



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

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Hong Kong

22 May 2025

*To the Qualifying Shareholders and
for information only, the Excluded Shareholders*

Dear Sir or Madam,

RIGHTS ISSUE ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY ONE (1) EXISTING SHARE HELD ON THE RECORD DATE

INTRODUCTION

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

At the EGM, the resolution approving the Rights Issue and the transactions contemplated thereunder was duly passed by the Independent Shareholders by way of poll. Solar Star and Mr. Ng had abstained from voting in favour of the proposed resolution approving the Rights Issue and the transaction contemplated thereunder at the EGM.

The purpose of this Prospectus is to provide you with, among other things, (i) further details of the Rights Issue; (ii) financial information of the Group; (iii) unaudited pro forma financial information of the Group; and (iv) other general information of the Group.

RIGHTS ISSUE

Rights Issue statistics

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 563,649,988 Rights Shares
Aggregated nominal value of the Rights Shares	:	up to HK\$28,182,499.4
Number of Shares in issue as enlarged by the allotment and issue of the Rights Shares	:	up to 1,127,299,976 Shares (assuming that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue)
Gross proceeds from the Rights Issue	:	up to approximately HK\$28.2 million before expenses (assuming full subscription under the Rights Issue)
Net proceeds from the Rights Issue	:	up to approximately HK\$26.7 million after expenses (assuming full subscription under the Rights Issue)
Net price (i.e. Subscription Price less cost and expenses incurred in the Rights Issue)	:	approximately HK\$0.047 per Rights Share (assuming full subscription under the Rights Issue)

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. 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.

Assuming 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 proposed to be issued pursuant to the terms of the 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.

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 and/or may result in the non-compliance by the Company of the public float requirement under Rule 11.23(7) of the GEM Listing Rules. 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 (i) 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; and/or (ii) does not result in the non-compliance of the public float requirement under Rule 11.23(7) of the GEM Listing Rules on the part of the Company.

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 interest 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 34.21% to the closing price of HK\$0.076 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 avoidance of doubt, unless Qualifying Shareholders submit their requests in writing to the Company for printed copies of the Prospectus, the Company will send the Prospectus to Qualifying Shareholders in electronic form, while the PAL, as actionable corporate communication, will be sent in printed copies.

For the Excluded Shareholders, the Company will send copies of the Prospectus (in electronic form or printed copies) 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.

Shareholders whose Shares are held by nominee companies (or which are deposited 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.

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 Documents will not be registered under the applicable securities legislation of any jurisdiction other than Hong Kong. Overseas Shareholder(s) may not be eligible to take part in the Rights Issue. The Company will send this Prospectus (without the PAL) to the Excluded Shareholders for their information only.

As at the Latest Practicable Date, there was one Overseas Shareholder with registered address situated in the PRC who was 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 was in the PRC will be treated as an Excluded Shareholder and therefore will not be entitled to participate in the Rights Issue.

As the register of members of the Company has already been closed as at the Latest Practicable Date and would remain closed up to the Record Date, there would be no additional Overseas Shareholder and save for one Overseas Shareholder with registered address in the PRC, there were no other Excluded Shareholders on the Record Date.

Arrangements will be made for Rights Shares which would otherwise have been provisionally allotted to the Excluded Shareholder 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 to the Excluded Shareholder. The Company will retain individual amounts of HK\$100 or less for the benefit of the Company.

It is the responsibility of any person (including, without limitation, a nominee, agent and trustee) receiving the Prospectus Documents outside Hong Kong and wishing to take up the Rights Shares to satisfy themselves as to the full compliance with the laws of the relevant jurisdictions including the obtaining of any governmental or other consents and observing other formalities which may be required in such jurisdictions, and to pay any taxes, duties and other amounts required to be paid in such jurisdictions in connection therewith. Any acceptance of the Rights Shares by any person will be deemed to constitute a representation and warranty from such person to the Company that such local laws, regulations and requirements of the relevant territory or jurisdiction have been fully complied with. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited will give, or be subject to, the above representation and warranty. If you are in any doubt as to your position, you should consult a professional adviser.

Notwithstanding any other provision in this Prospectus or the PAL, the Company reserves the right to permit any Shareholder to take up his/her/its rights if the Company, in its absolute discretion, is satisfied that the transaction in question is exempt from or not subject to the legislation or regulations giving rise to the restrictions as to the offer and issue of the Rights Shares. If the Company is so satisfied, the Company will, if requested, arrange for the relevant Shareholder to be sent a PAL.

Receipt of any of the Prospectus Documents or the crediting of nil-paid rights to a stock account in CCASS does not and will not constitute an offer in those jurisdictions in which it would be illegal to make an offer and, in those circumstances, the relevant Prospectus Document(s) must be treated as sent for information purposes only and should not be copied or redistributed. Persons (including, without limitation, agents, custodians, nominees and trustees) who receive a copy of any of the Prospectus Documents or whose stock account in CCASS is credited with nil-paid rights should not, in connection with the Rights Issue, distribute or send the same to, or transfer nil-paid rights to any Excluded Shareholder. If a PAL is received by, or any nil-paid rights are credited to any stock account in CCASS of, any person in any such territory (or his/her/its agent or nominee), he/she/it should not take up such nil-paid rights, transfer the PAL, or transfer the nil-paid rights credited to any stock account in CCASS unless the Company determines that such actions would not violate applicable legal or regulatory requirements. Any person (including, without limitation, agents, custodians, nominees and trustees) who forwards this Prospectus or a PAL to any Excluded Shareholder (whether under a contractual or legal obligation or otherwise) should draw the recipient's attention to the contents of this section.

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.

Procedures for acceptance and payment or transfer

A PAL will be sent to the Qualifying Shareholder(s) in printed form which entitles the Qualifying Shareholder(s) to whom it is addressed to subscribe for the number of Rights Shares shown therein. If a Qualifying Shareholder wishes to accept all the Rights Shares provisionally allotted to him/her/it as specified in the PAL, he/she/it must lodge the PAL in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance with the Registrar at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, by not later than 4:00 p.m. on Thursday, 5 June 2025 (or, under bad weather conditions and/or extreme conditions, such later time or date as mentioned in the section headed **"EFFECT OF BAD WEATHER AND/OR EXTREME CONDITIONS ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES"** in the section headed **"Expected Timetable"** in this Prospectus). All remittances must be made in Hong Kong dollars by cheques which must be drawn on an account with, or by cashier's orders which must be issued by, a licensed bank in Hong Kong and made payable to **"GOOD FELLOW HEALTHCARE HOLDINGS LIMITED – RIGHT ISSUE ACCOUNT"** and crossed **"ACCOUNT PAYEE ONLY"**. It should be noted that unless the PAL, together with the appropriate remittance, have been lodged with the Registrar by not later than 4:00 p.m. on Thursday, 5 June 2025, whether by the original allottee or any person in whose favour the rights have been validly transferred, that provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled. The Company may, at its sole discretion, treat a PAL as valid and binding on the person(s) by whom or on whose behalf it is lodged even if the PAL is not completed in accordance with the relevant instructions. The Company may require such incomplete PAL to be completed by the relevant applicants at a later stage.

If a Qualifying Shareholder wishes to accept only part of his/her/its provisional allotment or transfer part of his/her/its rights to subscribe for the Rights Shares provisionally allotted to him/her/it under the PAL or to transfer part or all of his/her/its rights to more than one person, the entire PAL must be surrendered and lodged for cancellation by not later than 4:30 p.m. on Wednesday, 28 May 2025 to the Registrar, who will cancel the original PAL and issue new PALs in the denominations required which will be available for collection from the Registrar at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, after 9:00 a.m. on the second Business Day after the surrender of the original PAL.

The PAL contains further information regarding the procedures to be followed for acceptance and/or transfer of the whole or part of the provisional allotment of the Rights Shares by the Qualifying Shareholders. All cheques or cashier's orders will be presented for payment following receipt and all interest earned on such monies will be retained for the benefit of the Company. Completion and return of the PAL with a cheque or a cashier's order, whether by a Qualifying Shareholder or by any nominated transferee(s), will constitute a warranty by the applicant that the cheque or the cashier's order will be honoured on first presentation. Without prejudice to the other rights of the Company in respect thereof, the Company reserves the right to reject any PAL in respect of which the cheque or cashier's order is dishonoured on first presentation, and in that event the provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled.

If the conditions of the Rights Issue as set out in the section headed "Conditions of the Rights Issue" below are not fulfilled by the Latest Time for Termination, the Rights Issue will not proceed. Under such circumstances, the monies received in respect of acceptances of the Rights Shares will be returned to the Qualifying Shareholders or such other persons to whom the Rights Shares in their nil-paid form have been validly transferred or, in the case of joint applicants, to the first-named person without interest, by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders to their registered addresses by the Registrar on or before Monday, 30 June 2025.

No receipt will be issued in respect of any application monies received.

Beneficial owners' instructions to their Intermediary

For beneficial owners whose Shares are deposited in CCASS and registered in the name of HKSCC Nominees Limited, if they wish to subscribe for the Rights Shares provisionally allotted to them, or sell their nil-paid Rights Shares or "split" their nil-paid Rights Shares by accepting part of their provisional allotment and selling/transferring the remaining part, they should contact their Intermediary and provide their Intermediary with instructions or make arrangements with their Intermediary in relation to the acceptance, transfer and/or "splitting" of the rights to subscribe for the Rights Shares which have been provisionally allotted to them in respect of the Shares in which they are beneficially interested. Such instructions and the relevant arrangements should be given or made in advance of the relevant dates stated in the section headed "Expected

Timetable” in this Prospectus and otherwise in accordance with the requirements of their Intermediary in order to allow their Intermediary sufficient time to ensure that their instructions are given effect. The procedures for acceptance, transfer and/or “splitting” in these cases shall be in accordance with the General Rules of HKSCC, HKSCC Operational Procedures and any other applicable requirements of CCASS.

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 (without interest) 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 conditions precedent 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) and (v), all of the above conditions have been fulfilled or waived (as the case may be).

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 the 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 has applied 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. The nil-paid Rights Shares are expected to be traded in same board lot size as the fully-paid Rights Shares, i.e., 10,000 Shares in one board lot. 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 HKSCC and HKSCC 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, its Directors or any other parties involved in the Rights Issue accepts responsibility for any tax effects or liabilities of any person resulting from the purchase, holding or disposal of, or dealing in, the Rights Shares in both their nil-paid and fully-paid forms.

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, save for the above condition (a), the above conditions have not 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 places 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.

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. 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) 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) 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) 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, 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 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

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

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* (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.

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 no further issue or repurchase of Shares before completion of the Rights Issue other than the allotment and issue of the Rights Shares under the Rights Issue, for illustration purposes only:

	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 entitlement under the Rights Issue except for Solar Star and Mr. Ng pursuant to the Irrevocable Undertakings and the Unsubscribed 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 (Note 1)		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 (Notes 4 and 5)	
	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 (Note 1)	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") (Note 2)	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 (Note 1)	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 placees	-	-	-	-	235,458,096	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>891,841,980</u>	<u>100.00</u>	<u>960,485,387</u>	<u>100.00</u>	<u>667,258,356</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 Co. Ltd[#] (新希望集團有限公司) (“**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 Group Co. Ltd[#] (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[#] (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.[#] (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.
- (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 share capital 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.

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.

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.

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

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 Prospectus 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).

ADDITIONAL INFORMATION

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

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

A handwritten signature in black ink, appearing to be 'Ng Chi Lung', written in a cursive style.

Ng Chi Lung
Chairman and Executive Director