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金威医疗集团有限公司

Good Fellow Healthcare Holdings Limited

(formerly known as Hua Xia Healthcare Holdings Limited 華夏醫療集團有限公司)*

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8143)

MAJOR TRANSACTION IN RELATION TO THE DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF THE TARGET COMPANY

Financial Advisor to the Company



INCUC Corporate Finance Limited

THE DISPOSAL

On 16 April 2019 (after trading hours of the Stock Exchange), the Vendor, a wholly-owned subsidiary of the Company, and the Purchaser entered into the Disposal Agreement, pursuant to which, the Vendor conditionally agreed to sell and the Purchaser conditionally agreed to purchase the Sale Share, representing the entire issued share capital of the Target Company, at the Consideration of HK\$1,000,000.

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.

* For identification purpose only

GEM LISTING RULES IMPLICATIONS

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 the date of this announcement. 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.

GENERAL

A circular of the Company containing, among other matters, further details of the Disposal, and other information as required under the GEM Listing Rules, is expected to be despatched to the Shareholders on or before 10 May 2019.

Shareholders and potential investors of the Company should note that 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.

THE DISPOSAL

On 16 April 2019 (after trading hours of the Stock Exchange), the Vendor, a wholly-owned subsidiary of the Company, and the Purchaser entered into the Disposal Agreement, pursuant to which, the Vendor conditionally agreed to sell and the Purchaser conditionally agreed to purchase the Sale Share.

THE DISPOSAL AGREEMENT

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

Date

16 April 2019

Parties

Purchaser: Jing Hoi Ou Investment Limited

Vendor: Ally Health International Limited, a wholly-owned subsidiary of the Company

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

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 Share, representing the entire issued share capital of the Target Company.

Consideration

The Consideration for the sale and purchase of the Sale Share is HK\$1,000,000 and shall be payable by the Purchaser in cash on Completion.

The Consideration was determined between the Vendor and the Purchaser after arm's length negotiation and on normal commercial terms, with reference to (i) financial position of the Target Group; (ii) the current and future prospects of the Target Group; and (iii) the benefits to the Group from the Disposal as described under the section headed "Reasons for and benefits of the Disposal and use of proceeds" below.

Having considered the above, the Board considers that the Consideration, which was arrived at after arm's length negotiations, is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

Conditions precedent

Completion shall be conditional upon and subject to the satisfaction or waiver (where applicable) of the following conditions:

- (a) the passing by the Shareholders at an extraordinary general meeting to be convened and held, or by written approval of the majority of the Shareholders, the necessary resolution(s) to approve the Disposal Agreement and the transactions contemplated thereunder;
- (b) all necessary consents, licenses and approvals required to be obtained on the part of the Purchaser in respect of the Disposal Agreement and the transactions contemplated thereunder having been obtained and remaining in full force and effect;
- (c) all necessary consents, licenses and approvals required to be obtained on the part of the Vendor in respect of the Disposal Agreement and the transactions contemplated thereunder having been obtained and remaining in full force and effect;
- (d) the representation and warranties given by the Vendor under the Disposal Agreement remaining true and accurate in all material respects; and
- (e) the representation and warranties given by the Purchaser under the Disposal Agreement remaining true and accurate in all material respects.

The Purchaser may at any time by notice in writing waive the condition (d) set out above. The Vendor may at any time by notice in writing waive the condition (e) set out above. Conditions (a), (b) and (c) set out above are incapable of being waived. The Vendor shall use its best endeavours to procure the fulfilment of the conditions (a), (c) and (d) set out above, and the Purchaser shall use its best endeavours to procure the fulfilment of the conditions (b) and (e) set out above.

If the conditions set out above have not been satisfied (or as the case may be, waived) on or before 4:00 p.m. on 30 September 2019, or such later date as the Vendor and the Purchaser may agree in writing, 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.

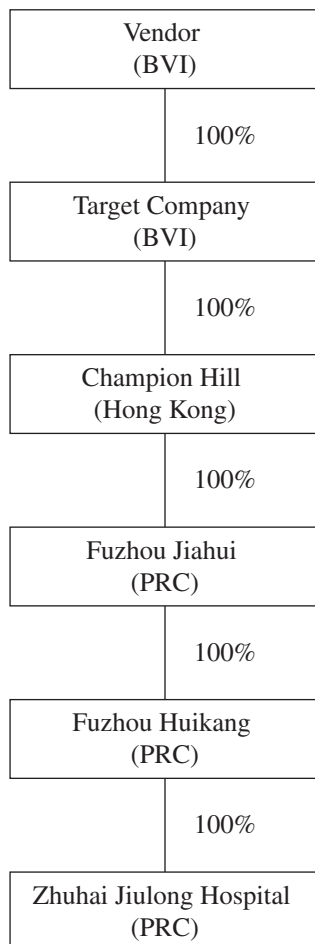
Completion

Upon compliance with or fulfilment (or waiver) of all the above conditions, Completion shall take place on the Completion Date.

INFORMATION OF THE TARGET GROUP

As at the date of this announcement, the shareholding structure of the Target Group is as follows:

The Target Group consists of (i) the Target Company; (ii) Champion Hill; (iii) Fuzhou Jiahui; (iv) Fuzhou Huikang; and (v) Zhuhai Jiulong Hospital.



The Target Company is an investment holding company incorporated in the BVI with limited liability, which is directly wholly-owned by the Vendor. Champion Hill is an investment holding company incorporated in Hong Kong with limited liability, which is directly wholly-owned by the Target Company.

Fuzhou Jiahui and Fuzhou Huikang are companies established under the laws of the PRC with limited liability. Both are investment holding companies. Fuzhou Huikang is directly wholly-owned by Fuzhou Jiahui, which is in turn directly wholly-owned by Champion Hill.

Zhuhai Jiulong Hospital is a company established under the laws of the PRC with limited liability, which is wholly-owned by Fuzhou Huikang. Zhuhai Jiulong Hospital is principally engaged in the operation of a privately-run hospital in the PRC. It provides comprehensive hospital services including preventive care, internal medicine, surgery, obstetrics and gynecology and cosmetic surgery.

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 2018:

	For the year ended 31 March 2017	For the year ended 31 March 2018
	(unaudited)	(unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	82,531	92,516
Profit/(loss) before tax	6,505	(366)
Profit/(loss) after tax	5,823	(366)

The unaudited net liability value of the Target Group as at 31 January 2019 was approximately HK\$11,900,000.

FINANCIAL EFFECT OF THE DISPOSAL

As at the date of this announcement, the Target Company is a 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.

Based on the net proceeds from the Disposal of HK\$520,000 (after deducting of estimated professional fees and other related expenses of approximately HK\$480,000) and the Company's carrying value, being the unaudited net liability value of the Target Group, of the Sale Share of approximately HK\$11,900,000 as at 31 January 2019, it is estimated that the Company will record a gain of approximately HK\$12,420,000 as a result of the Disposal. 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 Completion Date, which is subject to final audit to be performed by the auditors of the Company.

INFORMATION OF THE GROUP, THE VENDOR AND THE PURCHASER

The Group

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.

The Vendor

The Vendor, a company incorporated in the BVI with limited liability, is a direct wholly-owned subsidiary of the Company. The Vendor is an investment holding company.

The Purchaser

The Purchaser, a company incorporated in Hong Kong with limited liability and an Independent Third Party. The Purchaser is an investment holding company.

REASONS FOR AND BENEFITS OF THE DISPOSAL AND USE OF PROCEEDS

The financial performance of the Target Group overturned from a profit for the year ended 31 March 2017 to a loss for the year ended 31 March 2018, which was mainly attributable to the surging selling and distribution expenses as a result of the increase in promotion expenses due to the change in the advertising environment, where the Target Group had to conduct a series of online advertising campaign to promote the brand to potential patients. The competitive environment persists thus the Target Group has continued to spend on the promotion campaigns. As a result, the Target Group's unaudited financial results for the ten months ended 31 January 2019 continued to record a loss. The Directors consider that the market will remain competitive and expect to incur additional promotion expenses to maintain market competitiveness. Therefore, the Directors are of the view that the deteriorating financial performance would not show a turnaround in foreseeable future. The Directors also noted that the operation permit for Zhuhai Jiulong Hospital will expire in September 2019.

Upon completion of the Edward Disposal, the Target Group owed an interest free loan of approximately HK\$31,000,000 to Fujian Maidisen. The interest free loan has no fixed terms and is repayable on demand. Given that the purchaser of the Edward Disposal has initiated discussion with the management of the Group on the terms and repayment schedule of such loan; after reviewing the financial position and the recent financial performance of the Target Group, the Directors consider that without injecting further funding to the Target Group, the Target Group is unable to repay the interest free loan in the event such loan is called upon. Moreover, the operation permit for Zhuhai Jiulong Hospital is due for renewal in September 2019. The management of Zhuhai Jiulong Hospital will commence the renewal process soon but is currently uncertain as to the outcome of the renewal.

The Group's key future plan is to develop and establish Edinburgh International Hospital in the PRC through the Cooperation with the Putian Government, as disclosed in the Cooperative Announcements. Thus, it is the Group's intention to dedicate its resources to focus on the establishment of the Edinburgh International Hospital instead of injecting further funding to the Target Group.

In view of the unsatisfactory financial performance for the year ended 31 March 2018 and the ten months ended 31 January 2019 and insufficient working capital to meet the financial obligation, the Board intends to realise the Group's investment in the Target Group rather than devoting further resources to the Target Group. Moreover, the Group can discharge the interest free loan upon Completion, which will improve the financial position of the Group. It is expected that net proceeds from the Disposal of approximately HK\$520,000 will be used as general working capital of the Group.

Other than Zhuhai Jiulong Hospital, the Group has two general hospitals in operation, which are located in Jiaxing and Beijing in the PRC. The operation of these two general hospitals provide a steady revenue stream and operating income. The Company intends to continue to operate its existing business, including the development of the Edinburgh International Hospital, and has no intention to downsize or terminate the existing business.

Other than continuing the existing operations, the Group is making progress on the Cooperation. As disclosed in the announcement dated 2 April 2019, Edinburgh Hospital Management entered into a refurbishment agreement with CSCEC Construction for the main refurbishment of Edinburgh International Hospital. The agreed budget for the main refurbishment works payable by Edinburgh Hospital Management pursuant to the refurbishment agreement is RMB41,600,000 (equivalent to approximately HK\$48,672,000).

The Edinburgh International Hospital shall comprise two buildings, of which four floors of one building of Edinburgh International Hospital shall commence operations by early-May 2019, being a pilot phase (the “**Pilot Phase**”). The Pilot Phase shall consist of outpatient clinics for family general practice. By October 2019, the scope of services will be expanded to inpatient services.

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.

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 the date of this announcement. 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.

GENERAL

A circular of the Company containing, among other matters, further details of the Disposal, and other information as required to be disclosed under the GEM Listing Rules, is expected to be despatched to the Shareholders on or before 10 May 2019.

Shareholders and potential investors of the Company should note that 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.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Board”	board of the Directors
“Business Day(s)”	a day (other than a Saturday, Sunday or public holiday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“BVI”	British Virgin Islands
“Champion Hill”	Champion Hill Development Limited (晉峰發展有限公司), a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of the Target Company
“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
“Completion Date”	a date falling on or before the third Business Day after the fulfilment (or as appropriate, waiver) of the conditions set out in the Disposal Agreement
“Consideration”	the consideration of HK\$1,000,000 payable by the Purchaser for the Disposal in accordance with the terms and conditions of the Disposal Agreement
“Cooperation”	the establishment and operation of the Edinburgh International Hospital pursuant to the cooperation agreement dated 26 September 2018 with 莆田市醫療健康產業投資有限公司 (Putian Medical Healthcare Investment Co., Ltd [#]), being the representative of the Putian Government

“Cooperation Announcements”	the announcements of the Company dated 26 September 2018 and 12 October 2018 respectively in relation to the Cooperation
“CSCEC Construction”	CSCEC Strait Construction and Development Co., Ltd (中建海峽建設發展有限公司), the independent construction and refurbishment company engaged by the Group for the refurbishment of Edinburgh International Hospital
“Director(s)”	director(s) of the Company
“Disposal”	the proposed disposal of the Sale Share by the Vendor to the Purchaser pursuant to the Disposal Agreement
“Disposal Agreement”	the conditional sale and purchase agreement dated 16 April 2019 entered into between the Purchaser and the Vendor relating to the Disposal
“Edinburgh Hospital Management”	愛丁堡醫院管理 (莆田) 有限公司, (Edinburgh Hospital Management (Putian) Company Limited [#]), a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of Edinburgh International
“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
“Edinburgh International Hospital”	a new hospital to be named “Edinburgh International Hospital”, and to be established in the Putian, Fujian, the PRC
“Edward Disposal”	the disposal of Hero Vision Group as disclosed in the circular of the Company dated 19 November 2018 and had been completed on 31 January 2019
“Fujian Maidisen”	福建邁迪森實業有限公司 (Fujian Maidisen Enterprises Company Limited [#]), a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of Hero Vision

“Fuzhou Huikang”	福州匯康企業管理諮詢有限公司 (Fuzhou Huikang Enterprise Management Consultancy Limited [#]), a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Target Company
“Fuzhou Jiahui”	福州嘉匯企業管理諮詢有限公司 (Fuzhou Jiahui Enterprise Management Consultancy Limited [#]), a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Target 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
“Hero Vision”	Hero Vision Enterprises Limited (雄景企業有限公司), a company incorporated in the BVI with limited liability and was an indirect wholly-owned subsidiary of the Company prior to the completion of Edward Disposal
“Hero Vision Group”	Hero Vision 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)
“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 date of this announcement

“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Purchaser”	Jing Hoi Ou Investment Limited (盈海澳投資有限公司), a company incorporated in Hong Kong with limited liability and an Independent Third Party
“Putian Government”	the Putian Municipal People’s Government of the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Share”	1 issued share of US\$1 each in the share capital of the Target Company, being the entire issued share capital of the Target Company
“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 date of this announcement, 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”	Sino Brave Investments Limited (比華投資有限公司), a company incorporated in the BVI with limited liability and an indirect wholly-owned subsidiary of the Company
“Target Group”	the Target Company and its subsidiaries
“US\$”	United States dollar(s), the lawful currency of the United States of America

“Vendor”	Ally Health International Limited (康匯國際有限公司), a company incorporated in the BVI with limited liability and a direct wholly-owned subsidiary of the Company
“Zhuhai Jiulong Hospital”	珠海九龍醫院有限公司 (Zhuhai Jiulong Hospital Limited [#]), a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Target Company
“%”	per cent.

By order of the Board
Good Fellow Healthcare Holdings Limited
Ng Chi Lung
Chairman and Executive Director

Hong Kong, 16 April 2019

For the purposes of illustration only, amounts denominated in RMB in this announcement have been translated into HK\$ at the rate of RMB1.00 = HK\$1.17. 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.

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

As at the date of this announcement, the Board comprises Mr. Ng Chi Lung, Dr. Jiang Tao and Mr. Zheng Gang as executive Directors; Ms. Wong Ka Wai, Jeanne, Dr. Lam Huen Sum and Mr. Liu Chenli as independent non-executive Directors.

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

This announcement will be published on the GEM website at <http://www.hkgem.com> on the “Latest Company Announcement” page for at least 7 days from the date of publication and on the Company’s website at <http://www.gf-healthcare.com>