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

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

**If you have sold or transferred** all your shares in Good Fellow Healthcare Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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**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)**

**MAJOR TRANSACTION IN RELATION TO  
THE DISPOSAL OF THE ENTIRE EQUITY INTEREST OF  
THE TARGET COMPANY**

**Financial adviser to the Company**



**INCU Corporate Finance Limited**

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Capitalised terms used in this cover page shall have the same meanings as those defined in this circular unless otherwise stated.

A letter from the Board is set out on pages 4 to 12 of this circular.

Pursuant to Rule 19.44 of the GEM Listing Rules, Mr. Ng and Solar Star have given written approval to approve the Disposal and the transactions contemplated thereunder. Accordingly, the written approval from Mr. Ng and Solar Star will be accepted in lieu of holding a general meeting of the Company for approval of the Disposal and the transactions contemplated thereunder. This circular is being despatched to the Shareholders for information only.

15 September 2021

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## CONTENTS

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	<i>Page</i>
<b>DEFINITIONS</b> .....	1
<b>LETTER FROM THE BOARD</b> .....	4
<b>APPENDIX I – FINANCIAL INFORMATION OF THE GROUP</b> .....	I-1
<b>APPENDIX II – GENERAL INFORMATION</b> .....	II-1

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## CHARACTERISTICS OF GEM

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GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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## DEFINITIONS

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

“Advancement”	the advancement in the sum of RMB32 million (equivalent to approximately HK\$38.4 million) made by the Purchaser to the Target Company for the settlement of the outstanding debts of the Target Group
“Board”	the board of Directors
“Business Day(s)”	a day (other than a Saturday, Sunday or public holiday) on which licensed banks are generally open for business in the PRC throughout their normal business hours
“BVI”	British Virgin Islands
“Company”	Good Fellow Healthcare Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on GEM (Stock code: 8143)
“Completion”	completion of the Disposal in accordance with the terms and conditions of the Disposal Agreement
“Consideration”	the consideration for the Disposal in accordance with the terms and conditions of the Disposal Agreement
“Cooperation Agreement”	the cooperation agreement dated 26 September 2018 entered into between Edinburgh International and Putian Medical Healthcare Investment Co., Ltd* (莆田市醫療健康產業投資有限公司), a company established in the PRC and wholly-owned by the People’s Government of Putian, pursuant to which the People’s Government of Putian shall provide subsidy for and Edinburgh International shall establish and operate the Target Hospital
“Director(s)”	director(s) of the Company
“Disposal”	the proposed disposal of the Sale Interest by the Vendor to the Purchaser pursuant to the Disposal Agreement
“Disposal Agreement”	the conditional equity transfer agreement entered into between the Purchaser and the Vendor in relation to the Disposal, which took effect on 23 August 2021

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## DEFINITIONS

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“Edinburgh International”	Edinburgh International Investments Ltd., a company incorporated in Scotland, the United Kingdom with limited liability, and an indirect non wholly-owned subsidiary of the Company
“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	independent third party(ies) who is(are) not connected with the Company and its connected persons (as defined in the GEM Listing Rules)
“Latest Practicable Date”	10 September 2021, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Mr. Ng”	Mr. Ng Chi Lung, an executive Director and a controlling Shareholder, together with Solar Star are holding 1,739,459,460 Shares, representing approximately 61.72% of the issued share capital of the Company as at the Latest Practicable Date
“PRC”	the People’s Republic of China, which for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Purchaser”	Fujian Pu Yang Hu Lan Investment Co., Ltd.* (福建莆陽壺瀾投資有限責任公司), a company established in the PRC with limited liability and wholly-owned by the People’s Government of Putian
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Interest”	the entire equity interest of the Target Company
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

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## DEFINITIONS

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“Share(s)”	ordinary shares of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)
“Solar Star”	Solar Star Global Limited, a company incorporated in the BVI with limited liability, and controlled by Mr. Ng. As at the Latest Practicable Date, Solar Star is a controlling Shareholder which is holding 1,680,459,460 Shares, representing approximately 59.63% of issued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Edinburgh Hospital Management (Putian) Co., Ltd.* (愛丁堡醫院管理(莆田)有限公司), a company established in the PRC with limited liability
“Target Group”	the Target Company and its subsidiary(ies)
“Target Hospital”	Edinburgh Friendship Hospital Management (Putian) Co., Ltd.* (愛丁堡友好醫院管理(莆田)有限公司), a company established in the PRC with limited liability and a direct wholly-owned subsidiary of the Target Company
“Vendor”	Edinburgh International Hospital Management Limited (愛丁堡國際醫院管理有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of Edinburgh International
“%”	per cent.

\* The English transliteration of the Chinese names in this circular, where indicated, is included for information only, and should not be regarded as the official English names of such Chinese names.

*For the purposes of illustration only, amounts denominated in RMB in this circular have been translated into HK\$ at the rate of RMB1.00 = HK\$1.20. Such translation should not be constructed as a representation that the amounts in question have been, could have been or could be converted at any particular rate at all.*

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LETTER FROM THE BOARD

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**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

Mr. Zheng Gang

*Non-executive Director:*

Dr. Liu Chenli

*Independent non-executive Directors:*

Ms. Wong Ka Wai, Jeanne

Dr. Lam Huen Sum

Mr. Lau Tak Kei, Arthur

*Registered office:*

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Century Yard

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Grand Cayman KY1-1103

Cayman Islands

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

Unit 3309, 33rd Floor

West Tower, Shun Tak Centre

168-200 Connaught Road Central

Hong Kong

15 September 2021

*To the Shareholders*

Dear Sir/Madam,

**MAJOR TRANSACTION IN RELATION TO  
THE DISPOSAL OF THE ENTIRE EQUITY INTEREST OF  
THE TARGET COMPANY**

**INTRODUCTION**

Reference is made to the announcement of the Company dated 23 August 2021 in relation to the Disposal, the Disposal Agreement and the transactions contemplated thereunder.

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## LETTER FROM THE BOARD

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On 23 August 2021 (after trading hours of the Stock Exchange), the Vendor, an indirect non wholly-owned subsidiary of the Company, entered into the Disposal Agreement which was executed by the Purchaser on 30 July 2021, pursuant to the Disposal Agreement, the agreement only takes effect when both parties thereto have executed the same, i.e. 23 August 2021.

The purpose of this circular is to provide you with, among other things, further details of the Disposal Agreement and the transactions contemplated thereunder, and other information as required to be disclosed under the GEM Listing Rules.

### THE DISPOSAL AGREEMENT

Set out below are the principal terms of the Disposal Agreement:

- Date:** 23 August 2021
- Purchaser:** Fujian Pu Yang Hu Lan Investment Co., Ltd.\*  
(福建莆陽壺瀾投資有限責任公司)
- Vendor:** Edinburgh International Hospital Management Limited (愛丁堡國際醫院管理有限公司), an indirect wholly-owned subsidiary of Edinburgh International (being an indirect non wholly-owned subsidiary of the Company)

The Vendor is a company incorporated in Hong Kong with limited liability, an indirect wholly-owned subsidiary of Edinburgh International (being an indirect non wholly-owned subsidiary of the Company). The Vendor is an investment holding company.

The Purchaser is a company established in the PRC with limited liability, which is an indirect wholly-owned subsidiary of the State-Owned Assets Supervision and Administration Commission of the People's Government of Putian\* (莆田市人民政府國有資產監督管理委員會). According to the business registration licence of the Purchaser, the Purchaser is principally engaged in investment business, provision of supply chain management service, trade broker and agency services, economic and trade consulting, information consulting service, sales of coal and related products, sales of agricultural byproducts, wholesale and retail of agricultural products and food business operation (sales of bulk food and prepackaged food).

As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief having made reasonable enquiries, the Purchaser and its ultimate beneficial owner(s) are Independent Third Parties.



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## LETTER FROM THE BOARD

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### **Assets to be disposed of**

Pursuant to the Disposal Agreement, the Vendor conditionally agreed to sell and the Purchaser conditionally agreed to purchase the Sale Interest, representing the entire equity interest of the Target Company.

### **Consideration and Advancement**

The Consideration for the sale and purchase of the Sale Interest is nil.

However, according to the Disposal Agreement, the Purchaser shall provide the Advancement in the sum of RMB32 million (equivalent to approximately HK\$38.4 million) to the Target Company immediately prior to Completion for the settlement of the outstanding debts of the Target Group. In the event that the outstanding debts of the Target Group exceed RMB32 million, the parties to the Disposal Agreement agreed that the shortfall shall be borne by the Vendor. As at the Latest Practicable Date, the outstanding debts of the Target Group is approximately RMB27.64 million. It is expected that the outstanding debts of the Target Group immediately prior to Completion will not exceed RMB32 million.

The Consideration and the Advancement were determined between the Vendor and the Purchaser after arm's length negotiation and on normal commercial terms, with reference to (i) the financial position of the Target Group which recorded net liability of approximately HK\$26 million as at 30 June 2021; (ii) the cash flow position and the need for immediate settlement of the outstanding debts of the Target Group as described under the paragraph headed "Reasons for and benefits of the Disposal and use of proceeds" in this section; (iii) the current and future prospects of the Target Group; and (iv) the benefits to the Group from the Disposal as described under the paragraph headed "Reasons for and benefits of the Disposal and use of proceeds" in this section.

The Directors are of the view that the consideration payable by the Purchaser under the Disposal Agreement shall be the sum of the Consideration and the Advancement. Despite the Advancement will be directly paid to the Target Company to settle its debts, the Directors consider that such advancement arrangement will mitigate the legal liabilities of the Vendor while maintaining the reputation of the Target Hospital.

Having considered the above, the Board considers that the Consideration in conjunction with the Advancement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

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## LETTER FROM THE BOARD

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### Conditions precedent

Completion shall be conditional upon and subject to the satisfaction the following conditions:

- (a) all necessary approvals by its shareholders and authorised persons required to be obtained on the part of the Purchaser in respect of the Disposal Agreement and the transactions contemplated thereunder having been obtained;
- (b) all necessary consents and approvals required to be obtained on the part of the Vendor in accordance with the GEM Listing Rules in respect of the Disposal Agreement and the transactions contemplated thereunder having been obtained; and
- (c) the change in shareholder registration with the industrial and commercial registration authority having been completed; and the Purchaser has been registered as a shareholder of the Target Company and the Target Company has obtained a domestic enterprise business license.

All the conditions precedent are incapable of being waived. If the conditions precedent set out above have not been satisfied on or before 15 September 2021, the Disposal Agreement shall cease and determine. Thereafter, neither party shall have any obligations and liabilities towards each other under the Disposal Agreement save for any antecedent breaches of the terms thereof.

As at the Latest Practicable Date, all of the above conditions precedent had been fulfilled.

### Completion

Completion shall take place upon the fulfilment of all the above conditions precedent. As at the Latest Practicable Date, Completion had taken place.

### INFORMATION OF THE TARGET GROUP

As at Latest Practicable Date, the Target Group consists of (i) the Target Company; and (ii) the Target Hospital.

The Target Company is an investment holding company established in the PRC with limited liability, which is directly wholly-owned by the Vendor.

The Target Hospital is a company established in the PRC with limited liability, which is wholly-owned by the Target Company, and is principally engaged in the provision of general hospital services.

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## LETTER FROM THE BOARD

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### FINANCIAL SUMMARY OF THE TARGET GROUP

Set out below is a summary of the key financial data of the Target Group based on the unaudited consolidated management accounts for the two financial years ended 31 March 2021:

	<b>For the year ended 31 March 2020 (unaudited) HK\$'000</b>	<b>For the year ended 31 March 2021 (unaudited) HK\$'000</b>
Revenue	153	755
(Loss) before tax	(10,737)	(21,227)
(Loss) after tax	(10,737)	(21,227)

The unaudited net liability value of the Target Group as at 30 June 2021 was approximately HK\$26.0 million.

### FINANCIAL EFFECT OF THE DISPOSAL

As at Latest Practicable Date, the Target Company is an indirect non wholly-owned subsidiary of the Company. Upon Completion, the Target Company will cease to be a subsidiary of the Company and the Company will cease to have any interest in the Target Company. The financial results of the Target Group will no longer be consolidated into the consolidated financial statements of the Group following Completion.

#### Assets and liabilities

Having taken into account the Consideration and the unaudited net liability value of the Target Group as at 30 June 2021, it is estimated that upon Completion, the total assets of the Group will be decreased by approximately HK\$104.8 million. The total liabilities of Group will be decreased by approximately HK\$130.8 million. It is estimated that the net assets of the Group will have an increase of approximately HK\$26.0 million.

#### Earnings

It is estimated that the Company will record a gain of approximately HK\$25.1 million (after deducting the estimated professional fees and other related expenses of approximately HK\$900,000) on the Disposal, after taking into account the Consideration and the unaudited net liability value of the Target Group of approximately HK\$26.0 million as at 30 June 2021. The actual gain or loss to be recorded by the Company depends on the net asset/liability value of the Target Group as at the date of Completion, which is subject to final audit to be performed by the auditors of the Company.

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## LETTER FROM THE BOARD

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### REASONS FOR AND BENEFITS OF THE DISPOSAL AND USE OF PROCEEDS

The Company is an investment holding company incorporated in the Cayman Islands as an exempted company with limited liability. The Group is principally engaged in the provision of general hospital services in the PRC.

As disclosed in the announcement of the Company dated 26 September 2018 and 12 October 2018, Edinburgh International (being (i) indirectly owned as to 75% by the Company and directly owned as to 25% by the University Court of the University of Edinburgh; and (ii) being the holding company of the Vendor) and a wholly-owned subsidiary of the People's Government of Putian had entered into the Cooperation Agreement in relation to the Target Hospital, pursuant to which the People's Government of Putian agreed to provide subsidies for the refurbishment and establishment of the Target Group. Accordingly, the People's Government of Putian had provided subsidies in the aggregate sum of approximately RMB66.76 million (equivalent to approximately HK\$80.11 million) to the Target Group for such purpose. After the establishment of the Target Hospital, Edinburgh International shall be responsible for the operation of the Target Hospital and shall, at its own costs, (a) establish a medical training centre in the hospital; and (b) procure medical lecturers from overseas, who shall be responsible for preparing the training materials and providing on-the-job training and clinical skills training at the medical training centre. Since the establishment of the Target Hospital, the Company has invested approximately RMB11.97 million (equivalent to approximately HK\$13.91 million) in the Target Group.

The People's Government of Putian aimed to establish a reputable international hospital in the region through the cooperation. The subsidies provided by the People's Government of Putian include the rent concession for the hospital premises and cash subsidies for the refurbishment and establishment of the hospital. As disclosed in the circular of the Company dated 24 May 2019, the Company targeted to commence trial run of the Target Hospital by early third quarter of 2019. However, the commencement of operation of the Target Hospital was postponed due to delay in the refurbishment plan of the Target Hospital. The Target Hospital had subsequently obtained the medical licence for its operations and commenced operation on 17 July 2020. Due to the outbreak of COVID-19, the Target Group recorded minimal turnover since then and was unable to cover its fixed costs and Edinburgh International had faced difficulty in raising funds to support the operations of the Target Group as well as difficulty in recruiting experienced medical, research and training staff to the Target Group from overseas as scheduled, which had impact on the operations of the Target Hospital, and led to poor financial results of the Target Group for the year ended 31 March 2021. The Company had provided funding for the operations of the Target Hospital through injection of the subscription monies to the operating subsidiaries of Edinburgh International as mentioned in the announcement of the Company dated 5 October 2020. In February 2021, certain amount of the construction fees and renovation fees payable by the Target Hospital were overdue. As a result of the loss position of the Target Hospital since the commencement of its operation, the Target Group was unable to settle the construction fees,

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## LETTER FROM THE BOARD

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which led to the construction workers raising a dispute at the hospital premises in February 2021. The dispute and tension of the creditors and the Target Hospital were slackened after the intervention of the People's Government of Putian and/or the Purchaser.

To better protect the reputation of the Target Hospital, the People's Government of Putian had assigned the Purchaser to oversee the operations and management of the Target Group since 17 March 2021. The Purchaser has also advanced funds to the Target Hospital in order to maintain its operations and to pay off the daily expenses of the Target Hospital. The Purchaser had agreed to assist the Target Group to take necessary measures to maintain the normal operations of the Target Group.

In light of (i) the poor financial performance of the Target Group and the net liabilities position of the Target Group; (ii) the vision and mission of the People's Government of Putian could not be achieved; and (iii) the Target Hospital failed to meet the performance target set out in the Cooperation Agreement for its entitlement of the government subsidies, the People's Government of Putian has the right to demand the Target Group to refund all the subsidies it has paid to the Target Group pursuant to the Cooperation Agreement.

Accordingly, the People's Government of Putian had requested that the Target Group be transferred to them at nil consideration, and in return, they would provide the Advancement to settle all the outstanding debts of the Target Group. The Board having considered (i) the loss position and net liabilities position of the Target Group; (ii) the unsatisfactory financial performance of the Target Group and the Target Group is unlikely to generate a profit in the near future; (iii) the uncertainty on the duration of COVID-19 pandemic; (iv) the financial effect of the Disposal as mentioned above; and (v) the Advancement to be provided by the Purchaser under the Disposal Agreement will enable the Target Group to repay its debts and will mitigate the legal liabilities of the Vendor while maintaining the reputation of the Target Hospital, the Target Group and the directors of the Target Group contrary to the circumstances that the Group continues to own and operate the Target Hospital as explained below, are of the view that the Disposal is in the interests of the Company and the Shareholders as a whole.

The Vendor had considered different options available, such as injection of further capital and disposal to other buyers. The Vendor has approached other potential buyers, however, having considered (i) the financial condition of the Target Group; (ii) the People's Government of Putian may require the buyer (other than the Purchaser) to return the subsidies provided since the establishment; (iii) the consent of the People's Government of Putian; and (iv) the current market sentiment, no offers had been received from other buyers. If the Disposal does not take place, the Group needs to inject further funding to the Target Group to support the operation and settle the outstanding debts since the Vendor, being an investment holding company, does not carry-on business. However, in view of the reasons as mentioned in the paragraph above, the Group considers that it is a better option to dispose of its investment in the Target Group to the People's Government of Putian and dedicate its resources to focus on its existing business instead of injecting further funding to the Target Group.

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## LETTER FROM THE BOARD

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Moreover, the People's Government of Putian will be able to better allocate resources to the Target Group for its future development, in terms of (i) *funding*: the People's Government of Putian will have the financial means to support the operations of the Target Hospital; (ii) *patient source*: the reputation of the People's Government of Putian will increase patient influx; and (iii) *medical support and resources*: the People's Government of Putian will be able to make better allocation in terms of manpower and other resources. Hence, considering medical ethics and the duty of care owed to patients, the Board believes that the disposal of the Target Group to the Purchaser is more beneficial to the patients and future prospects of the Target Hospital as a whole.

Having considered the reasons of and benefits for the Disposal as mentioned above, the Directors are of the view that the terms of the Disposal Agreement are on normal commercial terms and fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Following completion of the Disposal, the Company will continue to operate its existing business, including the hospital in Beijing which provides a steady revenue stream, and development of international diabetes center in Hainan, the PRC which is operated by Edinburgh International Diabetes Hospital (Hainan) Co. Ltd, an indirect wholly-owned subsidiary of Edinburgh International and funded by a PRC investment company for the set-up and operation of the center and hence lowering the Group's investment cost while maximizing its return as disclosed in the announcement dated 18 August 2020. The international diabetes center aims to introduce clinical proof diabetes diagnosis and treatment technology from international experience to provide diabetes diagnosis and treatment programme in the PRC. The Directors will continue to (i) review the Group's existing business from time to time; (ii) seek investment and co-operation opportunities to further establish international diabetes centers under similar structure in different region in the PRC; and (iii) seek suitable investment opportunities in general hospital sector. As at Latest Practicable Date, the Group has not identified any specific potential targets for investment.

As the Advancement will be directly paid to the Target Company to settle its debts, the Vendor does not record any gross proceeds or net proceeds from the Disposal.

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## LETTER FROM THE BOARD

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### GEM LISTING RULES IMPLICATION

As one or more of the relevant percentage ratios calculated in accordance with the GEM Listing Rules in respect of the Disposal exceed 25% but below 75%, the Disposal constitutes a major transaction on the part of the Company and is subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder or any of its close associates has any material interest in the Disposal Agreement and the transactions contemplated thereunder, and therefore no Shareholder is required to abstain from voting under the GEM Listing Rules if the Company were to convene a general meeting for the approval of the Disposal. Mr. Ng, an executive Director and a controlling Shareholder, together with his controlled corporation, namely Solar Star, are holding 1,739,459,460 Shares, representing approximately 61.72% of the issued share capital of the Company as at Latest Practicable Date. Pursuant to Rule 19.44 of the GEM Listing Rules, Mr. Ng and Solar Star have given written approval to approve the Disposal Agreement and the transactions contemplated thereunder. Accordingly, the written approval from Mr. Ng and Solar Star will be accepted in lieu of holding a general meeting of the Company for approval of the Disposal Agreement and the transactions contemplated thereunder.

### ADDITIONAL INFORMATION

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

**Shareholders and potential investors of the Company should note that the Completion is subject to the fulfilment or waiver (as the case may be) of the conditions precedent set out in the Disposal Agreement and therefore may or may not occur. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the Shares and other securities of the Company.**

Yours faithfully,  
For and on behalf of the Board  
**Good Fellow Healthcare Holdings Limited**  
**Ng Chi Lung**  
*Chairman and Executive Director*

**I. FINANCIAL INFORMATION OF THE GROUP**

Details of the financial information of the Group for (i) each of the two financial years ended 31 March 2020 and 2021; and (ii) the three months ended 30 June 2021 are disclosed in the following documents which have been published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.gf-healthcare.com/>):

- first quarterly report of the Company for the three months ended 30 June 2021 (pages 2 to 8)

<https://www1.hkexnews.hk/listedco/listconews/gem/2021/0812/2021081200664.pdf>

- annual report of the Company for the financial year ended 31 March 2021 (pages 61 to 195)

<https://www1.hkexnews.hk/listedco/listconews/gem/2021/0629/2021062900732.pdf>

- annual report of the Company for the financial year ended 31 March 2020 (pages 63 to 203)

<https://www1.hkexnews.hk/listedco/listconews/gem/2020/0626/2020062600574.pdf>



**II. INDEBTEDNESS STATEMENT**

As at the close of business on 31 July 2021, being the latest practicable date for the purpose of preparing this indebtedness statement prior to the printing of this circular, the Group had the following outstanding indebtedness:

	<b>Total</b> <i>HK\$'000</i> (unaudited)
<b>Non-Current liabilities</b>	
Other borrowing	8,416
Lease liabilities	<u>8,310</u>
	<u><u>16,726</u></u>
<b>Current liabilities</b>	
Other borrowing	12,180
Lease liabilities	<u>4,867</u>
	<u><u>17,047</u></u>

As at 31 July 2021, the other borrowings from independent third parties of approximately HK\$14,344,000 were secured by 100% equity share of the Target Company charged at fixed interest rate 6-8% per annum.

As at 31 July 2021, the other borrowings from independent third parties of approximately HK\$6,252,000 were secured by certain properties, plant and equipment of the Target Company and its subsidiaries and charged at fixed interest rate 7% per annum.

The weighted average incremental borrowing rate applied to lease liabilities range from 7.5% to 10.0%.

**Pledge of assets**

As at 31 July 2021, the net carrying amount of the assets which pledged to secure the other borrowings of the Group was as follows:

	<b>Total</b> <i>HK\$'000</i> (unaudited)
Properties, plant and equipment	<u><u>7,844</u></u>

**Contingent liabilities**

As at the close of business on 31 July 2021, being the latest practicable date for the purpose of this indebtedness statement, the Group had no material contingent liabilities outstanding.

**Disclaimer**

Save as aforesaid above, at the close of business on 31 July 2021, the Directors confirmed that the Group did not have any outstanding mortgages, charges, debentures or other loan capital or bank overdrafts, loans debt securities or other similar indebtedness, liabilities under acceptances or acceptances credits or hire purchase commitments, or any guarantees or any contingent liabilities. The Directors have confirmed that, save as disclosed above, there has not been any material change in the indebtedness and contingent liabilities of the Group since 31 July 2021.

**III. WORKING CAPITAL**

The Directors are of the opinion that taking into account the existing banking and other borrowing facilities available, the existing cash and bank balances and the effect of the Disposal, the Group has sufficient working capital for its present requirements, that is for at least the next 12 months from the date of publication of this circular.

**IV. FINANCIAL AND TRADING PROSPECTS OF THE GROUP**

Upon Completion, the Group will continue to operate a hospital in Beijing in the PRC and development of international diabetes center in Hainan, PRC. The operation of the hospital in Beijing provides a steady revenue stream and operating income. The international diabetes center which is operated by Edinburgh International Diabetes Hospital (Hainan) Co. Ltd, an indirect wholly-owned subsidiary of Edinburgh International and funded by a PRC investment company, aims to introduce clinical proof diabetes diagnosis and treatment technology from international experience to provide diabetes diagnosis and treatment programme in the PRC. The Directors will continue to (i) review the Group's existing business from time to time; (ii) seek investment and co-operation opportunities to further establish international diabetes centers under similar structure in different region in the PRC; and (iii) seek suitable investment opportunities in general hospital sector. Nevertheless, currently the Company has no intention nor has the Company entered, or proposed to enter, into any agreement, arrangement, understanding or undertaking, whether formal or informal and whether express or implied, and any negotiation (whether concluded or not) with an intention to dispose of, downsize of or terminate the existing business of the Company.

## 1. 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 Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

## 2. DISCLOSURE OF INTERESTS

### (a) Interests of Directors and chief executives of the Company

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which are required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors to be notified to the Company and the Stock Exchange, were as follows:

#### *Long position in the Shares and underlying shares of the Company*

Name of Director	Nature of interest	Total number of Shares and underlying shares of the Company	Approximate percentage of the issued share capital of the Company
Mr. Ng Chi Lung	Personal interest ( <i>Note</i> )	59,000,000	2.09%
	Corporate interest ( <i>Note</i> )	1,680,459,460	59.63%
Mr. Zheng Gang	Personal interest	6,044,000	0.21%

*Note:* Solar Star is interested in 1,581,959,460 Shares and 98,500,000 convertible preference shares of the Company. The issued share capital of Solar Star is owned as to 50% by Mr. Ng Chi Lung, 25% by Ms. Ng Si Wing and 25% by Ms. Ng Yin. Mr. Ng Chi Lung is deemed to be interested in the shares and the convertible preference shares in which Solar Star is interested in under Part XV of the SFO.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had or was deemed to have any interests and short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

**(b) Interests of substantial Shareholders**

As at the Latest Practicable Date, so far as any Directors are aware, the interest or short positions owned by the following parties (other than the Directors or chief executive of the Company) in the Shares, underlying Shares or debentures of the Company which are required to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company required to be kept under section 336 of the SFO were as follows:

***Long position in the Shares and underlying shares of the Company***

Name	Capacity/Nature of interest	Number of Shares and underlying shares of the Company	Approximate percentage of the issued share capital of the Company
Solar Star Global Limited	Beneficial owner (Note 1)	1,680,459,460	59.63%
Ms. Cheng Wai Yin	Interest of spouse (Note 2)	1,739,459,460	61.72%
New Hope International (Hong Kong) Limited (“New Hope International”)	Beneficial owner (Note 3)	343,217,539	12.18%
Southern Hope Enterprise Co., Ltd.* (南方希望實業有限公司)	Interest in controlled corporation (Note 3)	343,217,539	12.18%
New Hope Group Co., Ltd.* (新希望集團有限公司)	Interest in controlled corporation (Note 3)	343,217,539	12.18%
Tibet Hengye Feng Industrial Co., Ltd.* (西藏恒業峰實業有限公司)	Interest in controlled corporation (Note 3)	343,217,539	12.18%

Name	Capacity/Nature of interest	Number of Shares and underlying shares of the Company	Approximate percentage of the issued share capital of the Company
Mr. Liu Yonghao	Interest in controlled corporation (Note 3)	343,217,539	12.18%
Ms. Liu Chang	Interest in controlled corporation (Note 3)	343,217,539	12.18%
Ms. Li Wei	Interest of spouse (Note 4)	343,217,539	12.18%

## Notes:

- (1) Solar Star is interested in 1,581,959,460 Shares and 98,500,000 convertible preference shares of the Company. The issued share capital of Solar Star is owned as to 50% by Mr. Ng Chi Lung, 25% by Ms. Ng Si Wing and 25% by Ms. Ng Yin. Mr. Ng Chi Lung is deemed to be interested in the Shares and the convertible preference shares in which Solar Star is interested in under Part XV of the SFO.
- (2) Ms. Cheng Wai Yin is the spouse of Mr. Ng Chi Lung. Ms. Cheng Wai Yin is deemed to be interested in the Shares and the convertible preference shares in which Mr. Ng Chi Lung is interested in under Part XV of the SFO.
- (3) New Hope International is interested in 343,217,539 shares of the Company. The issued share capital of New Hope International is owned as to 75% by Southern Hope Enterprise Co., Ltd.\* which is in turn owned as to 51% by New Hope Group Co., Ltd.\* and as to 49% by Tibet Hengye Feng Industrial Co., Ltd.\* Both New Hope Group Co., Ltd.\* and Tibet Hengye Feng Industrial Co., Ltd.\* are owned as to 62.34% by Mr. Liu Yonghao, as to 36.35% by Ms. Liu Chang and as to 1.31% by Ms. Li Wei. Mr. Liu Yonghao, Ms. Liu Chang and Ms. Li Wei are deemed to be interested in the shares in which New Hope International is interested in under Part XV of the SFO.
- (4) Ms. Li Wei is the spouse of Mr. Liu Yonghao. Ms. Li Wei is deemed to be interested in the Shares in which Mr. Liu Yonghao is interested in under Part XV of the SFO.

Save as disclosed above and as at the Latest Practicable Date, the Directors were not aware of any interests or short positions owned by any persons (other than the Directors or chief executives of the Company) in the Shares or underlying shares of the Company which were required to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company required to be kept under section 336 of the SFO.

**4. LITIGATION**

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

**5. SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had any service contract with the Company or any of its subsidiaries or associated companies which does not expire or is not determinable by such member of the Group within one year without payment of compensation (other than statutory compensation).

**6. COMPETING INTERESTS**

As at the Latest Practicable Date, none of the Directors nor their respective close associates (as defined in the GEM Listing Rules) was interested in any business apart from the business of the Group, which competes or is likely to compete, either directly or indirectly, with the business of the Group.

**7. DIRECTORS' INTEREST IN ASSETS, CONTRACTS AND ARRANGEMENT OF THE GROUP**

As at the Latest Practicable Date, there was no contract or arrangement subsisting in which any Director was materially interested and which was significant in relation to any business of the Group.

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been since 31 March 2021 (being the date to which the latest published audited financial statements of the Group were made up) acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

## 8. MATERIAL CONTRACTS

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

- (1) the conditional sale and purchase agreement dated 23 March 2020 entered into between Mr. Lin Guofeng\* (林國鋒先生) and Ally Health International Limited, a directly wholly-owned subsidiary of the Company, in relation to the disposal of 9,000 issued shares of US\$1 each in the share capital of Merry Sky Investments Limited (“**Merry Sky**”), being the entire issued share capital of Merry Sky, at the consideration of HK\$11.00 million;
- (2) the subscription letter dated 5 October 2020 executed by Sino Business Investment Development Limited (“**Sino Business**”) as subscriber, a wholly-owned subsidiary of the Company, in favour of Edinburgh International as issuer, pursuant to which Sino Business subscribed for 96 subscription shares, representing 24% of the issued share capital of Edinburgh International as enlarged by the allotment and issue of the subscription shares, at the total subscription price of RMB10,965,000, representing a subscription price of RMB114,218.75 per subscription share; and
- (3) the Disposal Agreement.

## 9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours (i.e. from 9:30 a.m. to 6:00 p.m. from Monday to Friday) at the principal place of business of the Company in Hong Kong at Unit 3309, 33rd Floor, West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong for a period of 14 days commencing from the date of this circular:

- (a) the memorandum of association and articles of association of the Company;
- (b) the annual reports of the Company for the two years ended 31 March 2020 and 2021;
- (c) the first quarterly report of the Company for the three months ended 30 June 2021;
- (d) the material contracts disclosed in the paragraph under the heading “Material Contracts” in this appendix to this circular; and
- (e) this circular.



**10. CORPORATE INFORMATION OF THE GROUP**

<b>Registered office</b>	Second Floor, Century Yard Cricket Square, P.O. Box 902 Grand Cayman, KY1-1103 Cayman Islands
<b>Head Office and Principal place of business in Hong Kong</b>	Unit 3309, 33rd Floor West Tower, Shun Tak Centre 168-200 Connaught Road Central Hong Kong
<b>Principal share registrar and transfer office</b>	Tricor Services (Cayman Islands) Limited Second Floor, Century Yard Cricket Square, P.O. Box 902 Grand Cayman, KY1-1103 Cayman Islands
<b>Branch share registrar and transfer office in Hong Kong</b>	Tricor Tengis Limited Level 54, Hopewell Centre 183 Queen's Road East Hong Kong
<b>Company secretary</b>	Mr. Lam Williamson <i>(member of the Certified Practising Accountant in Australia and fellow member of the Hong Kong Institute of Certified Public Accountants)</i>
<b>Compliance officer</b>	Mr. Ng Chi Lung, an executive Director

**11. GENERAL**

- (a) The Company established the audit committee of the Company (the “**Audit Committee**”) on 2 November 2001, with written terms of reference in compliance with Rules 5.28 to 5.29 of the GEM Listing Rules. The primary duties of the Audit Committee are: (i) to ensure the adequacy and effectiveness of the accounting and financial controls of the Group; (ii) to oversee the performance of risk management and internal control systems and financial reporting process; and (iii) to monitor the integrity of the financial statements and compliance with statutory and listing requirements and to oversee independence and qualifications of the external auditors. The Audit Committee comprised of three independent non-executive Directors, namely, Ms. Wong Ka Wai, Jeanne, Dr. Lam Huen Sum and Mr. Lau Tak Kei, Arthur. Ms. Wong Ka Wai, Jeanne is the chairlady of the Audit Committee.

**Ms. Wong Ka Wai, Jeanne** (“**Ms. Wong**”), has over 27 years of experience in finance, accounting, taxation and corporate affairs. She is a member of the Chartered Accountants in Australia and New Zealand, a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants, a member of the Society of Trust and Estate Practitioner and the Certified Tax Advisor in Hong Kong. Ms. Wong is currently the managing director of a private company providing company secretarial, corporate consulting and management services, as well as the chief financial officer of a local law firm. She is currently an independent non-executive director of Phoenitron Holdings Limited (stock code: 8066), a company listed on GEM.

**Dr. Lam Huen Sum** (“**Dr. Lam**”), has been an adjunct professor at University of Jinan\* (山東濟南大學), a member of the Advisory Board of Open Institute, City University of Macau\* (澳門城市大學公開學院), a specialist in Hong Kong Council for Accreditation of Academic and Vocational Qualifications, a Fellow of Chartered Management Institute, a Fellow and Executive Board Member/Accreditor of Medical and Health Board of International Industry and Professional Accreditation Association. Dr. Lam has been appointed by Hong Kong College of Technology, as an external examiner and a Faculty consultant since September 2016 and January 2017 respectively. Dr. Lam was an independent non-executive director of Sunway International, a company listed on the Main Board of the Stock Exchange, from June 2017 to June 2019.

**Mr. Lau Tak Kei, Arthur** (“**Mr. Lau**”), has over 15 years of experience spanning hedge fund, private equity and investment banking in Asia. He is licensed to carry out Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO. He is the co-founder and currently a partner of Ark Pacific Capital Management, a multi-strategy alternative asset manager focusing in Greater China. He was investment director of Elliott Advisors (HK) Ltd (“**Elliott**”), the Asian arm of Elliott Associates, a global multi-strategy hedge fund. During his tenure at Elliott, he was responsible for investments across asset classes including publicly listed securities, private equity, structured credit, real estate and fund-of-funds investments in China, Hong Kong and South East Asia. Prior to this, he worked as an investment banker at Citigroup in the Technology, Media & Telecom team running a wide range of mergers and acquisitions and corporate finance transactions. He began his career at JPMorgan’s investment banking division in Hong Kong. Mr. Lau is also a member of the Beijing Municipal Committee of the Chinese People’s Political Consultative Conference.

- (b) In the event of inconsistency, the English text of this circular shall prevail over the Chinese text thereof.