jiahong is the sole legal and beneficial owner of Evergreen021 Co., Ltd. (“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.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or the chief executive of the Company has any interest or short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporation 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 will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

#### **4. CONSENT AND QUALIFICATION OF EXPERT**

The following expert has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter or statements and references to its name in the form and context in which it appear:

<b>Name</b>	<b>Qualifications</b>
Han Kun Law Offices	PRC Legal Adviser

As at the Latest Practicable Date, the above expert was not beneficially interested in the share capital of any member of the Group nor did he has any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, the above expert did not have any direct or indirect interest in any assets which have been, since 31 December 2015 (being the date to which the latest published audited financial statements of the Group 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.

#### **5. DIRECTORS’ SERVICE CONTRACTS**

The Company has entered into service contracts with all of its 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).

#### **6. LITIGATION**

As at the Latest Practicable Date, the Company was not engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by the Company.

## 7. MATERIAL CONTRACTS

The following material contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of the Group within the two years immediately preceding the date of this circular:

- (a) the Cooperation Agreement;
- (b) a shareholders' agreement dated 22 December 2014 and made between the Company, GT-PRC, GT-HK, China General Consulting & Investment (Hong Kong) Co., Limited (中國通用諮詢投資香港有限公司), CITIC Capital Leasing Ltd., Jublon Capital Limited, ICBC International Wealth Investment Limited (工銀國際財富投資有限公司), Sonic Path Limited (捷道有限公司), Glory Spring Global Investment Limited (榮泉環球投資有限公司), World Health Service Limited (世界健康服務有限公司), International Technological Cooperation Co., Ltd (國際技術合作有限公司) and Evergreen021 Co., Ltd in connection with the management and other affairs of our Company;
- (c) a deed of non-competition entered into by GT-PRC on June 10, 2015 in favor of the Company;
- (d) a cornerstone investment agreement dated 20 June 2015 and entered into between the Company, Goldman Sachs (Asia) L.L.C. ("GS"), Nomura International (Hong Kong) Limited ("Nomura") and Yi Fang Da Apollo Inv. Limited ("YFD"), pursuant to which YFD agreed to procure the subscription for and our Company agreed to allot and issue such number of the Shares to be issued pursuant to the initial public offering ("IPO") of our Company ("Offer Shares") which may be purchased with Hong Kong dollars equivalent to US\$30 million at the IPO price of the Shares ("Offer Price");
- (e) a cornerstone investment agreement dated 19 June 2015 and entered into between the Company, GS, Nomura and Beijing Cihang Investment Fund Management Co., Ltd. ("Beijing Cihang"), pursuant to which Beijing Cihang agreed to subscribe for and our Company agreed to allot and issue such number of Offer Shares which may be purchased with Hong Kong dollars equivalent to US\$30 million at the Offer Price;
- (f) a cornerstone investment agreement dated 19 June 2015 and entered into between the Company, GS, Nomura and Nikko Asset Management Asia Limited ("Nikko AM Asia"), pursuant to which Nikko AM Asia agreed to subscribe for and our Company agreed to allot and issue such number of Offer Shares which may be purchased with Hong Kong dollars equivalent to US\$20 million at the Offer Price;
- (g) a cornerstone investment agreement dated 19 June 2015 and entered into between the Company, GS, Nomura and CSR (Hong Kong) Co. Limited ("CSR HK"), pursuant to which CSR HK agreed to subscribe for and our Company agreed to allot and issue such number of Offer Shares which may be purchased with Hong Kong dollars equivalent to US\$30 million at the Offer Price;

- (h) a cornerstone investment agreement dated 19 June 2015 and entered into between the Company, GS, Nomura and China Innovative Capital Management Limited (“CICM”), pursuant to which CICM agreed to subscribe for and our Company agreed to allot and issue such number of Offer Shares which may be purchased with Hong Kong dollars equivalent to US\$10 million at the Offer Price;
- (i) a cornerstone investment agreement dated 19 June 2015 and entered into between the Company, GS, Nomura, ICBC International Capital Limited (“ICBCIC”) and GF Fund Management Co., Ltd. (“GF Fund”), pursuant to which GF Fund agreed to procure the subscription for and our Company agreed to allot and issue such number of Offer Shares which may be purchased with Hong Kong dollars equivalent to US\$30 million at the Offer Price;
- (j) a cornerstone investment agreement dated 19 June 2015 and entered into between the Company, GS, Nomura, ICBCIC and Heywin Investments Limited (“Heywin”), pursuant to which Heywin agreed to subscribe for and our Company agreed to allot and issue such number of Offer Shares which may be purchased with Hong Kong dollars equivalent to US\$10 million at the Offer Price;
- (k) a cornerstone investment agreement dated 19 June 2015 and entered into between the Company, GS, Nomura, ICBCIC and Estate Summer Limited (“Estate Summer”), pursuant to which Estate Summer agreed to subscribe for and our Company agreed to allot and issue such number of Offer Shares which may be purchased with Hong Kong dollars equivalent to US\$10 million at the Offer Price;
- (l) a cornerstone investment agreement dated 19 June 2015 and entered into between the Company, GS, Nomura, CCB International Capital Limited and Hengjian International Investment Holding (Hong Kong) Limited (“Hengjian International”), pursuant to which Hengjian International agreed to subscribe for and our Company agreed to allot and issue such number of Offer Shares which may be purchased with Hong Kong dollars equivalent to US\$10 million at the Offer Price;
- (m) a cornerstone investment agreement dated 19 June 2015 and entered into between the Company, GS, Nomura, CLSA Limited and Beijing Infrastructure Investment (Hong Kong) Limited (“Beijing Infrastructure”), pursuant to which Beijing Infrastructure agreed to subscribe for and our Company agreed to allot and issue such number of Offer Shares which may be purchased with Hong Kong dollars equivalent to US\$20 million at the Offer Price;
- (n) the underwriting agreement dated 23 June 2015, relating to the offer of the Offer Shares for subscription by the public in Hong Kong, and entered into by, among others, GS, Nomura, ICBCIC, ICBC International Securities Limited, CCB International Capital Limited, CLSA Limited, VMS Securities Limited, China Merchants Securities (HK) Co., Limited and the Company; and
- (o) the international underwriting agreement dated 30 June 2015, relating to the international placing, and entered into among others, GS, Nomura, international underwriters and the Company.

**8. MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, the Directors confirmed that there has been no material adverse change in the Group's financial or trading position since 31 December 2015 (being the date to which the Company's latest published audited consolidated financial statements were made).

**9. COMPETING INTERESTS**

As at the Latest Practicable Date, none of the Directors and their close associates was considered to be interested in business which compete or are 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.

**10. 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 2015 (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 Group and GT-PRC and 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.

**11. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection during 9:00 a.m. to 5:00 p.m. at the registered office of the Company in Hong Kong at Room 702, Fairmont House, No.8 Cotton Tree Drive, Central Hong Kong from the date of this circular up to and including the date of the EGM:

- (a) the articles of association of the Company;
- (b) the annual report of the Company for the financial year ended 31 December 2015;
- (c) the prospectus of the Company published on 24 June 2015;
- (d) the material contracts referred to in the section headed "Material Contracts" in this appendix;
- (e) the circular of the Company dated 19 April 2016;
- (f) this circular;
- (g) the PRC legal opinion issued by Han Kun Law Offices in respect of the Cooperation Agreement; and



- (h) the consent letter given by Han Kun Law Offices.

**12. MISCELLANEOUS**

- (a) The secretary to the Company is Ms. Cheng Pik Yuk, who is a fellow member of both the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators.
- (b) The registered office of the Company is situated at Room 702, Fairmont House, No.8 Cotton Tree Drive, Central Hong Kong.
- (c) The head office and principal place of business in China of the Company is situated at 9/F, Zhongyi Tower, No. 6 Xizhimenwai Avenue, Xicheng 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.

Set out below is a summary of principal laws and regulations of the PRC in relation to the businesses to be conducted by the Project Company and the OPCO:

## **1. CATEGORIES OF MEDICAL INSTITUTIONS IN CHINA**

Medical institutions in China are mainly identified as not-for-profit medical institutions (“NMI”) and for-profit medical institutions. Key basis for identifying either type of the two medical institutions include business purpose, service task and applicable financial, tax and pricing policies and accounting standards. NMIs do not aim at generating profit for their own. Positive accounting balance resulting from operation must be used for self-development. NMIs are eligible for preferential tax policies and for financial subsidies from local governments.

## **2. RELEVANT POLICIES AND REGULATIONS IN RELATION TO HOSPITAL MANAGEMENT**

According to the Opinions on the Promotion of the Development of Health Services Industry issued by the State Council on September 28, 2013, enterprises, charitable institutions, foundations and commercial insurance companies are encouraged to invest in the medical service industry via various different methods including establishment, participation in restructuring, trusteeship and state-owned-private-operated models.

The National Health and Family Planning Commission of the PRC, formerly known as the Ministry of Health of the PRC (“MOH”) issued the Implementation Scheme for Special treatment of Unwholesome Tendencies in Medical Service within the National Health System on April 28, 2004, according to which the internal financial balance of medical institutions should be unified and managed by the finance department, and revenue-sharing through department subcontracting shall be terminated. All departments are prohibited from setting up their own off-balance-sheet deposit.

In accordance with the Provisions on Strengthening the Financial Sector Management Functions of Medical Institutions, Standardizing the Accounting and Distribution Management, which was issued by the MOH on November 30, 2004, medical institutions shall terminate the department subcontracting, the billing kick-back as well as the tying of staff bonus to department revenue.

The MOH and the State Administration of Traditional Chinese Medicine of the PRC issued the Implementation Opinions on Carrying out Special Work for Regulating Commercial Bribe during the Medicine Purchase and Sale on April 21, 2006 to regulate the income distribution system of the medical workers. Under such opinions, subcontracting hospital departments to third parties is prohibited.

According to the Implementation Opinions for the Health Institutions Implementing the Reform Scheme for Income Distribution System of the Staff in Public Institutions issued by the Ministry of Personnel, Ministry of Finance and the MOH on October 23, 2006, illegal activities including department subcontracting and billing kick-back should be banned. The performance-related staff remuneration shall be based on the quality, quantity, professional ethics and other factors, and shall not be linked with department revenue.

According to the Opinions on Further Encouraging and Guiding Social Capital in Setup of Medical Facilities issued by General Office of the State Council on 26 November 2011, overseas medical facilities, enterprises and other economic organizations are permitted to establish medical facilities together with domestic medical facilities, enterprises or other economic organizations in the form of equity or cooperation joint venture, and the restrictions on equity proportion for overseas capital will be gradually removed.

### **3. REGULATIONS ON CENTRALIZED PHARMACEUTICAL PROCUREMENT BY MEDICAL INSTITUTIONS**

Centralized procurement processes are required for medical devices. According to the Notice of the Ministry of Health on Further Strengthening the Administration of Centralized Procurement of Medical Devices issued the MOH on June 21, 2007, all NMIs under all levels of government and state-owned enterprises are required to participate in the centralized procurement. Public tendering shall be the principal method of centralized procurement.

According to the Administrative Norms on Centralized Procurement of High Value Medical Consumables (for Trial Implementation) issued by the MOH and five other related governmental authorities on December 17, 2012, manufacturers of medical consumables are allowed to bid directly with hospitals during the process of centralized procurement and in accordance with the requirements of the centralized procurement documents. Such manufacturers are required to truthfully furnish, on the centralized procurement system, letters of authorization and qualification certificates of products and enterprises, which are authentic, effective and valid, ex-factory prices for the past two to three years, supply-guarantee letters, and lists of authorized dealers.

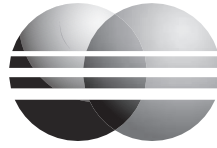
The State Counsel issued the Guiding Opinions on Improving the Centralized Pharmaceutical Procurement by Public Hospitals on February 9, 2015, which further enhances the supervision and promotion of centralized procurement process at provincial level through online public procurement.

The government agencies in charge of centralized procurement in each province, autonomous region and municipality are also responsible for producing the catalogues of centralized procurement, which are effective within their respective jurisdictions. Each province may also explore and set its own methods of centralized procurement based on local practices.

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**NOTICE OF EXTRAORDINARY GENERAL MEETING**

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**UNIVERSAL MEDICAL FINANCIAL & TECHNICAL  
ADVISORY SERVICES COMPANY LIMITED**  
**環球醫療金融與技術諮詢服務有限公司**

*(Incorporated in Hong Kong with limited liability)*

**(Stock code: 2666)**

**NOTICE IS HEREBY GIVEN** that the extraordinary general meeting (the “EGM”) of Universal Medical Financial & Technical Advisory Services Company Limited (the “Company”) will be held at Tianlu Room, Shangri-la Hong Kong, Pacific Place, 88 Queensway Hong Kong on Tuesday, 8 November 2016 at 10:00 a.m. for the following purposes:

1. To approve the cooperation agreement entered into between the Company and First Affiliated Hospital of Xi’an Jiaotong University on 30 August 2016 and the transactions contemplated thereunder; and
2. To authorize any the board of directors of the Company to do all such further acts and things and to sign and execute all such documents and to take all such steps which in its opinion may be necessary, appropriate, desirable or expedient to implement and/or give effects to the transactions contemplated thereunder.

For and on behalf of the Board  
**Universal Medical Financial & Technical  
Advisory Services Company Limited**  
**環球醫療金融與技術諮詢服務有限公司**  
**Guo Weiping**  
*Executive Director*

Beijing, PRC, 24 October 2016

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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*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 the Stock Exchange 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 show of hands every member who is present in person or by proxy shall have one vote. If a member appoints more than one proxy, the proxies so appointed are not entitled to vote on the resolution on a show of hands.

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, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. In calculating the aforesaid 48 hour period, no account will be taken of any part of a day that is public holiday. Accordingly, the form of proxy must be delivered to the Company's share registrar not later than 10:00 a.m. on Friday, 4 November 2016.
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 Friday, 4 November 2016 to Tuesday, 8 November 2016, both dates inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the EGM, 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 Thursday, 3 November 2016.
6. A form of proxy for use at the EGM is enclosed.

*As at the date of this notice, the executive directors of the Company are Mr. Guo Weiping and Ms. Peng Jiahong; the non-executive directors of the Company are Mr. Zhang Yichen (Chairman), Mr. Jiang Xin (Vice-chairman), Mr. Liu Zhiyong, Mr. Liu Xiaoping, Mr. Su Guang and Mr. Zeng Yu; and the independent non-executive directors of the Company are Mr. Li Yinquan, Mr. Chow Siu Lui, Mr. Kong Wei and Mr. Han Demin.*