



# 金威医疗集团有限公司

Good Fellow Healthcare Holdings Limited

*(incorporated in the Cayman Islands with limited liability)*

(Stock Code: 8143)

*Executive Directors:*

Mr. Ng Chi Lung (*Chairman*)

Mr. Wu Qiyu

*Independent non-executive Directors:*

Ms. Wong Ka Wai, Jeanne

Mr. Lau Tak Kei Arthur

Mr. Lin Yaomin

*Registered office:*

P.O. Box 31119

Grand Pavilion Hibiscus Way

802 West Bay Road

Grand Cayman

KY1-1205

Cayman Islands

*Head office and principal place  
of business in Hong Kong:*

Room 2101, 21/F

China Merchants Tower

Shun Tak Centre

168-200 Connaught Road Central

Hong Kong

17 April 2025

*To the Shareholders*

Dear Sir or Madam,

- (I) PROPOSED RIGHTS ISSUE ON THE BASIS OF ONE (1) RIGHTS  
SHARE FOR EVERY ONE (1) EXISTING SHARE HELD ON THE  
RECORD DATE;  
(II) PROPOSED ADOPTION OF THE NEW SHARE OPTION SCHEME;  
AND  
(III) NOTICE OF EXTRAORDINARY GENERAL MEETING**

## INTRODUCTION

Reference is made to the Announcement in relation to, among other things, the Rights Issue and the Placing Agreement and the respective transactions contemplated thereunder.

The purpose of this circular is to provide you with, among other things, (i) further details of the Rights Issue and the Placing Agreement and the respective transactions contemplated thereunder; (ii) details of the proposed adoption of the New Share Option Scheme; (iii) the recommendation of the Independent Board Committee to the Independent Shareholders in respect of the Rights Issue; (iv) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders on the Rights Issue; (v) other information required under the GEM Listing Rules; and (vi) a notice convening the EGM.

## **PROPOSED RIGHTS ISSUE**

The Company proposes to raise gross proceeds of up to (i) approximately HK\$28.2 million (assuming full subscription under the Rights Issue and no change in the number of Existing Shares on or before the Record Date) by issuing up to 563,649,988 Rights Shares; or (ii) approximately HK\$29.2 million (assuming full subscription under the Rights Issue and no change in the number of Existing Shares in issue except for the new Shares to be allotted and issued upon full conversion of the Convertible Preference Shares on or before the Record Date) by issuing up to 583,349,988 Rights Shares at the Subscription Price of HK\$0.05 per Rights Share on the basis of one (1) Rights Share for every one (1) Existing Share held by the Qualifying Shareholders at the close of business on the Record Date.

Details of the Rights Issue are set out below:

Basis of the Rights Issue	:	one (1) Rights Share for every one (1) Existing Share held by the Qualifying Shareholders at the close of business on the Record Date
Subscription Price	:	HK\$0.05 per Rights Share
Number of Existing Shares in issue as at the Latest Practicable Date	:	563,649,988 Shares
Number of Rights Shares	:	up to (i) 563,649,988 Rights Shares (assuming no change in the number of Existing Shares in issue on or before the Record Date); or (ii) 583,349,988 Rights Shares (assuming no change in the number of Existing Shares in issue except for the new Shares to be allotted and issued upon full conversion of the Convertible Preference Shares on or before the Record Date)

Aggregated nominal value of the Rights Shares	:	up to (i) HK\$28,182,499.4 (assuming no change in the number of Shares in issue on or before the Record Date); or (ii) HK\$29,167,499.4 (assuming no change in the number of Existing Shares in issue except for the new Shares to be allotted and issued upon full conversion of the Convertible Preference Shares on or before the Record Date)
Number of Shares in issue as enlarged by the allotment and issue of the Rights Shares	:	up to (i) 1,127,299,976 Shares (assuming no change in the number of Shares in issue on or before the Record Date and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue); or (ii) 1,166,699,976 Shares (assuming no change in the number of Existing Shares in issue except for the new Shares to be allotted and issued upon full conversion of the Convertible Preference Shares on or before the Record Date)
Gross proceeds from the Rights Issue	:	up to (i) approximately HK\$28.2 million before expenses (assuming full subscription under the Rights Issue and assuming no change in the number of Shares in issue on or before the Record Date); or (ii) approximately HK\$29.2 million before expenses (assuming full subscription under the Rights Issue and assuming no change in the number of Existing Shares in issue except for the new Shares to be allotted and issued upon full conversion of the Convertible Preference Shares on or before the Record Date)
Net proceeds from the Rights Issue	:	up to (i) approximately HK\$26.7 million after expenses (assuming full subscription under the Rights Issue and assuming no change in the number of Shares in issue on or before the Record Date); or (ii) approximately HK\$27.7 million before expenses (assuming full subscription under the Rights Issue and assuming no change in the number of Existing Shares in issue except for the new Shares to be allotted and issued upon full conversion of the Convertible Preference Shares on or before the Record Date)
Net price (i.e. Subscription Price less cost and expenses incurred in the Rights Issue)	:	(i) approximately HK\$0.047 per Rights Share (assuming full subscription under the Rights Issue and no change in the number of Existing Shares) or (ii) approximately HK\$0.047 per Rights Share (assuming full subscription under the Rights Issue and assuming no change in the number of Existing Shares in issue except for the new Shares to be allotted and issued upon full conversion of the Conversion Preference Shares on or before the Record Date)

Rights of excess application and underwriter : There will be no excess application arrangements in relation to the Rights Issue and the Rights Issue is not underwritten.

Compensatory Arrangements : Any Unsubscribed Rights Shares and ES Unsold Rights Shares will be placed to independent placees on a best effort basis under the Compensatory Arrangements.

Any of the Rights Shares which remain unsold in the market will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

As at the Latest Practicable Date, there are 19,700,000 outstanding Convertible Preference Shares issued by the Company. Assuming full exercise of the conversion rights attaching to the Convertible Preference Shares on or before the Record Date, the maximum number of new Shares that would fall to be allotted and issued would be 19,700,000 which would result in an additional 19,700,000 Rights Shares to be offered under the Rights Issue.

Save for the aforesaid, as at the Latest Practicable Date, the Group has no other outstanding derivatives, options, warrants, conversion rights or other similar rights which are convertible into or giving rights to subscribe for, convert or exchange into any Existing Shares, and the Company does not have any plan and/or intention to grant any Options under the New Share Option Scheme on or before the Record Date.

Assuming no change in the number of issued Shares on or before the Record Date and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue, the 563,649,988 Rights Shares to be issued pursuant to the terms of the proposed Rights Issue represents (i) 100% of the issued share capital of the Company as at the Latest Practicable Date; and (ii) 50% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares.

Assuming no change in the number of issued Shares except for the new Shares to be allotted and issued upon full conversion of the Conversion Preference Shares on or before the Record Date and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue, the 583,349,988 Rights Shares to be issued pursuant to the terms of the proposed Rights Issue represents (i) approximately 103.50% of the issued share capital of the Company as at the Latest Practicable Date; and (ii) 50% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares.

### **Non-underwritten basis**

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares. In the event that the Rights Issue is not fully-subscribed, any Unsubscribed Rights Shares and ES Unsold Rights Shares will be placed to independent placees on a best effort basis by the Placing Agent under the Compensatory Arrangements. Any Unsubscribed Rights Shares and ES Unsold Rights Shares which are not placed under the Compensatory Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. There are no statutory requirements regarding the minimum subscription levels in respect of the Rights Issue. There is no minimum amount to be raised under the Rights Issue. As the Rights Issue will proceed on a non-underwritten basis, any Shareholder who applies to take up all or part of his/her/its entitlement under the PAL(s) may unwittingly incur an obligation to make a general offer for the Shares under the Takeovers Code. Accordingly, the Rights Issue will be made on terms that the Company will provide for the Shareholders to apply on the basis that if the Rights Shares are not fully taken-up, the application of any Shareholder (except for HKSCC Nominees Limited) for his/her/its assured entitlement under the Rights Issue will be scaled down to a level which does not trigger an obligation on the part of the relevant Shareholder to make a general offer under the Takeovers Code in accordance with the note to Rule 10.26(2) of the GEM Listing Rules.

Prior to proceeding with the Rights Issue on a non-underwritten basis, the Company had explored the viability of an underwritten rights issue. The Company had approached the controlling and substantial Shareholders on their interests to act as underwriter(s) in respect of the Unsubscribed Rights Shares and ES Unsold Rights Shares not taken up by independent placee(s) under the Compensatory Arrangements. Unfortunately, the Company had received negative feedback due to the prevailing market conditions.

Further, the Company has also approached several securities firms to arrange underwriting services in respect of the Rights Issue, but only one of which was willing to underwrite the Rights Issue on a best effort basis with a minimum underwriting fee irrespective of the number of shares underwritten by it. Taking into account that (i) the potential underwriter would only agree to proceed on a best effort basis where it has no obligation to and may not subscribe for or procure the subscription of the Unsubscribed Rights Shares and/or ES Unsold Rights Shares; and (ii) a minimum underwriting fee will nonetheless be incurred even if no shares are underwritten by the proposed underwriter; and (iii) the underwriting fees and commission to be incurred in underwriting arrangement will be considered additional costs and expenses borne by the Company which will reduce the net proceeds of the Rights Issue, the Board is of the view that it is not in the best interests for the Company to proceed on an underwritten basis.

## Subscription Price

The Subscription Price is HK\$0.05 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of Rights Shares under the Rights Issue or when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 30.56% to the closing price of HK\$0.072 per Existing Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 12.28% to the closing price of HK\$0.057 per Existing Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 19.35% to the average of the closing prices of approximately HK\$0.062 per Existing Share as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 19.35% to the average of the closing prices of approximately HK\$0.062 per Existing Share as quoted on the Stock Exchange for the ten (10) consecutive trading days up to and including the Last Trading Day;
- (v) a discount of approximately 7.41% to the theoretical ex-rights price of approximately HK\$0.054 per Share as adjusted for the effect of the Rights Issue, based on the closing price of HK\$0.057 per Existing Share as quoted on the Stock Exchange on the Last Trading Day;
- (vi) a discount of approximately 12.28% to the theoretical ex-rights price of approximately HK\$0.057 per Share as adjusted for the effect of the Rights Issue, based on the benchmarked price of HK\$0.064 per Existing Share (as defined under Rule 10.44A of the GEM Listing Rules);
- (vii) a theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) of approximately 10.94% to the existing Shareholders if they elect not to participate in the Rights Issue, which is calculated based on the theoretical ex-rights price of approximately HK\$0.057 per Existing Share and the benchmarked price of approximately HK\$0.064 per Existing Share (as defined under Rule 10.44A of the GEM Listing Rules, taking into account the higher of the closing price on the Last Trading Day of HK\$0.057 per Existing Share and the average of the closing prices of the Existing Shares as quoted on the Stock Exchange for the five (5) consecutive trading days immediately prior to the Last Trading Day of approximately HK\$0.064 per Existing Share);

- (viii) a premium of approximately 2,400% over the consolidated net asset value per Existing Share of approximately HK\$0.002 (based on the latest published consolidated net asset value of the Company of HK\$1,407,000 and 563,649,988 Shares in issue as at 31 March 2024); and
- (ix) a premium of approximately 233.33% over the consolidated net asset value per Existing Share of approximately HK\$0.015 (based on the latest published consolidated net asset value of the Company of HK\$8,672,000 and 563,649,988 Shares in issue as at 30 September 2024).

#### **Determination of the Subscription Price**

The Subscription Price was determined by the Company with reference to, among others, (i) the recent closing prices of the Shares; (ii) prevailing market conditions and financial position of the Group; (iii) the amount of funds the Company intends to raise under the Rights Issue; and (iv) the reasons as discussed in the section headed “REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE AND USE OF PROCEEDS” below.

#### **Qualifying Shareholders**

The Company will make available the Prospectus Documents to the Qualifying Shareholders only. For the Excluded Shareholders, subject to the advice of the Company’s legal advisers in the relevant jurisdictions and to the extent reasonably practicable, the Company may make available copies of the Prospectus to them for their information only, but no PAL will be sent to the Excluded Shareholders. To qualify for the Rights Issue, a Shareholder must at the close of business on the Record Date: (i) be registered on the register of members of the Company; and (ii) not be an Excluded Shareholder.

Beneficial owners whose Shares are held by nominee companies (or held in CCASS) should note that the Board will regard a nominee company (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Beneficial owners with their Shares held by nominee companies (or held in CCASS) are advised to consider whether they would like to arrange for registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date.

In order to be registered as a member of the Company on the Record Date, a Shareholder must lodge the relevant transfer(s) of the Existing Share(s) (with the relevant share certificates) for registration with the Registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, by not later than 4:30 pm on Friday, 9 May 2025.

The last day of dealing in the Shares on cum-rights basis is Wednesday, 7 May 2025. The Shares will be dealt with on an ex-rights basis from Thursday, 8 May 2025.

**Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and Excluded Shareholders should note that their shareholdings in the Company will be diluted.**

#### **Rights of Overseas Shareholders**

The Prospectus will not be registered under the applicable securities legislation of any jurisdiction other than Hong Kong. Overseas Shareholders, if any, may not be eligible to take part in the Rights Issue. The Company will send the Prospectus (without the PAL) to the Excluded Shareholders for their information only. For the avoidance of doubt, the Overseas Shareholders, if any, are entitled to attend and vote at the EGM.

As at the Latest Practicable Date, there is one Overseas Shareholder with registered address situated in the PRC who is interested in 80,000 Shares, representing approximately 0.014% of the total issued share capital of the Company.

In compliance with Rule 17.41(1) of the GEM Listing Rules, the Company has made enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholder. Based on the results of such enquiries obtained from the PRC legal advisers engaged by the Company as at the Latest Practicable Date, the Directors consider that, subject to certain limited exceptions, it is necessary or expedient not to offer the Rights Shares to the Overseas Shareholder in the PRC, due to the additional steps the Company and/or Shareholders need to take to comply with the local legal requirements and/or other requirements to be satisfied in order to comply with relevant local legal or regulatory requirements. Accordingly, the Overseas Shareholder whose registered address on the Record Date were in the PRC will be treated as Excluded Shareholder and therefore will not be entitled to participate in the Rights Issue.

Arrangements will be made for Rights Shares which would otherwise have been provisionally allotted to the Excluded Shareholder(s) to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses and stamp duty, of more than HK\$100 will be paid pro rata to the Excluded Shareholder(s). The Company will retain individual amounts of HK\$100 or less for the benefit of the Company.

**Overseas Shareholders should note that they may or may not be entitled to the Rights Issue subject to the results of the enquiries made by the Company pursuant to the GEM Listing Rules. Accordingly, Overseas Shareholders should exercise caution when dealing in the securities of the Company.**



**Basis of provisional allotment**

The basis of the provisional allotment shall be one (1) Rights Share for every one (1) Existing Share in issue and held by the Qualifying Shareholders at the close of business on the Record Date at the Subscription Price payable in full on acceptance and otherwise on the terms and subject to the conditions set out in the Prospectus Documents.

Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by lodging a duly completed PAL and a cheque or a banker's cashier order for the sum payable for the Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance. There will be no excess application arrangements in relation to the Rights Issue.

**No fractional entitlements to the Rights Shares**

On the basis of provisional allotment of one (1) Rights Share for every one (1) Existing Share held on the Record Date, no fractional entitlements to the Rights Shares shall arise under the Rights Issue. No odd lot matching services in relation to the Rights Issue will be provided.

**Status of the Rights Shares**

The Rights Shares, when allotted, issued and fully paid, shall rank *pari passu* in all respects with the Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which are declared, made or paid on or after the date of allotment of the Rights Shares in their fully-paid form.

**Share certificates and refund cheques for the Rights Issue**

Subject to the fulfilment of the conditions of the Rights Issue, certificates for all fully-paid Rights Shares are expected to be posted to those entitled thereto by ordinary post at their own risk on or before Monday, 30 June 2025. If the Rights Issue does not become unconditional, refund cheques are expected to be posted on or before Monday, 30 June 2025 by ordinary post, at the respective Shareholders' own risk, to their registered addresses.

**Procedures in respect of the Unsubscribed Rights Shares and ES Unsold Rights Shares and the Compensatory Arrangements**

According to Rule 10.31(1)(b) of the GEM Listing Rules, the Company will make arrangements to dispose of the Unsubscribed Rights Shares and ES Unsold Rights Shares by offering the Unsubscribed Rights Shares and ES Unsold Rights Shares to independent placees for the benefit of the Shareholders to whom they were offered by way of the Rights Issue. Accordingly, on 14 March 2025 (after trading hours of the Stock Exchange), the Company entered into the Placing Agreement with the Placing Agent in relation to the placing of the Unsubscribed Rights Shares and ES Unsold Rights Shares to the independent placees on a best effort basis.

Pursuant to the Placing Agreement, the Company has appointed the Placing Agent to place the Unsubscribed Rights Shares and ES Unsold Rights Shares during the Placing Period to independent placees on a best effort basis, and any premium over the Subscription Price for those Rights Shares that is realised will be paid to those No Action Shareholders on a pro rata basis. The Placing Agent will, on a best effort basis, procure, by not later than 4:00 p.m. on Friday, 20 June 2025, subscribers for all (or as many as possible) of those Unsubscribed Rights Shares and ES Unsold Rights Shares. Any Unsubscribed Rights Shares and ES Unsold Rights Shares which are not placed under the Compensatory Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

Net Gain (if any) will be paid (without interest) to the No Action Shareholders as set out below on pro rata basis (but rounded down to the nearest cent):

- A. the relevant Qualifying Shareholders (or such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed) whose nil-paid rights are not validly applied for in full, by reference to the extent that Shares in his/her/its nil-paid rights are not validly applied for; and
- B. the relevant Excluded Shareholders with reference to their shareholdings in the Company on the Record Date. If and to the extent in respect of any Net Gain, any No Action Shareholders become entitled on the basis described above to an amount of HK\$100 or more, such amount will be paid to the relevant No Action Shareholder(s) in Hong Kong Dollars only and the Company will retain individual amounts of less than HK\$100 for its own benefits.

#### **Placing Agreement for the Unsubscribed Rights Shares and ES Unsold Rights Shares**

Principal terms of the Placing Agreement are summarised as follows:

Date	:	14 March 2025 (after trading hours of the Stock Exchange)
Issuer	:	The Company
Placing Agent	:	Kingston Securities Limited, a corporation licensed to engage in Type 1 (dealing in securities) regulated activity under the SFO, was appointed as the Placing Agent to procure, on a best effort basis, placees to subscribe for the Unsubscribed Rights Shares and ES Unsold Rights Shares during the Placing Period.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Placing Agent and its ultimate beneficial owner(s) are Independent Third Parties.

- Placing Period : The period commencing from Friday, 13 June 2025 and ending at 4:00 p.m. on Friday, 20 June 2025.
- Commission and expenses : Subject to completion of the Placing, the Company shall pay to the Placing Agent a placing commission in Hong Kong Dollars, of 1.0% of the amount which is equal to the placing price multiplied by the number of Unsubscribed Rights Shares and ES Unsold Rights Shares that have been successfully placed by the Placing Agent and/or its sub-placing agent(s) pursuant to the terms of the Placing Agreement. Assuming none of the Qualifying Shareholders has taken up their entitled Rights Shares (except for Solar Star and Mr. Ng pursuant to the Irrevocable Undertakings) and all Unsubscribed Rights Shares and the ES Unsold Rights Shares have been placed by the Placed Agent, the total placing commission will in any event not be greater than approximately HK\$128,000.
- Placing price of the Unsubscribed Rights Shares and ES Unsold Rights Shares : The placing price of the Unsubscribed Rights Shares and ES Unsold Rights Shares shall be not less than the Subscription Price. The final price determination will depend on the demand for and the market conditions of the Unsubscribed Rights Shares and ES Unsold Rights Shares during the process of placement.
- Placees : The Unsubscribed Rights Shares and ES Unsold Rights Shares are expected to be placed to placee(s), who and whose ultimate beneficial owner(s) shall be Independent Third Party(ies) and none of the placees shall be a party acting in concert (as defined in the Takeovers Code) with any of them or other placees.

For the avoidance of doubt, no placee shall become a substantial shareholder of the Company.

The Placing will not have any implications under the Takeovers Code and no Shareholder will be under any obligation to make a general offer under the Takeovers Code as a result of the Placing. The Company will continue to comply with the public float requirement under the GEM Listing Rules upon completion of the Placing and the Rights Issue.

- Ranking of the placed Unsubscribed Rights Shares and ES Unsold Rights Shares : The placed Unsubscribed Rights Shares and ES Unsold Rights Shares (when allotted, issued and fully paid, if any) shall rank *pari passu* in all respects among themselves and with the Shares in issue as at the date of completion of the Rights Issue.
- Conditions of the Placing Agreement : The obligations of the Placing Agent under the Placing Agreement are conditional upon, among others, the following conditions being fulfilled:
- (i) the GEM Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully paid forms (subject to customary conditions) and such approval not having been withdrawn or revoked;
  - (ii) the passing of all necessary resolutions to be proposed at the EGM to be convened to consider and, approve, among others, the Rights Issue and the transactions contemplated thereunder;
  - (iii) all necessary consents and approvals to be obtained on the part of the Placing Agent and the Company in respect of the Placing Agreement and the transactions contemplated thereunder having been obtained;
  - (iv) none of the representations, warranties or undertakings contained in the Placing Agreement being or having become untrue, inaccurate or misleading in any material respect at any time before the completion, and no fact or circumstance having arisen and nothing having been done or omitted to be done which would render any of such undertakings, representations or warranties untrue or inaccurate in any material respect as if it were repeated as at the time of the completion; and
  - (v) the Placing Agreement not having been terminated accordance with the provisions thereof.

None of the above conditions is capable of being waived

In the event that the above condition precedents have not been fulfilled on or before the Latest Time for Termination, all rights, obligations and liabilities of the parties thereunder in relation to the Placing shall cease and determine and none of the parties shall have any claim against the other in respect of the Placing save for any antecedent breach and/or any rights or obligations which may accrue under the Placing Agreement prior to such termination.

As at the Latest Practicable Date, save for conditions (i), (ii), (iii) and (v), all of the above conditions have been fulfilled.

- Termination :
- Notwithstanding anything contained in the Placing Agreement, the Placing Agent may terminate Placing Agreement without any liability to the Company, by notice in writing given to the Company at any time prior to the Latest Time for Termination upon the occurrence of the following events which, in the reasonable opinion of the Placing Agent, has or may have a material adverse effect on the business or financial conditions or prospects of the Company or the Group taken as a whole or would materially prejudice the success of the Placing or full placement of all of the Unsubscribed Rights Shares and the ES Unsold Rights Shares or otherwise make it inappropriate, inadvisable or inexpedient to proceed with the Placing on the terms and in the manner contemplated in the Placing Agreement if there develops, occurs or comes into force:
- (a) the occurrence of any event, development or change (whether or not local, national or international or forming part of a series of events, developments or changes occurring or continuing before, on and/or after the date hereof) and including an event or change in relation to or a development of an existing state of affairs of a political, military, industrial, financial, economic, fiscal, regulatory or other nature, resulting in a change in, or may result in a change in, political, economic, fiscal, financial, regulatory or stock market conditions and which in the Placing Agent's reasonable opinion would affect the success of the Placing; or

- (b) the imposition of any moratorium, suspension (for more than 7 trading days) or restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise and which in the Placing Agent's reasonable opinion, would affect the success of the Placing; or
- (c) any new law or regulation or change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or any other jurisdiction relevant to the Group and if in the Placing Agent's reasonable opinion any such new law or change may affect the business or financial prospects of the Group and/or the success of the Placing; or
- (d) any litigation or claim being instigated against any member of the Group or its senior management, which has or may affect the business or financial position of the Group and which in the Placing Agent's reasonable opinion would affect the success of the Placing; or
- (e) any breach of any of the representations and warranties set out in the Placing Agreement comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date hereof and prior to the completion which if it had occurred or arisen before the date hereof would have rendered any of such representations and warranties untrue or incorrect in a material respect or there has been a material breach by the Company of any other provision of the Placing Agreement; or
- (f) there is any material change (whether or not forming part of a series of changes) in market conditions which in the absolute opinion of the Placing Agent would materially and prejudicially affect the Placing or makes it inadvisable or inexpedient for the Placing to proceed.

Under the Compensatory Arrangements, the Unsubscribed Rights Shares and ES Unsold Rights Shares will be placed by the Placing Agent and/or its sub-placing agent(s) to Independent Third Parties on a best effort basis for the benefits of the No Action Shareholders. If all or any of the Unsubscribed Rights Shares and ES Unsold Rights Shares are successfully placed, any premium over the Subscription Price will be distributed to the relevant No Action Shareholders.

#### Basis for determining the placing commission

The placing commission was determined after arm's length negotiations between the Placing Agent and the Company and is on normal commercial terms with reference to the market comparables, the existing financial position of the Group, the size of the Rights Issue, and the current and expected market conditions.

To assess the fairness and reasonableness of the placing commission, the Board searched for rights issue transactions announced by the companies listed on the Stock Exchange (except for those terminated or lapsed) from 1 December 2024 to the Last Trading Day. The review period of approximately 3.5 months prior to and including the Last Trading Day was determined to illustrate recent practices in right issue transactions conducted by Hong Kong listed companies during a period close to and including the Last Trading Day. Based on the search on the Stock Exchange's website, the Board identified 20 rights issue transactions (the "Comparables") which met the aforesaid criteria, and they are exhaustive. There were 5 Comparables that involved excess applications for the rights issue, for which the Company provides compensatory arrangements. Details of the remaining 15 Comparables involving compensatory arrangements are set out below:

	Company	Stock code	Date of initial announcement	Rights issue basis	Expected maximum gross proceeds HK\$' million	Placing commission %
1	Volcano Spring International Holdings Limited	1715	7/3/2025	3 for 1	88.4	1.0
2	Yues International Holdings Group Limited	1529	14/2/2025	4 for 1	69.4	HK\$100,000 or 1.0%
3	China Saftower International Holding Group Limited	8623	14/2/2025	1 for 2	6.1	1.0
4	Stream Ideas Group Limited	8401	7/2/2025	2 for 1	40.8	3.0
5	Wan Kei Group Holdings Limited	1718	17/1/2025	1 for 1	23.0	3.0
6	China Demeter Financial Investments Limited	8120	31/12/2024	1 for 2	15.6	2.5
7	China Kingstone Mining Holdings Limited	1380	27/12/2024	2 for 5	21.2	HK\$300,000 or 2.25
8	Mansion International Holdings Limited	8456	20/12/2024	4 for 1	30.7	1.5
9	HSC Resources Group Limited	1850	19/12/2024	4 for 1	73.3	1.5
10	China Energy Storage Technology Development Limited	1143	13/12/2024	2 for 1	94.2	1.5
11	China New Holdings Limited (formerly known as Royal Century Resources Holdings Limited)	8125	13/12/2024	3 for 1	39.2	2.0
12	KNT Holdings Limited	1025	10/12/2024	3 for 1	44.0	3.0
13	Xinming China Holdings Limited	2699	6/12/2024	4 for 1	93.8	3.0
14	Graphex Group Limited	6128	3/12/2024	3 for 1	119.7	1.5
15	Luxxu Group Limited	1327	2/12/2024	1 for 1	16.2	HK\$100,000 or 1.5%
				Max.	119.7	3.0
				Min.	6.1	1.0
				Mean	40.8	1.8
				Average	51.7	2.0
	Company	8143		1 for 1	29.2	1.0

The expected maximum gross proceeds from the remaining Comparables involving compensatory arrangements ranged from approximately HK\$6.1 million to HK\$119.7 million, with an average of approximately HK\$51.7 million, where the size of the fundraising of the Company is within the range of the Comparables. Among these Comparables, the placing agent of the subject companies for the relevant rights issue charged a commission ranging from 1.0 to 3.0%, or with a minimum charge ranging from HK\$100,000 to HK\$300,000. The commission of 1.0% (i.e., the total placing commission will in any event not be greater than approximately HK\$128,000) charged by the Placing Agent to the Company is within the range of the Comparables. The Board considers that the placing commission payable by the Company is (i) fair and reasonable; (ii) on normal commercial terms or better; and (iii) in the interests of the Company and its Shareholders as a whole.

The Board is of the view that the Compensatory Arrangements are fair and reasonable and are in the best interests of the Shareholders as a whole as:

- (i) the arrangements are in compliance with the requirements under Rule 10.31(1)(b) of the GEM Listing Rules under which the No Action Shareholders may be compensated even if they do nothing (i.e. neither subscribe for Rights Shares nor sell their nil-paid rights) because under the arrangements, the Unsubscribed Rights Shares and ES Unsold Rights Shares will be first offered to Independent Third Parties and any premium over the Subscription Price will be paid to the No Action Shareholders. The commission payable to the Placing Agent and the related fees and expenses in relation to such placing will be borne by the Company;
- (ii) the Compensatory Arrangements (including the determination of the placing price) will be managed by the licensed placing agent which is subject to the stringent code of conduct over, among others, pricing and allocation of the placing Shares. The terms and the conditions of the Placing Agreement (including the placing commission) are normal commercial terms or better, are in the best interest of the Company and the Shareholders as a whole; and
- (iii) the Compensatory Arrangements will not only provide an additional channel of participation in the Rights Issue for the Qualifying Shareholders and the Excluded Shareholders, it also provides a distribution channel of the Unsubscribed Rights Shares and ES Unsold Rights Shares to the Company.



## **The Irrevocable Undertakings**

### ***Solar Undertaking***

As at the Latest Practicable Date, Solar Star is legally and beneficially interested in 316,391,892 Shares, representing approximately 56.13% of the total issued share capital of the Company. Pursuant to the Solar Undertaking, Solar Star has given an irrevocable undertaking in favour of the Company, that:

- (i) it will subscribe for 316,391,892 Rights Shares which comprise the full acceptance of its provisional entitlement in respect of the 316,391,892 Shares wholly and beneficially held by it;
- (ii) it will not dispose of any of the 316,391,892 Shares comprising the current shareholding in the Company owned by Solar Star, and such Shares will remain wholly and beneficially owned by it up to and including the Record Date;
- (iii) it will lodge or procure its acceptance of the 316,391,892 Rights Shares, which will be the number of Rights Shares provisionally allotted to it nil-paid under the Rights Issue, with the Registrar, with payment in full therefor, by no later than the Latest Time for Acceptance or otherwise in accordance with the instructions set out in the Prospectus Documents; and
- (iv) it consents that the Company has power and authority to apply adjustments to such number of fully-paid Rights Shares to be allotted and issued to itself, such that the minimum public float requirement under Rule 11.23(7) of the GEM Listing Rules, i.e. at least 25% of the total number of issued Shares (excluding Treasury Shares) being held by the public at all times, is satisfied immediately after completion of the Rights Issue.

### ***Mr. Ng's Undertaking***

As at the Latest Practicable Date, Mr. Ng is legally and beneficially interested in 11,800,000 Shares, representing approximately 2.09% of the total issued share capital of the Company. Pursuant to Mr. Ng's Undertaking, Mr. Ng has given an irrevocable undertaking in favour of the Company, that:

- (i) he will subscribe for 11,800,000 Rights Shares which comprise the full acceptance of his provisional entitlement in respect of the 11,800,000 Shares wholly and beneficially held by him;
- (ii) he will not dispose of any of the 11,800,000 Shares comprising the current shareholding in the Company owned by him, and such Shares will remain wholly and beneficially owned by him up to and including the Record Date;

- (iii) he will lodge his acceptance of the 11,800,000 Rights Shares, which will be the number of Rights Shares provisionally allotted to him nil-paid under the Rights Issue, with the Registrar, with payment in full therefor, by no later than the Latest Time for Acceptance or otherwise in accordance with the instructions set out in the Prospectus Documents; and
- (iv) he consents that the Company has power and authority to apply adjustments to such number of fully-paid Rights Shares to be allotted and issued to himself, such that the minimum public float requirement under Rule 11.23(7) of the GEM Listing Rules, i.e. at least 25% of the total number of issued Shares (excluding Treasury Shares) being held by the public at all times, is satisfied immediately after completion of the Rights Issue.

Save for the Irrevocable Undertakings, as at the Latest Practicable Date, the Board has not received any information or irrevocable undertaking from any other Shareholders of their intention to take up the Rights Shares to be provisionally allotted to them.

#### **Application for listing of the Rights Shares**

The Company will apply to the GEM Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Rights Shares, in both their nil-paid and fully-paid forms. No part of the securities of the Company is listed or dealt in, and no listing of or permission to deal in any such securities is being or is proposed to be sought, on any other stock exchanges.

#### **Rights Shares will be eligible for admission into CCASS**

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares (in both their nil-paid and fully-paid forms) will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement dates of the dealings in the Rights Shares in both their nil-paid and fully-paid forms or such other dates as may be determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

### **Stamp duty and other applicable fees**

Dealing in the Rights Shares in both their nil-paid and fully-paid forms which are registered in the register of members of the Company in Hong Kong will be subject to the payment of stamp duty, Stock Exchange trading fee, transaction levy, investor compensation levy or any other applicable fees and charges in Hong Kong.

### **Taxation**

Shareholders are advised to consult their professional advisers if they are in doubt as to the taxation implications of the receipt, purchase, holding, exercising, disposing of or dealing in, the nil-paid Rights Shares or the fully-paid Rights Shares and, regarding Excluded Shareholders, their receipt of the net proceeds, if any, from sales of the nil-paid Rights Shares on their behalf. It is emphasised that none of the Company, the Directors nor any other parties involved in the Rights Issue accepts responsibility for any tax effects on, or liabilities of, any person resulting from subscribing for, purchasing, holding, disposal of, dealings in or exercising any rights in relation to the Rights Shares in both their nil-paid and fully-paid form.

### **Conditions of the Rights Issue**

The Rights Issue is conditional upon the following conditions being fulfilled:

- (a) the passing of all the necessary resolution(s) at the EGM to be convened to consider and, approve, among others, the Rights Issue and the transactions contemplated thereunder (including but not limited to the allotment and issue of the Rights Shares) by the Independent Shareholders;
- (b) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively one copy of the Prospectus Documents each duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolutions of the Directors (and all other documents required to be attached hereto) and otherwise in compliance with the GEM Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) not later than the Prospectus Posting Date;
- (c) the Prospectus Documents are made available to the Qualifying Shareholders and the posting of the Prospectus and a letter in the agreed form to the Excluded Shareholders, if any, for information purpose explaining the circumstances in which they are not permitted to participate in the Rights Issue on or before the Prospectus Posting Date;
- (d) the GEM Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in the Rights Shares in their nil-paid and fully-paid forms;

- (e) the Placing Agreement not having been terminated in accordance with the provisions thereof, including force majeure events; and
- (f) compliance with the requirements under the applicable laws and regulations of Hong Kong and the Cayman Islands.

None of the above conditions can be waived. If any of the conditions referred to above is not fulfilled by the Latest Time for Termination, the Rights Issue will not proceed. As at the Latest Practicable Date, none of the above conditions has been fulfilled.

**The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares and is subject to the fulfilment of the conditions of the Rights Issue set forth above. In the event that the Rights Issue is not fully subscribed and provided the Placing Agreement has not been terminated in accordance with the provisions thereof, any Rights Shares not taken up by the Qualifying Shareholders or holders of nil-paid Rights Shares together with the ES Unsold Rights Shares will be placed to independent placees on a best effort basis under the Compensatory Arrangements. In the event of any Unsubscribed Rights Shares or ES Unsold Rights Shares which are not placed under the Compensatory Arrangements, the Rights Issue will continue to proceed but such Unsubscribed Rights Shares or ES Unsold Rights Shares will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. Meanwhile, in the event that the Rights Issue is not fully subscribed and the Placing Agreement is terminated for whatever reasons, the Rights Issue will not proceed.**

**For the avoidance of doubt, given the Placing will be proceeded on a best effort basis, there is no guarantee that all the Unsubscribed Rights Shares or ES Unsold Rights Shares could eventually be successfully placed by the Placing Agent.**

#### **CLOSURE OF REGISTER OF MEMBERS FOR EGM**

The register of members of the Company will be closed from Saturday, 26 April 2025 to Tuesday, 6 May 2025 (both days inclusive) for determining the Shareholders' entitlements to attend and vote at the EGM. No transfer of Shares will be registered during the above book closure period.

#### **CLOSURE OF REGISTER OF MEMBERS FOR RIGHTS ISSUE**

The register of members of the Company will be closed from Monday, 12 May 2025 to Friday, 16 May 2025 (both dates inclusive) for determining the Shareholders' entitlements to the Rights Issue. No transfer of Shares will be registered during the above book closure period.

## REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE AND USE OF PROCEEDS

The Group is principally engaged in the provision of general hospital services in the PRC.

### Funding needs of the Group

In order to maintain sufficient cash level for the operational needs of the Group, on 18 September 2023 and 16 January 2024, Mr. Ng, as lender, and the Company, as borrower, entered into loan agreements pursuant to which Mr. Ng granted two loan facilities of up to HK\$22 million at the interest rate of 6% per annum in favour of the Company.

As at the Latest Practicable Date, the total outstanding principal amount of the Shareholder's Loans together with the interest accrued amounted to approximately HK\$10.6 million, which will become due in July 2025.

According to the interim report of the Company for the six months ended 30 September 2024, the Group recorded total current assets of approximately HK\$6.56 million and total current liabilities of approximately HK\$14.66 million as at 30 September 2024, which included the Shareholder's Loans. However, the total cash and cash equivalents were only approximately HK\$1.63 million as at 30 September 2024.

Further, as disclosed in the announcement of the Company dated 10 February 2025, the operation of 北京惠城醫院有限公司 (for translation purpose, Beijing Huicheng Hospital Company Limited) ("**Beijing Huicheng**"), an indirect non-wholly owned subsidiary of the Company, had been temporarily suspended in or around November 2024, and the Group proposed to relocate Beijing Huicheng and upgrade it to a Grade II general hospital (the "**Proposed Upgrade and Relocation**") with a view to improve the Group's financial performance and enhance return to the Shareholders. The Group expects to (i) identify suitable sites for resumption of operation of Beijing Huicheng on or before 31 May 2025; (ii) enter into the formal lease agreement with the relevant lessor regarding the new site on or before 31 July 2025; (iii) complete the renovation of the new hospital on or before 15 October 2025; and (iv) obtain the Medical Institution Practising Certificate and resume the operations of Beijing Huicheng on or before 1 December 2025. As at the Latest Practicable Date, the Board has identified 2 sites for the Proposed Upgrade and Relocation but the shortlisted sites identified so far were not the most ideal sites in the opinion of the Board. The management of Beijing Huicheng will continue to exercise their best endeavours to identify a suitable site on or before 31 May 2025 to adhere to the expected timetable. For further details in relation to the temporary suspension of Beijing Huicheng and the expected timetable for the resumption of operation of the Group's general hospital business, please refer to the announcements of the Company dated 13 December 2024 and 10 February 2025.

As at the Latest Practicable Date, the total capital commitments in respect of the Proposed Upgrade and Relocation and the resumption of operation of the Group's general hospital business are estimated to be no less than approximately HK\$23.0 million, mainly comprising the renovation of the new hospital, the procurement of medical equipment, design fees and other operational expenses, which is expected to be satisfied by, among others, shareholder's loan, internal resources of the Group and/or part of the net proceeds from the Rights Issue.

By reasons of the above, the Company intends to raise sufficient funds to settle the overdue Shareholder's Loans in full, and to satisfy its capital needs in connection with the development of and investment in the general hospital business of the Group, including the Proposed Upgrade and Relocation, which consists of, among others, the rental payment for new hospital site, the renovation of the new hospital and procurement of medical equipment.

The net proceeds of the Rights Issue, assuming full subscription, will be up to approximately HK\$26.7 million (assuming no change in number of Existing Shares in issue on or before Record Date) or approximately HK\$27.7 million (assuming no change in the number of Existing Shares in issue except for the new Shares to be allotted and issued upon full conversion of the Convertible Preference Shares on or before the Record Date). The Company intends to use the net proceeds from the Rights Issue for the following purposes:

- (i) approximately 39.7% (or approximately HK\$10.6 million, assuming no change in number of Existing Shares in issue on or before Record Date) or approximately 38.3% (or approximately HK\$10.6 million, assuming no change in the number of Existing Shares in issue except for the new Shares that to allotted and issued upon full conversion of the Convertible Preference Shares on or before the Record Date) for the repayment of Shareholder's Loans, which is expected to be fully utilised before August 2025;
- (ii) approximately 31.1% (or approximately HK\$8.3 million, assuming no change in number of Existing Shares in issue on or before Record Date) or approximately 30.0% (or approximately HK\$8.3 million, assuming no change in the number of Existing Shares in issue except for the new Shares to be allotted and issued upon full conversion of the Convertible Preference Shares on or before the Record Date) for the development of the general hospital business of the Group, which is expected to be fully utilised before November 2025; and

- (iii) approximately 29.2% (or approximately HK\$7.8 million, assuming no change in number of Existing Shares in issue on or before Record Date) or approximately 31.8% (or approximately HK\$8.8 million, assuming no change in the number of Existing Shares in issue except for the new Shares to be allotted and issued upon full conversion of the Convertible Preference Shares on or before the Record Date) for general working capital of the Group (including but not limited to the payment of salaries, rental expenses, professional fees and/or other corporate expenses, which is expected to be fully utilised before July 2026).

In the event that there is an undersubscription of the Rights Issue, the use of proceeds raised from the Rights Issue will be allocated on a pro-rata basis for the purposes disclosed above, i.e. (i) approximately 39.7% of the net proceeds from the Rights Issue will be used for the repayment of Shareholder's Loans; and (ii) approximately 31.1% of the net proceeds from the Rights Issue will be used for the development of the general hospital business of the Group; and (iii) approximately 29.2% will be used for the general working capital of the Group. Further details of the use of proceeds will be disclosed by the Company in the announcement of results of the Rights Issue.

In the event that the Rights Issue is undersubscribed or voted down by the Independent Shareholders, the Company will negotiate with Mr. Ng in relation to the repayment of the Shareholder's Loans and further explore other fundraising alternatives to meet the expected funding needs for the next twelve months.

#### **Rights Issue as the preferred fund raising activity of the Group**

The Board has considered various ways of raising funds and believes that the Rights Issue is the most efficient way in terms of time and costs for the Company. The Board considers it is prudent to finance the Group's long term growth by long term financing, preferably in the form of equity which will not increase the Group's finance costs.

The Board has considered other fundraising alternatives before resolving to the Rights Issue, including but not limited to debt financing, placing and open offer. Debt financing will result in additional interest burden, higher gearing ratio of the Group and subject the Group to repayment obligations. In addition, debt financing may not be achievable on favourable terms in a timely manner. As for equity fundraising, such as placing of new Shares, it is relatively smaller in scale as compared to fundraising through rights issue and it would lead to immediate dilution in the shareholding interest of the existing Shareholders without offering them the opportunity to participate in the enlarged capital base of the Company, which is not the intention of the Company. As for open offer, while it is similar to a rights issue and offer Qualifying Shareholders to participate, it does not allow free trading of rights entitlements in the open market. On the other hand, the Board considers that the Rights Issue, being pre-emptive in nature, would allow all Qualifying Shareholders to participate in the future development of the Company and at the same time offer more flexibility to the Qualifying Shareholders to choose whether to maintain, increase or decrease their respective pro rata shareholdings in the Company by taking up only their respective rights entitlement, acquiring additional rights entitlement or disposing of their rights entitlements in the open market (subject to availability).

The Board (including the independent non-executive Directors whose view is set out in the letter from the Independent Board Committee included in this circular) considers that the terms of the Rights Issue are fair and reasonable and raising funds through the Rights Issue is in the interests of the Company and the Shareholders as a whole.

#### **Risk factors associated with the operation of the Group**

The Company sets out below certain risk factors involved in the operations of the Group:

***Resumption of the operation of the Group's general hospital business is subject to, among others, the re-issue of Medical Institution Practising Certificate***

References are made to the announcements of the Company dated 13 December 2024 and 10 February 2025.

As at the Latest Practicable Date, the operation of the Beijing Huicheng has been temporarily suspended, and the resumption of which is subject to, among others, the approval by the Beijing Municipal Dongcheng District Health Commission<sup>#</sup> (北京市東城區衛生健康委員會)(the “**Health Commission**”). In the event that the Health Commission does not approve or the Company does not apply for the resumption of operation on or before 1 December 2025, the Medical Institution Practising Certificate of Beijing Huicheng will be cancelled in accordance with the applicable laws and regulations of the PRC, which may have an adverse impact on the Group's operation and financial position in the long term.

***The Group's business mainly operates in the PRC and any adverse economic, social and/or political development affecting the market may have an adverse impact to the Group's operations***

The Group's business operation and revenue stream are mainly based in the PRC. The Directors anticipate that the PRC will continue to be the principal place of business of the Group in the coming years. The business and financial performance of the Group is therefore heavily dependent on a stable economic, social and/or political development in the PRC. The Group's business may be affected by any adverse economic and/or social events that may cast uncertainty over the general stability or prospect of the business environment in the PRC. In the unfortunate event if such adverse event takes place, it would render adverse effect on the Group's business and financial performance.

<sup>#</sup> For identification purpose only



## CHANGE IN THE SHAREHOLDING STRUCTURE OF THE COMPANY ARISING FROM THE RIGHTS ISSUE

Set out below are the changes in the shareholding structure of the Company as at the Latest Practicable Date and immediately upon completion of the Rights Issue assuming (i) no change in the number of Shares in issue on or before the Record Date; and (ii) no change in the number of Existing Shares in issue except for the new Shares to be allotted and issued upon full conversion of the Convertible Preference Shares on or before the Record Date, but otherwise no other change in the issued Shares on or before the Record Date, for illustration purposes only:

### (i) Assuming no change in the number of Shares in issue on or before the Record Date

	As at the Latest Practicable Date		Immediately upon completion of the Rights Issue assuming full acceptance by all Qualifying Shareholders		Immediately upon completion of the Rights Issue assuming no Qualifying Shareholders takes up any of his/her/its entitlements under the Rights Issue except for Solar Star and Mr. Ng pursuant to the Irrevocable Undertakings and the Unsubscribed Rights Shares and the ES Unsold Rights Shares have been placed by the Placing Agent		Immediately upon completion of the Rights Issue assuming (a) no Qualifying Shareholders takes up any of his/her/its entitlements under the Rights Issue except for Mr. Ng and Solar Star pursuant to the Irrevocable Undertakings; and (b) none of the Unsubscribed Rights Shares and ES Unsold Rights Shares are taken up by independent place(s) under the Compensatory Arrangements		Immediately upon completion of the Rights Issue assuming (a) no Qualifying Shareholders takes up any of his/her/its entitlements under the Rights Issue except for (i) Mr. Ng and Solar Star pursuant to the Irrevocable Undertakings; and (ii) New Hope International; and (b) none of the Unsubscribed Rights Shares and ES Unsold Rights Shares are taken up by independent place(s) under the Compensatory Arrangements		Immediately upon completion of the Rights Issue assuming (a) no Qualifying Shareholders takes up any of his/her/its entitlements under the Rights Issue except for (i) Mr. Ng and Solar Star pursuant to the Irrevocable Undertakings; and (ii) New Hope International; and (b) none of the Unsubscribed Rights Shares and ES Unsold Rights Shares are taken up by independent place(s) under the Compensatory Arrangements	
	No. of issued Shares	Approximate %	No. of issued Shares	Approximate %	No. of issued Shares	Approximate %	No. of issued Shares	Approximate %	No. of issued Shares	Approximate %	No. of issued Shares	Approximate %
Controlling Shareholder Solar Star <sup>(Note 1)</sup>	316,391,892	56.13	632,783,784	56.13	632,783,784	56.13	632,783,784	70.95	632,783,784	65.88	339,556,753	50.89
Substantial Shareholder New Hope International (Hong Kong) Limited ("New Hope International") <sup>(Note 2)</sup>	68,643,507	12.18	137,287,014	12.18	68,643,507	6.09	68,643,507	7.70	137,287,014	14.29	137,287,014	20.57
Director Mr. Ng <sup>(Note 1)</sup>	11,800,000	2.09	23,600,000	2.09	23,600,000	2.09	23,600,000	2.65	23,600,000	2.46	23,600,000	3.54
Public Shareholders Independent places	-	-	-	-	335,458,096	20.89	-	-	-	-	-	-
Other public Shareholders	166,814,589	29.60	333,629,178	29.60	166,814,589	14.80	166,814,589	18.70	166,814,589	17.37	166,814,589	25.00
	<u>563,649,988</u>	<u>100.00</u>	<u>1,127,299,976</u>	<u>100.00</u>	<u>1,127,299,976</u>	<u>100.00</u>	<u>891,841,880</u>	<u>100.00</u>	<u>960,485,387</u>	<u>100.00</u>	<u>667,258,356</u>	<u>100.00</u>

#### Notes:

- The issued share capital of Solar Star is owned as to 50% by Mr. Ng, 25% by Ms. Ng Si Wing and 25% by Ms. Ng Yin. As such, Mr. Ng Chi Lung is deemed to be interested in all the Shares in which Solar Star is interested under Part XV of the SFO.
- New Hope International is interested in 68,643,507 Shares. New Hope International is owned as to 75% by Southern Hope Enterprise Co., Ltd.<sup>#</sup> (南方希望實業有限公司) which is in turn owned as to 51% by New Hope Group Co. Ltd.<sup>#</sup> (新希望集團有限公司) ("New Hope Group") and as to 49% by Ningbo Zhuosheng Investment Co. Ltd.<sup>#</sup> (寧波卓晟投資有限公司). New Hope Group is owned as to 75% by New Hope Holdings Group Co. Ltd.<sup>#</sup> (新希望控股集團有限公司) ("New Hope Holdings"), 14.60% by Mr. Liu Yonghao and 9.09% by Ms. Liu Chang. New Hope Holdings is in turn owned as to 100% by New Hope Asia Pacific Investment Holdings Co. Ltd.<sup>#</sup> (新希望亞太投資控股有限公司) which is owned as to 99% by Lhasa Economic Development Zone New Hope Investment Co., Ltd.<sup>#</sup> (拉薩經濟開發區新希望投資有限公司) ("Lhasa Economics") and as to 1% by Mr. Liu Yonghao. Lhasa Economic is then owned as to 100% by Mr. Liu Yonghao. As such, Mr. Liu Yonghao and Ms. Liu Chang are deemed to be interested in the Shares held by New Hope International under Part XV of the SFO.

<sup>#</sup> For identification purpose only

- (3) Assuming (a) no Qualifying Shareholders takes up any of his/her/its entitlements under the Rights Issue except for (i) Mr. Ng and Solar Star pursuant to the Irrevocable Undertakings; and (ii) New Hope International; and (b) none of the Unsubscribed Rights Shares and ES Unsold Rights Shares are taken up by independent placee(s) under the Compensatory Arrangements, upon completion of the Rights Issue, there will be 166,814,589 Shares held by public Shareholders, representing approximately 17.37% of the total issued Shares of the Company as enlarged by the allotment and issue of the Rights Shares, which will be below the minimum public float requirement of 25% under the GEM Listing Rules. The Company will apply adjustments to and scale down the number of fully-paid Rights Shares to be allotted and issued to Solar Star, such that the minimum public float requirement under Rule 11.23(7) of the GEM Listing Rules, i.e. at least 25% of the total number of issued Shares (excluding treasury shares) being held by the public at all times, is satisfied immediately after completion of the Rights Issue.
- (4) In the event that the total issued Shares of the Company as enlarged by the allotment and issue of the Rights Shares is below the minimum public float requirement of 25% under the GEM Listing Rules, the Company will apply adjustments to and scale down the number of fully-paid Rights Shares to be allotted and issued to Solar Star.
- (5) For illustration purpose only, assuming (a) no Qualifying Shareholders takes up any of his/her/its entitlements under the Rights Issue except for (i) Mr. Ng and Solar Star pursuant to the Irrevocable Undertakings; and (ii) New Hope International; and (b) none of the Unsubscribed Rights Shares and ES Unsold Rights Shares are taken up by independent placee(s) under the Compensatory Arrangements, a total number of 293,227,031 fully-paid Rights Shares will not be allotted and issued to Solar Star such that at least 25% of the total number of issued Shares are held by the public immediately after completion of the Rights Issue. The Subscription Price in respect of the 293,227,031 unallotted and unissued Rights Shares will be refunded to Solar Star, and the size of the Rights Issue will be reduced accordingly.
- (6) Certain percentage figures included in the above table are subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.

**(ii) Assuming no change in the number of Existing Shares in issue except for the new Shares to be allotted and issued upon full conversion of the Convertible Preference Shares on or before the Record Date, but otherwise no other change in the issued Shares on or before the Record Date**

	As at the Latest Practicable Date		Immediately upon completion of the Rights Issue assuming full acceptance by all Qualifying Shareholders		Immediately upon completion of the Rights Issue assuming no Qualifying Shareholders takes up any of his/her/its entitlements under the Rights Issue except for Mr. Ng and Solar Star pursuant to the Irrevocable Undertakings and the Unsubscribed Rights Shares and the ES Unsold Rights Shares have been placed by the Placing Agent		Immediately upon completion of the Rights Issue assuming no Qualifying Shareholders takes up any of his/her/its entitlements under the Rights Issue except for Mr. Ng and Solar Star pursuant to the Irrevocable Undertakings; and (b) none of the Unsubscribed Rights Shares and ES Unsold Rights Shares are taken up by independent placee(s) under the Compensatory Arrangements		Immediately upon completion of the Rights Issue assuming (a) no Qualifying Shareholders takes up any of his/her/its entitlements under the Rights Issue except for (i) Mr. Ng and Solar Star pursuant to the Irrevocable Undertakings; and (ii) New Hope International; and (b) none of the Unsubscribed Rights Shares and ES Unsold Rights Shares are taken up by independent placee(s) under the Compensatory Arrangements <sup>(Note 3)</sup>		Immediately upon completion of the Rights Issue assuming (a) no Qualifying Shareholders takes up any of his/her/its entitlements under the Rights Issue except for (i) Mr. Ng and Solar Star pursuant to the Irrevocable Undertakings; and (ii) New Hope International; and (b) none of the Unsubscribed Rights Shares and ES Unsold Rights Shares are taken up by independent placee(s) under the Compensatory Arrangements; and (c) the number of Rights Shares allotted and issued to Solar Star is scaled down to comply with the public float requirement <sup>(Notes 4 and 5)</sup>	
	No. of issued Shares	Approximate %	No. of issued Shares	Approximate %	No. of issued Shares	Approximate %	No. of issued Shares	Approximate %	No. of issued Shares	Approximate %	No. of issued Shares	Approximate %
Controlling Shareholder Solar Star <sup>(Note 1)</sup>	316,391,892	54.23	632,783,784	54.23	632,783,784	54.23	632,783,784	69.42	632,783,784	64.56	398,656,753	53.44
Substantial Shareholder New Hope International (Hong Kong) Limited ("New Hope International") <sup>(Note 2)</sup>	68,643,507	11.77	137,287,014	11.77	68,643,507	5.88	68,643,507	7.53	137,287,014	14.00	137,287,014	18.40
Director Mr. Ng <sup>(Note 1)</sup>	11,800,000	2.02	23,600,000	2.02	23,600,000	2.02	23,600,000	2.59	23,600,000	2.41	23,600,000	3.16
Public Shareholders												
Holder of Convertible Preference Shares	19,700,000	3.38	39,400,000	3.38	19,700,000	1.69	19,700,000	2.16	19,700,000	2.16	19,700,000	2.64
Independent placees	-	-	-	-	253,158,096	21.87	-	-	-	-	-	-
Other public Shareholders	166,814,589	28.60	333,629,178	28.60	166,814,589	14.30	166,814,589	18.70	166,814,589	17.02	166,814,589	22.36
	<u>583,349,988</u>	<u>100.00</u>	<u>1,166,699,976</u>	<u>100.00</u>	<u>1,127,399,976</u>	<u>100.00</u>	<u>911,541,880</u>	<u>100.00</u>	<u>960,485,387</u>	<u>100.00</u>	<u>746,058,356</u>	<u>100.00</u>

*Notes:*

- (1) The issued share capital of Solar Star is owned as to 50% by Mr. Ng, 25% by Ms. Ng Si Wing and 25% by Ms. Ng Yin. As such, Mr. Ng Chi Lung is deemed to be interested in all the Shares in which Solar Star is interested under Part XV of the SFO.
- (2) New Hope International is interested in 68,643,507 Shares. New Hope International is owned as to 75% by Southern Hope Enterprise Co., Ltd# (南方希望實業有限公司) which is in turn owned as to 51% by New Hope Group and as to 49% by Ningbo Zhuosheng Investment Co. Ltd# (寧波卓晟投資有限公司). New Hope Group is owned as to 75% by New Hope Holdings, 14.60% by Mr. Liu Yonghao and 9.09% by Ms. Liu Chang, New Hope Holdings is in turn owned as to 100% by New Hope Asia Pacific Investment Holdings Co. Ltd# (新希望亞太投資控股有限公司) which is owned as to 99% by Lhasa Economic and as to 1% by Mr. Liu Yonghao. Lhasa Economic is then owned as to 100% by Mr. Liu Yonghao. As such, Mr. Liu Yonghao and Ms. Liu Chang are deemed to be interested in the Shares held by New Hope International under Part XV of the SFO.
- (3) Assuming (a) no Qualifying Shareholders takes up any of his/her/its entitlements under the Rights Issue except for (i) Mr. Ng and Solar Star pursuant to the Irrevocable Undertakings; and (ii) New Hope International; and (b) none of the Unsubscribed Rights Shares and ES Unsold Rights Shares are taken up by independent placee(s) under the Compensatory Arrangements, upon completion of the Rights Issue, there will be 186,514,589 Shares held by public Shareholders, representing approximately 19.03% of the total issued Shares of the Company as enlarged by the allotment and issue of the Rights Shares, which will be below the minimum public float requirement of 25% under the GEM Listing Rules. The Company will apply adjustments to and scale down the number of fully-paid Rights Shares to be allotted and issued to Solar Star such that the minimum public float requirement under Rule 11.23(7) of the GEM Listing Rules, i.e. at least 25% of the total number of issued Shares (excluding treasury shares) being held by the public at all times, is satisfied immediately after completion of the Rights Issue.
- (4) In the event that the total issued Shares of the Company as enlarged by the allotment and issue of the Rights Shares is below the minimum public float requirement of 25% under the GEM Listing Rules, the Company will apply adjustments to and scale down the number of fully-paid Rights Shares to be allotted and issued to Solar Star.
- (5) For illustration purpose only, assuming (a) no Qualifying Shareholders takes up any of his/her/its entitlements under the Rights Issue except for (i) Mr. Ng and Solar Star pursuant to the Irrevocable Undertakings; and (ii) New Hope International; and (b) none of the Unsubscribed Rights Shares and ES Unsold Rights Shares are taken up by independent placee(s) under the Compensatory Arrangements, a total number of 234,127,031 fully-paid Rights Shares will not be allotted and issued to Solar Star such that at least 25% of the total number of issued Shares are held by the public immediately after completion of the Rights Issue. The Subscription Price in respect of the 234,127,031 unallotted and unissued Rights Shares will be refunded to Solar Star, and the size of the Rights Issue will be reduced accordingly.
- (6) Certain percentage figures included in the above table are subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.

## **FUNDRAISING EXERCISE IN THE PAST TWELVE MONTHS**

The Company had not conducted any other equity fund-raising activities in the past twelve months immediately prior to the Latest Practicable Date.

<sup>#</sup> *For identification purpose only*

## **WORKING CAPITAL**

The Directors, after due and careful consideration, are of the opinion that, taking into consideration the estimated net proceeds from the Rights Issue and the financial resources available to the Group including internally generated funds, bank and other facilities, the Group will have sufficient working capital for its operation for at least twelve months from the date of this circular.

## **POSSIBLE ADJUSTMENTS IN RELATION TO THE CONVERTIBLE PREFERENCE SHARES**

As at the Latest Practicable Date, the Company has 19,700,000 outstanding Convertible Preference Shares which are convertible into 19,700,000 Shares. Pursuant to the terms of the Convertible Preference Shares, the conversion price of the Convertible Preference Shares is subject to adjustment upon the occurrence of, among others, rights issues of the Company.

The Company will notify the holders of the Convertible Preference Shares and the Shareholders by way of announcement as and when appropriate regarding adjustments to be made (if any) pursuant to the terms and conditions of the Convertible Preference Shares.

## **GEM LISTING RULES IMPLICATIONS**

Given that the Rights Issue will increase the issued share capital of the Company by more than 50%, under Rules 10.24 and 10.29(1) of the GEM Listing Rules, the Rights Issue is subject to the approval of the Independent Shareholders by way of poll at the EGM at which any controlling Shareholders and their respective associates or, where there are no controlling Shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company, and their respective associates shall abstain from voting in favour of the resolution approving the Rights Issue.

As at the Latest Practicable Date, (i) Mr. Ng is interested in 316,391,892 Shares through Solar Star, being a company incorporated in the British Virgin Islands with limited liability and owned as to 50% by Mr. Ng, 25% by Ms. Ng Si Wing and 25% by Ms. Ng Yin; and (ii) Mr. Ng is legally and beneficially interested in 11,800,000 Shares, which in aggregate represents approximately 58.22% of the entire issued share capital of the Company. Accordingly, each of Solar Star and Mr. Ng shall abstain from voting in favour of the resolution approving the Rights Issue at the EGM.

The Rights Issue does not result in a theoretical dilution effect of 25% or more. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 10.44A of the GEM Listing Rules.

## **DESPATCH OF PROSPECTUS DOCUMENTS**

The Company will make available the Prospectus Documents containing, among other things, the Rights Issue, including information on acceptances of the Rights Shares and other information of the Group, and PAL(s) to the Qualifying Shareholders on or before Thursday, 22 May 2025. The Company may, to the extent reasonably practicable and legally permitted and subject to the advice of legal advisers in the relevant jurisdictions in respect of applicable local laws and regulations, make available the Prospectus to the Excluded Shareholders (if any) for their information only, but the Company will not send the PAL to the Excluded Shareholders (if any).

## **PROPOSED ADOPTION OF THE NEW SHARE OPTION SCHEME**

### **The 2011 Share Option Scheme**

The 2011 Share Option Scheme was adopted by the Company at its general meeting held on 10 August 2011, and has expired on the tenth anniversary of its adoption date and no further options can be granted thereunder. As at the Latest Practicable Date, there were no outstanding share options under the 2011 Share Option Scheme.

### **Adoption of the New Share Option Scheme**

In view of the expiration of the 2011 Share Option Scheme and in order to provide appropriate equity incentives or rewards to suitable and eligible persons for their contributions or potential contributions to the Group, the Board proposes to seek approval by the Shareholders by way of ordinary resolution at the EGM to adopt the New Share Option Scheme in accordance with Chapter 23 of the GEM Listing Rules. A summary of the principal terms of the rules of the New Share Option Scheme is set out in Appendix IV to this circular.

### **Purpose**

The purpose of the New Share Option Scheme is to attract and retain the best available and high calibre personnel of the Group, to provide additional incentives to the Eligible Participants and to promote the overall success of the business of the Group. The New Share Option Scheme will give the Eligible Participants an opportunity to have a personal stake in the Company which will help motivate the Eligible Participants in optimising their performance and efficiency and attract and retain the Eligible Participants whose contributions are important to the long-term growth and profitability of the Group.

The Company may issue new Shares and/or utilise existing Treasury Shares (if any) to satisfy grants of the Options under the New Share Option Scheme to the extent permitted by the Listing Rules, all applicable laws and regulations and the Articles.

### **Eligible Participants**

Pursuant to the terms of the New Share Option Scheme, Eligible Participants include the Employee Participants, the Related Entity Participants and the Service Providers.

In determining the basis of eligibility of each Eligible Participant, the Board will take into account (a) the experience of the Eligible Participant in relation to the Group's business; (b) the length of service of the Eligible Participant with the Group (if the Eligible Participant is an Employee Participant); (c) the actual degree of involvement in and/or cooperation with the Group and length of collaborative relationship the Eligible Participant has established with the Group (if the Eligible Participant is a Service Provider); and (d) the amount of support, assistance, guidance, advice, efforts and contributions the Eligible Participant has exerted and given towards the success of the Group and/or the amount of potential support, assistance, guidance, advice, effort and contributions the Eligible Participant is likely to be able to give or make towards the success of the Group in the future.

Under the New Share Option Scheme, independent non-executive Directors may be Eligible Participants. The Company considers that the inclusion of independent non-executive Directors as Eligible Participants is in line with the purpose of the New Share Option Scheme to attract and retain the best available and high calibre personnel to drive the success of the Group's business. The flexibility to grant Options to the independent non-executive Directors will enable the Company to maintain its competitive remuneration package. In addition, when considering the inclusion of independent non-executive Directors as Eligible Participants, the Company has taken into account the important contribution that independent non-executive Directors may make to the development and business of the Group, such as providing valuable advice and recommendations to the Board by virtue of their industry knowledge, experience and diverse professional backgrounds, and the fact that share-based compensation is an important means of ensuring that Shareholders' interests are aligned with those of the members of the Board (including the independent non-executive Directors).

The Company believes that the independence and impartiality of independent non-executive Directors will not be compromised by the potential grants of Options as (i) independent non-executive Directors must maintain compliance with the independence requirements as set out in Rule 5.09 of the GEM Listing Rules; (ii) independent Shareholders' approval must be obtained for any Option proposed to be granted to independent non-executive Directors or their respective associates if such grant would result in the Shares issued and to be issued in respect of all options and awards granted and to be granted to such person in any twelve (12)-month period up to and including the date of grant representing in aggregate over 0.1% of the total issued Shares (excluding Treasury Shares); and (iii) when considering granting Options to independent non-executive Directors, the Board will be mindful to the recommended best practice E.1.9 of the corporate governance code as set out in Appendix C1 to the GEM Listing Rules that issuers should generally not grant performance-linked equity-based remuneration to independent non-executive Directors. Although no performance targets have been set out in the New Share Option Scheme, if the Grantee is an independent non-executive Director, the Board will only make such grants if it is satisfied that there will be no bias in decision-making or impact on the objectivity and independence of the Grantee in discharging his/her duties as an independent non-executive Director.

As at the Latest Practicable Date, the Company had no specific plans or immediate intention to grant Options to independent non-executive Directors under the New Share Option Scheme.

In determining the basis of eligibility of each Employee Participant, the factors in assessing whether any individual is eligible to participate in the New Share Option Scheme include: (a) their individual performance; (b) their time commitment, responsibilities or employment conditions according to the prevailing market practice and industry standard; (c) the length of their engagement with the Group; and (d) their individual contributions or potential contributions towards the development and growth of the Group.

In determining the basis of eligibility of each Related Entity Participant, the factors in assessing whether any individual is eligible to participate includes: (a) the positive impact brought by, or expected from, the Related Entity Participant on the Group's business in terms of, amongst other things, an increase in revenue or profits and/or an addition of expertise to the Group; (b) the period of engagement or employment of the Related Entity Participant by the Group; (c) the number, scale and nature of the projects in which the Related Entity Participant is involved; (d) whether the Related Entity Participant has or is expected to refer or introduce opportunities to the Group which have or are likely to materialise into further business relationships; and (e) the materiality and nature of the business relations of holding companies, fellow subsidiaries or associated companies with the Group and the Related Entity Participant's contribution in such holding companies, fellow subsidiaries or associated companies of the Group which may benefit the core business of the Group through a collaborative relationship.

Set out below are the detailed descriptions of each type of Service Providers and the specific criteria for determining the eligibility of each type of Service Providers under the New Share Option Scheme.

Type(s) of Service Providers	Contributions of the Service Providers	Criteria for determining eligibility under the New Share Option Scheme
Supplier	Service Providers under this category are suppliers of services, who/which support the Group's businesses of providing general hospital services in the PRC (the "Group's businesses"), relating to marketing and business promotional services, clients referral services, and/or technical support services in respect of medical equipment and machineries.	<p>The Board will take into account, amongst others:</p> <ul style="list-style-type: none"> <li>(i) the nature, reliability and quality of the services supplied in relation to the Group's businesses;</li> <li>(ii) the value of the services provided by the relevant supplier in relation to revenue generated from the Group's businesses;</li> <li>(iii) the frequency of collaboration and length of business relationship with the Group;</li> <li>(iv) the materiality and nature of the business relationship with the Group (such as whether they relate to the core business of the Group and whether such business dealings could be readily replaced by third parties);</li> <li>(v) the background, reputation and track record of the relevant supplier;</li> <li>(vi) the replacement cost of such supplier and/or the services (including continuity and stability of supply or provision of such services); and</li> <li>(vii) the potential and/or actual contribution to the business affairs of the Group, in particular, whether such supplier could bring positive impact to the Group's business, such as an increase in revenue or profits or a reduction in costs attributable to or brought by services provided by such supplier.</li> </ul>



Type(s) of Service Providers	Contributions of the Service Providers	Criteria for determining eligibility under the New Share Option Scheme
Independent contractor, agent, consultant and adviser and/or business partner	Service Providers under this category include independent contractors, agents, consultants and advisers and/or business partners who/which provide finance and accounting services (but excluding advisory services for fundraising, mergers or acquisitions provided by placing agents or financial advisers, and the provision of assurance or services performed with impartiality and objectivity from service providers such as auditors or valuers); promoting and marketing services in respect of the Group's businesses; technical and information technology services; operation management consulting services; any other direct or ancillary services desirable or necessary in support of the Group's businesses, and helped maintain or enhance the competitiveness of the Group by way of introducing new customers or business opportunities to the Group and/or applying their specialised skills and/or knowledge to the benefit and development of the Group's businesses.	<p>The Board will take into account, amongst others,</p> <ul style="list-style-type: none"> <li>(i) the individual performance of the relevant contractor, agent, consultant, adviser and/or business partner;</li> <li>(ii) their knowledge, experience and network in the relevant industry;</li> <li>(iii) the frequency of collaboration and length of their business relationship with the Group;</li> <li>(iv) whether the frequency of the services provided by a Service Provider is akin to that of its employees;</li> <li>(v) the materiality and nature of the business relationship with the Group (such as whether they relate to the core business of the Group and whether such business dealings could be readily replaced by third parties);</li> <li>(vi) the background, credentials and experiences of the relevant contractor, agent, consultant, adviser and/or business partner;</li> <li>(vii) the potential and/or actual contribution to the business affairs of the Group, in particular, whether such contractor, agent, consultant, adviser and/or business partner could bring positive impacts to the Group's business, such as an increase in revenue or profits or a reduction in costs attributable to or brought by the services provided by such contractor, agent, consultant, adviser and/or business partner; and</li> <li>(viii) other factors, including but not limited to the capability, expertise, technical know-how and/or business connections of the relevant contractor, agent, consultant, adviser and/or business partner, and/or the synergy between the relevant contractor, agent, consultant, adviser and/or business partner and the Group.</li> </ul>

In assessing whether the services provided by the Service Provider to the Group is on a continuing and recurring basis and in its ordinary and usual course of business, the Board will take into consideration (a) the length and type of services provided and the recurrences and regularity of such services; (b) the nature of the services provided to the Group by the Service Provider; and (c) whether such services form part of or are directly ancillary to the business of the Group.

Whilst the scope of the Eligible Participants does not limit to the employees and directors of the Group, the Company considers that there can be circumstances where Related Entity Participants and Service Providers would make contribution to the Group. As the purpose of the New Share Option Scheme is to recognise contributions to be made to the growth and development of the Group, the Company is of the view that the wide scope of Eligible Participants will allow flexibility to provide incentives to those Eligible Participants who will contribute to the Group. The Company will not grant Options to persons who would not or may not contribute to the Group.

Although there were no Related Entity Participants with which the Group may have any business dealings as at the Latest Practicable Date, the Board does not rule out the possibility that there may be business development in the future resulting in the formation of related entities, which may contribute to the business of the Group by referring or introducing opportunities to the Group which would materialise into further business relationships, or by providing specific knowledge on certain operational areas and guidance with respect to potential expansions into new markets based on their pre-existing expertise, etc.. Related Entity Participants may also possess the necessary skill, knowledge and experience to support and assist the Group's long-term development. Although the Related Entity Participants may not be directly appointed or employed by members of the Group, the Group may from time to time seek assistance and support from the Related Entity Participants in projects or other business engagement relating to or having connections with the Group's businesses given their close corporate relationship with the Group, and thus, they will nonetheless be considered valuable resources of the Group. In particular, the growth and development of the holding company, fellow subsidiaries and/or associated companies of the Company would contribute to the financial performance of the Group, thereby allowing the Group to share and benefit from the positive results of such related entities. As such, the Board (including the independent nonexecutive Directors) is of the view that collaboration with related entities may support the long term development of the Group and hence, the inclusion of Related Entity Participants as Eligible Participants aligns with the purpose of the New Share Option Scheme.

The Group may also from time to time collaborate with Service Providers (including suppliers as well as independent contractors, agents, advisers and consultants who provide advisory services, consultancy services and/or technology services to the Group on areas relating to the Group's principal business activities in the operation of general hospitals in the PRC, or on areas that are desirable and necessary from a commercial perspective may enhance the competitiveness of the Group) and the Board believes that they could play significant roles in the Group's business development by contributing their specialised skills, knowledge and experience, thereby supporting and contributing to the long term growth of the Group's businesses. Such Service Providers which provide services akin to employees of the Group on a continuing or recurring basis in its ordinary and usual course of business, may not be able to serve as full-time or part-time employees, directors or officers of the Group due to a variety of reasons. These Service Providers may be seasoned people in their own fields and professionals with extensive business connections which the Group may not be able to recruit them as employees, or they may prefer to work on self-employed basis which is in line with industry norm, and the Company may need to outsource such functions and procure services from such Service Providers, or may be unable to turn to internal resources for these kind of specialised support due to various restraints. In addition to the foregoing reasons, the fact that the Company had previously granted share options to certain consultants of the Group supports the view that the inclusion of Service Providers as Eligible Participants is in line with the business needs of the Group.

Having taken into account the fact that (i) the proposed categories of Service Providers are in line with the Group's business needs and the industry norm; (ii) certain Service Providers, in particular, the independent contractor, agent, consultant and adviser and/or business partner, whom provide services akin to regular employees of the Group, may not be able to serve as employees of the Group; (iii) recognising the contributions of the Service Providers may enhance their performance and further their contributions to the Group; and (iv) the contributions of the Service Providers are invaluable and essential to the sustainable and successful development of the Group, the Board (including the independent non-executive Directors) is of the view that the inclusion of the Service Providers as Eligible Participants is fair and reasonable and aligns with the purpose of the New Share Option Scheme.

The Company has sought legal advice from its legal advisers in respect of the New Share Option Scheme and understands that whilst the New Share Option Scheme is not restricted to executives and employees of the Group, the adoption of the New Share Option Scheme would not constitute an offer to the public and the prospectus requirements under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) is not applicable.

Based on the above, the Board considers that the adoption of the New Share Option Scheme is in the interests of the Company and the Shareholders as a whole, and would enable the purpose of the New Share Option Scheme to be achieved.

### Conditions Precedent of the New Share Option Scheme

The adoption of the New Share Option Scheme is conditional upon:

- (a) the GEM Listing Committee of the Stock Exchange granting the approval for the listing of, and permission to deal in any new Shares which may fall to be allotted and issued by the Company upon the exercise of Options that may be granted under the New Share Option Scheme; and
- (b) the passing of ordinary resolution at a general meeting of the Company approving the adoption of the New Share Option Scheme and authorising the Directors to grant Options to Eligible Participants and to allot and issue Shares or to transfer the Treasury Shares (if any) pursuant to the exercise of any Options granted under the New Share Option Scheme.

For the avoidance of doubt, the proposed ordinary resolution approving the adoption of the New Share Option Scheme (the “**New Share Option Scheme Resolution**”) is not conditional upon the passing of the proposed ordinary resolution approving the Service Provider Sublimit (the “**Service Provider Sublimit Resolution**”), but the Service Provider Sublimit Resolution is conditional upon the passing of the New Share Option Scheme Resolution. In the event that the New Share Option Scheme Resolution is passed but the Service Provider Sublimit Resolution is not passed, the Company will adopt the New Share Option Scheme but the Board shall alter the New Share Option Scheme to remove references to the grant of Options to Service Providers. In the event that the Service Provider Sublimit Resolution is passed but the New Share Option Scheme Resolution is not passed, the New Share Option Scheme will not be adopted.

Under the New Share Option Scheme, the Board may at its discretion and on a case-by-case basis specify any condition in the offer letter of the grant of the relevant Option which must be satisfied before an Option may be exercised including (without prejudice to the generality of the foregoing:

- (a) the continuing eligibility of the Grantee under the New Share Option Scheme, and in particular, where the Board determines that the Grantee has failed or otherwise is or has been unable to meet such continuing eligibility criteria, the Option (to the extent not already exercised) shall lapse, subject to the requirements of the New Share Option Scheme;
- (b) the continuing compliance of such terms and conditions that may be attached to the grant of the Option, failing which the Option (to the extent not already exercised) shall lapse unless otherwise determined to the contrary by the Board, subject to the requirements of the New Share Option Scheme;
- (c) conditions, restrictions or limitations relating to the achievement of operating or financial targets before an Option can be exercised;

- (d) if applicable, the satisfactory performance of certain obligations by the Grantee; and
- (e) clawback mechanism for the Company to recover or withhold any Options granted to any Grantee, whether in the event of serious misconduct of the Grantee, a material misstatement in the Company's financial statements or other circumstances.

Save as determined by the Board on a case by case basis and provided in the offer letter of the grant of the relevant Option, the New Share Option Scheme does not stipulate any performance targets a Grantee is required to achieve before an Option can be exercised nor any clawback mechanism for the Company to recover or withhold any Options granted to a Grantee under the terms of the New Share Option Scheme. Nevertheless, the Board may impose performance targets and/or clawback mechanism on a case-by-case basis. The Board believes that this will provide the Board with more flexibility in setting out the terms and conditions of the Options under particular circumstances of each grant and facilitate the Board to offer meaningful incentives to attract and retain quality and high calibre personnel that are valuable to the development of the Group.

While the performance targets will be imposed on a case-by-case basis to ensure the Options vested would be beneficial to the Group, general factors to be taken into account include but not limited to (i) aggregate amount of revenue or business generated by the specific Grantee during a financial year; (ii) annual results of the Company, annual growth on the revenue of the Group as compared to the immediately preceding financial year and performance of the Group; (iii) any measurable performance benchmark which the Board considers relevant to the Grantee, including key performance indicators of respective department(s) and/or business unit(s) to which the Grantee belongs, individual position, annual appraisal result and performance of the Grantee, and contributions made by the Grantee to the Group; and (iv) any other performance targets as the Board considers appropriate.

#### **Maximum number of Shares subject to the New Share Option Scheme**

The total number of Shares which may be issued in respect of all Options which may be granted under the New Share Option Scheme together with all options and awards which may be granted under any other share schemes for the time being of the Company shall not exceed such number of Shares as equivalent to 10% of the issued share capital (excluding Treasury Shares) of the Company as at the Adoption Date (the “**Scheme Mandate Limit**”). Options lapsed in accordance with the terms of the New Share Option Scheme will not be regarded as utilised for the purpose of calculating the Scheme Mandate Limit and the Service Provider Sublimit (as defined below).

As at the Latest Practicable Date, the number of issued Shares was 563,649,988 Shares. Assuming that there is no change in the number of issued Shares between the Latest Practicable Date and the Adoption Date, the total number of Shares which may be issued upon exercise of all Options to be granted under the New Share Option Scheme together with all options and awards which may be granted under any other share schemes for the time being of the Company would be 56,364,998 Shares, representing approximately 10% of the issued share capital (excluding Treasury Shares) of the Company on the date of approval of the New Share Option Scheme.

The sublimit on the total number of Shares which may be issued in respect of all Options to be granted to Service Providers (the “**Service Provider Sublimit**”) under the New Share Option Scheme together with all options and awards which may be granted under any other share schemes for the time being of the Company will be 16,909,499 Shares, being approximately 3% of the total number of Shares in issue (excluding Treasury Shares) as at the Adoption Date.

The basis for determining the Service Provider Sublimit takes into account the potential dilution effect arising from grants to Service Providers, and the importance of striking a balance between achieving the purpose of the New Share Option Scheme and protecting Shareholders from the dilution effect from granting the Options to the Service Providers, the actual or expected increase in the Group’s revenue or profits which is attributable to the Service Providers and the extent of contributions of the Service Provider to the Group’s business. Considering that (a) the sublimit of 3% would not lead to excessive dilution of the existing Shareholders’ shareholdings; (b) there is no other share schemes involving a grant of options over new Shares of the Company; (c) the historical practice of the Group in granting options to the Service Providers whom provide services akin to employees of the Group; and (d) the Service Providers have contributed and will continue to contribute to the long-term growth of the Company’s business, and that the New Share Option Scheme could incentivise Service Providers to continue to support and/or cooperate with the Company on a long-term basis, the Board is of the view that the Service Provider Sublimit is appropriate and reasonable.

The Service Provider Sublimit is subject to separate approval by the Shareholders at the EGM.

#### **Explanation of the terms of the New Share Option Scheme**

A summary of the principal terms of the New Share Option Scheme is set out in the Appendix IV to this circular. This serves as a summary of the terms of the New Share Option Scheme but does not constitute the full terms of the same.

The exercise price of the Options granted under the New Share Option Scheme shall be a price solely determined by the Board subject to a minimum amount set out in the rules of the New Share Option Scheme, and the Board may specify in the offer letter at the grant of the relevant Option the performance targets that need to be achieved by an Eligible Participant and/or the clawback mechanism for the Company to recover or withhold any Options granted to any Eligible Participants. The vesting period of Options granted under the New Share Option Scheme shall be determined by the Board subject to a minimum period set out in the rules of the New Share Option Scheme.

Save for the circumstances prescribed in paragraph 5 of Appendix IV to this circular, the vesting period for Options under the New Share Option Scheme shall not be less than twelve (12) months. To ensure the practicability in fully attaining the purpose of this New Share Option Scheme, the Board and the remuneration committee of the Company are of the view that (i) there are certain instances where a strict twelve (12)-month vesting requirement would not work or would not be fair to the Options holder(s), such as those set out in paragraphs 5(a) to (c) of Appendix IV to this circular; (ii) there is a need for the Company to retain flexibility to reward exceptional performers with accelerated vesting or in exceptional circumstances where justified; and (iii) the Company should be allowed discretions to formulate its own talent recruitment and retention strategies in response to changing market conditions and industry competition, and thus should have flexibility to impose vesting conditions such as performance-based vesting conditions instead of time-based vesting criteria depending on individual circumstances.

As such, the Board and the remuneration committee of the Company are of the view that the shorter vesting period prescribed in paragraph 5 of Appendix IV to this circular is appropriate and aligns with the purpose of the New Share Option Scheme.

The Board is of the view that subject to the GEM Listing Rules and the rules of the New Share Option Scheme, by giving the Board the sole discretion to offer Options in such flexible terms, in particular, (i) determining the eligibility of the Eligible Participants and the exercise price; (ii) prescribing a vesting period before Options can be exercised; (iii) requiring the Eligible Participant to achieve any performance targets as may be stipulated in the offer letter at the grant of the relevant Option(s) before his or her Option(s) can be exercised; and/or (iv) setting any clawback mechanism for the Company to recover or withhold any Option(s) granted to any Eligible Participant, the Group will be in a better position to attract and retain such Eligible Participants to continue serving the Group whilst at the same time providing them with further incentives in achieving the goals of the Group, and thereby, to achieve the overall purpose of the New Share Option Scheme. The Company will make relevant disclosures by way of announcement(s) as and when necessary to comply with Rules 23.06B(7) and (8) of the GEM Listing Rules when granting the Options to the Eligible Participants in the future.

None of the Directors is and will be trustees of the New Share Option Scheme nor has a direct or indirect interest in the trustee.

**Document on display**

A copy of the New Share Option Scheme will be published on the websites of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company at [www.gf-healthcare.com](http://www.gf-healthcare.com) for a period of not less than 14 days before the date of the EGM and is also made available for inspection at the EGM.

**Application for Listing**

Application will be made to the GEM Listing Committee of the Stock Exchange for the approval of the listing of, and permission to deal in, the Shares which may fall to be issued pursuant to the exercise of any Option that may be granted under the New Share Option Scheme.

**Competing Interest**

As at the Latest Practicable Date, none of the Directors, controlling shareholders or substantial shareholders of the Company or any of their respective close associates has any interest in business which competes with or may compete with the business of the Group or has any other conflict of interests which any person has or may have with the Group.

**EGM**

A notice convening the EGM to be held at 2/F, 35-45B Bonham Strand, Sheung Wan, Hong Kong on Tuesday, 6 May 2025 at 11:00 a.m. is set out on pages EGM-1 to EGM-3 of this circular for the purpose of, considering and, if thought fit, passing the resolutions set out therein. Under Rule 17.47(4) of the GEM Listing Rules, any vote of the Shareholders at the EGM must be taken by poll.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, save for Solar Star, and Mr. Ng, no other Shareholders shall abstain from voting in favour of the resolution approving the Rights Issue at the EGM.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholders have a material interest in the proposed adoption of the New Share Option Scheme, and accordingly, no Shareholders shall abstain from voting in favour of the resolution approving the adoption of the New Share Option Scheme at the EGM.

You will find enclosed a form of proxy for use at the EGM. Whether or not you are able to attend the EGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the office of the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not less than 48 hours (i.e. 11:00 a.m. on Sunday, 4 May 2025) before the time appointed for holding the EGM or any adjournment. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the EGM, or any adjourned meeting thereof should you so desire, and in such event, the form of proxy shall be deemed to be revoked.



## **WARNING OF THE RISKS OF DEALING IN THE SHARES AND THE NIL-PAID RIGHTS SHARES**

The Shares are expected to be dealt in on an ex-rights basis from Thursday, 8 May 2025. Dealings in the Rights Shares in nil-paid form are expected to take place from Monday, 26 May 2025 to Monday, 2 June 2025 (both dates inclusive). If the conditions of the Rights Issue are not fulfilled, the Rights Issue will not proceed. Please refer to the section headed “Conditions of the Rights Issue” in this circular above.

Any Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or Rights Shares in their nil-paid form is advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares.

Any Shareholder or other person dealings in the Shares and/or the nil-paid Rights Shares up to the time at which the Rights Issue becomes unconditional will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed. Any party who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s)

## **RESPONSIBILITY STATEMENT**

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in 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.

## **RECOMMENDATIONS**

The Independent Board Committee comprising all the independent non-executive Directors, namely Ms. Wong Ka Wai, Jeanne, Mr. Lau Tak Kei Arthur and Mr. Lin Yaomin, has been established to advise the Independent Shareholders as to whether the terms of the Rights Issue are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote at the EGM. Global Mastermind Securities Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Rights Issue are fair and reasonable.

Your attention is drawn to the letter from the Independent Board Committee set out on pages 54 to 55 of this circular which contains its recommendation to the Independent Shareholders in relation to the Rights Issue, and the letter from the Independent Financial Adviser set out on pages 56 to 77 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders.

The Directors consider that proposed adoption of the New Share Option Scheme is in the interests of the Company and the Shareholders as a whole and recommend the Shareholders to vote in favour of the resolution approving the adoption of the New Share Option Scheme to be proposed at the EGM.

Further, the Directors (including the independent non-executive Directors whose views are expressed in the letter from the Independent Board Committee) consider that the terms of the Rights Issue and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors (including the independent non-executive Directors whose views are expressed in the letter from the Independent Board Committee) recommend the Independent Shareholders to vote in favour of the resolution approving the Rights Issue to be proposed at the EGM.

#### **ADDITIONAL INFORMATION**

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

Yours faithfully  
For and on behalf of the Board  
**Good Fellow Healthcare Holdings Limited**



**Ng Chi Lung**  
*Chairman and Executive Director*