
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular, 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 (the “Company”), you should at once hand this circular and the accompanying proxy form to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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This circular appears for information only and does not constitute an invitation or offer to Shareholders or any other persons to acquire, purchase, or subscribe for securities of the Company.



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)

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

Financial Adviser to the Company



金利豐財務顧問
KINGSTON CORPORATE FINANCE

**Independent Financial Adviser to
the Independent Board Committee and Independent Shareholders**



GLOBAL MASTERMIND SECURITIES LIMITED
環球大通證券有限公司

Placing Agent to the Rights Issue



金利豐證券
KINGSTON SECURITIES

A letter from the Board is set out on pages 12 to 53 of this circular and a letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 54 to 55 of this circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 56 to 77 of this circular.

It should be noted that the Shares will be dealt in on an ex-rights basis from Thursday, 8 May 2025. Dealings in the Rights Shares in nil-paid form are expected to take place from Monday, 26 May 2025 to Monday, 2 June 2025 (both days inclusive). If the conditions of the Rights Issue are not fulfilled, the Rights Issue will not proceed. Any person contemplating dealing in the nil-paid Rights Shares during the period from Monday, 26 May 2025 to Monday, 2 June 2025 (both days inclusive) will accordingly bear the risk that the Rights Issue may not become unconditional and/or may not proceed. Any person contemplating dealing in the Shares and/or the Rights Shares in their nil-paid form are recommended to consult his/her/its/their own professional advisers.

A notice convening an extraordinary general meeting of the Company to be held at 2/F, 35-45B Bonham Strand, Sheung Wan, Hong Kong on Tuesday, 6 May 2025 at 11:00 a.m. is set out on pages EGM-1 to EGM-3 of this circular. Whether or not you are able to attend the extraordinary general meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the office of the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not less than 48 hours (i.e. 11:00 a.m. on Sunday, 4 May 2025) before the time appointed for holding the extraordinary general meeting or any adjournment thereof (as the case may be). Completion and return of the form of proxy shall not preclude you from attending and voting in person at the extraordinary general meeting or any adjourned meeting thereof should you so desire and in such event, the form of proxy shall be deemed to be revoked.

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 conditions. Please refer to the section headed “Letter from the Board – Conditions of the Rights Issue” in this circular. 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. In the event that the Rights Issue is not fully subscribed, any Rights Shares not taken up by the Qualifying Shareholders or holders of nil-paid Rights Shares together with the ES Unsold Rights Shares will be placed to independent placees on a best effort basis under the Compensatory Arrangements. 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.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares and/or nil-paid Rights Shares up to the date when the conditions of the Rights Issue are fulfilled.

17 April 2025

CHARACTERISTICS OF GEM

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 of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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DEFINITIONS

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

“2011 Share Option Scheme”	the share option scheme adopted by the Company on 10 August 2011, which has expired on its tenth anniversary
“Adoption Date”	the date on which the New Share Option Scheme becomes unconditional
“Announcement”	the announcement of the Company dated 14 March 2025 in relation to, among other things, the Rights Issue and the Placing and the respective transactions contemplated thereunder
“Articles”	the articles of association of the Company
“associate(s)”	has the meaning as defined in the GEM Listing Rules
“Board”	the board of Directors
“Business Day”	a day (excluding Saturday and Sunday and public holiday) on which licensed banks in Hong Kong are open for general business
“close associate(s)”	has the meaning as defined in the Listing Rules
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Company”	Good Fellow Healthcare Holdings Limited (金威醫療集團有限公司), a company incorporated in the Cayman Islands with limited liability whose issued Shares are listed on the Stock Exchange (stock code: 8143)
“Compensatory Arrangements”	the compensatory arrangements pursuant to Rule 10.31(1)(b) of the GEM Listing Rules as described in the section headed “Procedures in respect of the Unsubscribed Rights Shares and ES Unsold Rights Shares and the Compensatory Arrangements” in this circular
“Convertible Preference Share(s)”	non-voting convertible preference share(s) of HK\$0.05 each in the share capital of the Company
“controlling shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules

DEFINITIONS

“connected person(s)”	has the meaning as defined in the GEM Listing Rules
“core connected person(s)”	has the meaning as defined in the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held at 2/F, 35–45B Bonham Strand, Sheung Wan, Hong Kong on Tuesday, 6 May 2025 at 11:00 a.m. to consider and, if appropriate, to approve the resolutions contained in the notice of the extraordinary general meeting which is set out on pages EGM-1 to EGM-3 of this circular, or any adjournment thereof
“Eligible Participants”	<p>(a) the Employee Participant(s);</p> <p>(b) the Related Entity Participant(s); and</p> <p>(c) the Service Provider(s), provided that the Board may have absolute discretion to determine whether or not one falls within the above category</p>
“Employee Participant(s)”	the director(s) and employee(s) (whether full-time or part-time but excludes a former employee of the Group unless such former employee otherwise qualifies as an Eligible Participant) of any member of the Group (including persons who are granted Options under the New Share Option Scheme as inducement to enter into employment contracts with any member of the Group)
“ES Unsold Rights Shares”	the Rights Share(s) which would otherwise has/have been provisionally allotted to the Excluded Shareholders (if any) in nil-paid form that has/have not been sold by the Company
“Excluded Shareholder(s)”	those Overseas Shareholder(s) whom the Directors, after making enquiries, consider it necessary, or expedient not to offer the Rights Shares to such Shareholder(s) on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“Existing Share(s)/Share(s)”	ordinary share(s) of par value of HK\$0.05 each in the share capital of the Company

DEFINITIONS

“GEM Listing Committee”	has the same meaning ascribed to it under the GEM Listing Rules
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
“Grantee”	any Eligible Participant who accepts the Offer in accordance with the terms of the New Share Option Scheme
“Group”	the Company and its subsidiaries, and “members of the Group” shall mean the Company and/or any of its subsidiary(ies)
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board, comprising all the independent non-executive Directors, which has been established to make recommendations to the Independent Shareholders in respect of the terms of the Rights Issue
“Independent Financial Adviser”	Global Mastermind Securities Limited, a corporation licensed to carry out Type 1 (dealing securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed by the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue and as to voting
“Independent Shareholder(s)”	any Shareholder(s) who are not required to abstain from voting at the EGM under the GEM Listing Rules
“inside information”	has the meaning defined in the SFO as amended from time to time
“Irrevocable Undertakings”	collectively, the Solar Undertaking and Mr. Ng’s Undertaking
“Last Trading Day”	Friday, 14 March 2025, being the last trading day of the Shares on the Stock Exchange immediately prior to the release of the Announcement

DEFINITIONS

“Latest Practicable Date”	14 April 2025, being the latest practicable date for ascertaining certain information contained in this circular
“Latest Time for Acceptance”	4:00 p.m. on Thursday, 5 June 2025, or such later time or date as may be determined by the Company, being the latest time for acceptance of and payment for the Rights Shares as described in the Prospectus Documents
“Latest Time for Termination”	4:00 p.m. on Monday, 23 June 2025, being the latest time to terminate the Placing Agreement
“Mr. Ng”	Mr. Ng Chi Lung, the chairman of the Board and an executive Director
“Mr. Ng’s Undertaking”	the irrevocable undertaking given by Mr. Ng in favour of the Company, details of which is set out in the paragraph headed “Letter from the Board – Proposed Rights Issue – The Irrevocable Undertakings” in this circular
“Net Gain”	the aggregate of any premiums (being the aggregate amount paid by the placees after deducting the aggregate amount of the Subscription Price for the Unsubscribed Rights Shares and ES Unsold Rights Shares placed by the Placing Agent and/or its sub-placing agent(s) under the Placing Agreement) under the Compensatory Arrangements
“No Action Shareholder”	Qualifying Shareholders who do not subscribe for the Rights Shares (whether partially or fully) under the PALs or their renounees, or such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed, and/or the Excluded Shareholders (if any)
“New Share Option Scheme”	the new share option scheme proposed to be adopted by the Company at the EGM
“Offer”	an offer for the grant of an Option made in accordance with the terms of the New Share Option Scheme
“Offer Date”	the date on which an Offer is made to an Eligible Participant(s)
“Option(s)”	any option(s) to be granted to Eligible Participant(s) to subscribe for new Share(s) under the New Share Option Scheme

DEFINITIONS

“Option Subscription Price”	the price per Share at which a Grantee may subscribe for Shares on the exercise of an Option
“Option Period”	in respect of any particular Option, the period to be determined and notified by the Directors to the Grantee thereof at the time of making an Offer provided that such period shall not exceed the period of ten (10) years from the date of the grant of the particular Option but subject to the provisions for early termination thereof contained in the New Share Option Scheme
“Overseas Shareholders”	Shareholder(s) whose name(s) appear on the register of members of the Company on the Record Date and whose address(es) as shown on such register is/are in a place(s) outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) proposed to be issued to the Qualifying Shareholders in connection with the Rights Issue
“Personal Representative(s)”	the person or persons who, in accordance with the laws of succession applicable in respect of the death of a Grantee, is or are entitled to exercise the Option granted to such Grantee (to the extent not already exercised)
“Placing”	the offer by way of private placing of the Unsubscribed Rights Shares and ES Unsold Rights Shares on a best effort basis by the Placing Agent and/or its sub-placing agent(s) to independent placee(s), who and whose ultimate beneficial owners shall not be the Shareholder(s) and shall be Independent Third Party(ies), during the Placing Period on the terms and subject to the conditions set out in the Placing Agreement
“Placing Agent”	Kingston Securities Limited, a corporation licensed to engage in Type 1 (dealing in securities) regulated activity under the SFO
“Placing Agreement”	the placing agreement dated 14 March 2025 and entered into between the Company and the Placing Agent in relation to the Placing

DEFINITIONS

“Placing Period”	the period commencing from Friday, 13 June 2025 and ending at 4:00 p.m. on Friday, 20 June 2025
“PRC”	the People’s Republic of China, and for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Prospectus Documents”	the Prospectus and PAL
“Prospectus Posting Date”	Thursday, 22 May 2025 or such other date as may be determined by the Company, being the date on which the Prospectus Documents are made available to the Qualifying Shareholders and the Prospectus for information only to the Excluded Shareholders
“Qualifying Shareholder(s)”	Shareholder(s) whose name(s) appear(s) on the register of members of the Company on the Record Date, other than the Excluded Shareholder(s)
“Record Date”	Friday, 16 May 2025 or such other date as may be determined by the Company, being the date for determining entitlements of the Shareholders to participate in the Rights Issue
“Registrar”	Tricor Investor Services Limited, the Company’s Hong Kong branch share registrar and transfer office, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong
“Related Entity Participant(s)”	directors and employees (whether full time or part time but excludes any former employee unless such former employee otherwise qualifies as an Eligible Participant) of the holding companies, fellow subsidiaries or associated companies of the Company
“Rights Issue”	the proposed issue by way of rights on the basis of one (1) Rights Share for every one (1) Existing Share held by the Qualifying Shareholders on the Record Date at the Subscription Price on the terms and subject to the conditions set out in the Prospectus Documents

DEFINITIONS

“Rights Share(s)”	up to 563,649,988 Shares (assuming no change in the number of Existing Shares in issue on or before the Record Date) or up to 583,349,988 Shares (assuming no change in the number of Existing Shares in issue except for the new Shares to be allotted and issued upon full conversion of the Convertible Preference Shares on or before the Record Date) to be allotted and issued pursuant to the Rights Issue
“Scheme Mandate Limit”	the total number of Shares in respect of which Options may be granted pursuant to the New Share Option Scheme and any other share schemes of the Company
“Service Provider(s)”	person(s) who provide services to any member of the Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long term growth of the Group, which include any independent contractor, supplier, agent, consultant or adviser to any area of business or business development of the Group, but excluding any placing agents or financial advisers providing advisory services for fundraising, mergers or acquisitions, and other professional services providers such as auditors or valuers who provide assurance, or are required to perform their services with impartiality and objectivity
“Service Provider Sublimit”	within the Scheme Mandate Limit, the maximum number of Shares which may be issued in respect of all Options which may be granted at any time under the New Share Option Scheme, together with options and awards which may be granted under any other share schemes to the Service Providers
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	holder(s) of Share(s)
“Shareholder’s Loans”	the loan facilities of up to HK\$22 million bearing the interest rate of 6% per annum granted by Mr. Ng in favour of the Company

DEFINITIONS

“Solar Star”	Solar Star Global Limited, a controlling shareholder of the Company and a company incorporated in the British Virgin Islands with limited liability, which is owned as to 50% by Mr. Ng, 25% by Ms. Ng Si Wing, who is a sister of Mr. Ng, and 25% by Ms. Ng Yin, who is also a sister of Mr. Ng, as at the Latest Practicable Date
“Solar Undertaking”	the irrevocable undertaking given by Solar Star in favour of the Company, details of which is set out in the paragraph headed “Letter from the Board – Proposed Rights Issue – The Irrevocable Undertakings” in this circular
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.05 per Rights Share
“substantial shareholder”	has the meaning ascribed to it under the GEM Listing Rules
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“Termination Date”	close of business of the Company on the date which falls ten (10) years after the Adoption Date
“Treasury Shares”	Shares repurchased and held by the Company in treasury, as authorised by the laws of the Cayman Islands, and for the purposes of the New Share Option Scheme, new Shares include Treasury Shares and the issue of new Shares includes the transfer of Treasury Shares
“Unsubscribed Rights Shares”	the Rights Shares that are not subscribed by the Qualifying Shareholders or holders of nil-paid rights
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“%”	per cent.

EXPECTED TIMETABLE

The expected timetable for the Rights Issue set out below is indicative only and has been prepared on the assumption that the Rights Issue will be approved by the Independent Shareholders at the EGM. The expected timetable is subject to change, and any such change will be announced in a separate announcement by the Company as and when appropriate.

Events	Time and date
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Latest date and time for lodging transfer documents in order for the transferees to qualify for attending and voting at EGM	4:30 p.m. on Friday, 25 April 2025
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Closure of register of members for determining the entitlement to attend and vote at the EGM (both dates inclusive)	Saturday, 26 April 2025 to Tuesday, 6 May 2025
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Latest date and time for lodging the proxy form for the EGM	11:00 a.m. on Sunday, 4 May 2025
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Record date for determining entitlements to attend and vote at the EGM	Tuesday, 6 May 2025
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Expected date and time of the EGM to approve the Rights Issue and the New Share Option Scheme	11:00 a.m. on Tuesday, 6 May 2025
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Publication of announcement of poll results of the EGM	Tuesday, 6 May 2025
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Re-opening of the register of members of the Company	Wednesday, 7 May 2025
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The following events are conditional upon the results of the EGM and therefore the dates are tentative only.

Last day of dealings in the Shares on a cum-rights basis	Wednesday, 7 May 2025
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First day of dealings in the Shares on an ex-rights basis relating to the Rights Issue	Thursday, 8 May 2025
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Latest date and time for lodging transfer documents of the Shares in order for the transferees to qualify for the Rights Issue	4:30 p.m. on Friday, 9 May 2025
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EXPECTED TIMETABLE

Events	Time and date
Closure of register of members to determine the entitlements to the Rights Issue (both dates inclusive)	Monday, 12 May 2025 to Friday, 16 May 2025
Record Date for determining entitlements for the Rights Issue	Friday, 16 May 2025
Re-opening of the register of members of the Company	Monday, 19 May 2025
Expected date of despatch of Prospectus Documents to the Qualifying Shareholders (in the case of the Excluded Shareholders, the Prospectus only)	Thursday, 22 May 2025
First day of dealings in nil-paid Rights Shares	Monday, 26 May 2025
Latest time for splitting the PALs	4:30 p.m. on Wednesday, 28 May 2025
Last day of dealings in nil-paid Rights Shares	Monday, 2 June 2025
Latest time for acceptance of and payment for the Rights Shares	4:00 p.m. on Thursday, 5 June 2025
Announcement of the number of the Unsubscribed Rights Shares and ES Unsold Shares subject to the Placing	Thursday, 12 June 2025
Commencement of the Placing Period (if there are any Unsubscribed Rights Shares and ES Unsold Rights Shares available)	Friday, 13 June 2025
Latest time for placing of Unsubscribed Shares and ES Unsold Rights Shares (if any)	4:00 p.m. on Friday, 20 June 2025
Latest time for the Rights Issue and the Placing to become unconditional	4:00 p.m. on Monday, 23 June 2025
Announcement of the results of the Rights Issue (including the results of the Placing and the Net Gain)	Thursday, 26 June 2025

EXPECTED TIMETABLE

Events	Time and date
Despatch of share certificates of fully-paid Rights Shares and/or refund cheques, if any, in respect of wholly or partially unsuccessful applications	Monday, 30 June 2025
First day of dealings in fully-paid Rights Shares commence	Wednesday, 2 July 2025
Payment of Net Gain to relevant No Action Shareholders (if any) or Non-Qualifying Shareholders (if any)	Wednesday, 9 July 2025

Note: All times and dates in this timetable refer to Hong Kong local times and dates. In the event that any special circumstances arise, such dates and deadlines may be adjusted by the Board if it considers appropriate. Any changes to the expected timetable will be published or notified to the Shareholders by way of announcement(s) on the website of the Stock Exchange and on the website of the Company as and when appropriate.

EFFECT OF BAD WEATHER AND/OR EXTREME CONDITIONS ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES

The Latest Time for Acceptance will not take place if a tropical cyclone warning signal no. 8 or above, or “extreme conditions” or a “black” rainstorm warning is:

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Thursday, 5 June 2025. Instead, the Latest Time for Acceptance will be extended to 5:00 p.m. on the same Business Day;
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Thursday, 5 June 2025. Instead, the Latest Time for Acceptance will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

If the Latest Time for Acceptance does not take place on Thursday, 5 June 2025, the dates mentioned in the expected timetable may be affected. The Company will notify Shareholders by way of announcement on any change to the expected timetable as soon as practicable.

LETTER FROM THE BOARD



金威医疗集团有限公司

Good Fellow Healthcare Holdings Limited

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8143)

Executive Directors:

Mr. Ng Chi Lung (*Chairman*)

Mr. Wu Qiyu

Independent non-executive Directors:

Ms. Wong Ka Wai, Jeanne

Mr. Lau Tak Kei Arthur

Mr. Lin Yaomin

Registered office:

P.O. Box 31119

Grand Pavilion Hibiscus Way

802 West Bay Road

Grand Cayman

KY1-1205

Cayman Islands

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

Room 2101, 21/F

China Merchants Tower

Shun Tak Centre

168-200 Connaught Road Central

Hong Kong

17 April 2025

To the Shareholders

Dear Sir or Madam,

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

INTRODUCTION

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

LETTER FROM THE BOARD

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

PROPOSED RIGHTS ISSUE

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

Details of the Rights Issue are set out below:

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

LETTER FROM THE BOARD

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

LETTER FROM THE BOARD

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

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

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

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

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

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

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

LETTER FROM THE BOARD

Non-underwritten basis

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

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

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

LETTER FROM THE BOARD

Subscription Price

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

The Subscription Price represents:

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

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

Determination of the Subscription Price

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

Qualifying Shareholders

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

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

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

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

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

Rights of Overseas Shareholders

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

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

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

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

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

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Basis of provisional allotment

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

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

No fractional entitlements to the Rights Shares

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

Status of the Rights Shares

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

Share certificates and refund cheques for the Rights Issue

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

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

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

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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.

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- 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.

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Ranking of the placed : The placed Unsubscribed Rights Shares and ES Unsold Rights
Unsubscribed Shares (when allotted, issued and fully paid, if any) shall rank
Rights Shares and *pari passu* in all respects among themselves and with the
ES Unsold Rights Shares in issue as at the date of completion of the Rights
Shares Issue.

Conditions of the : The obligations of the Placing Agent under the Placing
Placing Agreement 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

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

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

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

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- (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.

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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

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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.

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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;

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

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

Application for listing of the Rights Shares

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

Rights Shares will be eligible for admission into CCASS

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

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

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Stamp duty and other applicable fees

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

Taxation

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

Conditions of the Rights Issue

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

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

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

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

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

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

CLOSURE OF REGISTER OF MEMBERS FOR EGM

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

CLOSURE OF REGISTER OF MEMBERS FOR RIGHTS ISSUE

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

LETTER FROM THE BOARD

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.

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

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

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

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

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

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

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

Rights Issue as the preferred fund raising activity of the Group

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

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

LETTER FROM THE BOARD

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

Risk factors associated with the operation of the Group

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

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

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

As at the Latest Practicable Date, the operation of the Beijing Huicheng has been temporarily suspended, and the resumption of which is subject to, among others, the approval by the Beijing Municipal Dongcheng District Health Commission[#] (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.

[#] For identification purpose only

LETTER FROM THE BOARD

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

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

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

	As at the Latest Practicable Date		Immediately upon completion of the Rights Issue assuming full acceptance by all Qualifying Shareholders		Immediately upon completion of the Rights Issue assuming no Qualifying Shareholders takes up any of his/her/its entitlement under the Rights Issue except for Solar Star and Mr. Ng pursuant to the Irrevocable Undertakings and the Unsubscribed Rights Shares and the ES Unsold Rights Shares have been placed by the Placing Agent		Immediately upon completion of the Rights Issue assuming (a) no Qualifying Shareholders takes up any of his/her/its entitlements under the Rights Issue except for Mr. Ng and Solar Star pursuant to the Irrevocable Undertakings; and (b) none of the Unsubscribed Rights Shares and ES Unsold Rights Shares are taken up by independent place(s) under the Compensatory Arrangements		Immediately upon completion of the Rights Issue assuming (a) no Qualifying Shareholders takes up any of his/her/its entitlements under the Rights Issue except for (i) Mr. Ng and Solar Star pursuant to the Irrevocable Undertakings; and (ii) New Hope International; and (b) none of the Unsubscribed Rights Shares and ES Unsold Rights Shares are taken up by independent place(s) under the Compensatory Arrangements (Note 3)		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; (b) none of the Unsubscribed Rights Shares and ES Unsold Rights Shares are taken up by independent place(s) under the Compensatory Arrangements; and (c) the number of Rights Shares allotted and issued to Solar Star is scaled down to comply with the public float requirement (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 places	-	-	-	-	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>891,841,880</u>	<u>100.00</u>	<u>960,485,387</u>	<u>100.00</u>	<u>667,258,356</u>	<u>100.00</u>

Notes:

- The issued share capital of Solar Star is owned as to 50% by Mr. Ng, 25% by Ms. Ng Si Wing and 25% by Ms. Ng Yin. As such, Mr. Ng Chi Lung is deemed to be interested in all the Shares in which Solar Star is interested under Part XV of the SFO.
- New Hope International is interested in 68,643,507 Shares. New Hope International is owned as to 75% by Southern Hope Enterprise Co., Ltd.[#] (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.

[#] For identification purpose only

LETTER FROM THE BOARD

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

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

	As at the Latest Practicable Date		Immediately upon completion of the Rights Issue assuming full acceptance by all Qualifying Shareholders		Immediately upon completion of the Rights Issue assuming no Qualifying Shareholders takes up any of his/her/its entitlement under the Rights Issue except for Solar Star and Mr. Ng pursuant to the Irrevocable Undertakings and the Unsubscribed Rights Shares and the ES Unsold Rights Shares have been placed by the Placing Agent		Immediately upon completion of the Rights Issue assuming (a) no Qualifying Shareholders takes up any of his/her/its entitlements under the Rights Issue except for Mr. Ng and Solar Star pursuant to the Irrevocable Undertakings; and (b) none of the Unsubscribed Rights Shares and ES Unsold Rights Shares are taken up by independent place(s) under the Compensatory Arrangements		Immediately upon completion of the Rights Issue assuming (a) no Qualifying Shareholders takes up any of his/her/its entitlements under the Rights Issue except for (i) Mr. Ng and Solar Star pursuant to the Irrevocable Undertakings; and (ii) New Hope International; and (b) none of the Unsubscribed Rights Shares and ES Unsold Rights Shares are taken up by independent place(s) under the Compensatory Arrangements (Note 3)		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	54.23	632,783,784	54.23	632,783,784	54.23	632,783,784	69.42	632,783,784	64.56	398,656,753	53.44
Substantial Shareholder												
New Hope International (Hong Kong) Limited ("New Hope International") (Note 2)	68,643,507	11.77	137,287,014	11.77	68,643,507	5.88	68,643,507	7.53	137,287,014	14.00	137,287,014	18.40
Director												
Mr. Ng (Note 1)	11,800,000	2.02	23,600,000	2.02	23,600,000	2.02	23,600,000	2.59	23,600,000	2.41	23,600,000	3.16
Public Shareholders												
Holder of Convertible Preference Shares	19,700,000	3.38	39,400,000	3.38	19,700,000	1.69	19,700,000	2.16	19,700,000	2.16	19,700,000	2.64
Independent places	-	-	-	-	255,158,096	21.87	-	-	-	-	-	-
Other public Shareholders	166,814,589	28.60	333,629,178	28.60	166,814,589	14.30	166,814,589	18.70	166,814,589	17.02	166,814,589	22.36
	583,349,988	100.00	1,166,699,976	100.00	1,127,299,976	100.00	911,541,880	100.00	960,485,387	100.00	746,058,356	100.00

LETTER FROM THE BOARD

Notes:

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

FUNDRAISING EXERCISE IN THE PAST TWELVE MONTHS

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

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LETTER FROM THE BOARD

WORKING CAPITAL

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

POSSIBLE ADJUSTMENTS IN RELATION TO THE CONVERTIBLE PREFERENCE SHARES

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

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

GEM LISTING RULES IMPLICATIONS

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

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

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

LETTER FROM THE BOARD

DESPATCH OF PROSPECTUS DOCUMENTS

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

PROPOSED ADOPTION OF THE NEW SHARE OPTION SCHEME

The 2011 Share Option Scheme

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

Adoption of the New Share Option Scheme

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

Purpose

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

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

Eligible Participants

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

LETTER FROM THE BOARD

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

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

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

LETTER FROM THE BOARD

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

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

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

LETTER FROM THE BOARD

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

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

LETTER FROM THE BOARD

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

LETTER FROM THE BOARD

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

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

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

LETTER FROM THE BOARD

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

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

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

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

LETTER FROM THE BOARD

Conditions Precedent of the New Share Option Scheme

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

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

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

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

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

LETTER FROM THE BOARD

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

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

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

Maximum number of Shares subject to the New Share Option Scheme

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

LETTER FROM THE BOARD

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

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

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

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

Explanation of the terms of the New Share Option Scheme

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

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

LETTER FROM THE BOARD

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

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

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

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

LETTER FROM THE BOARD

Document on display

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

Application for Listing

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

Competing Interest

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

EGM

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

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

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

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

LETTER FROM THE BOARD

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

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

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

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

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

RECOMMENDATIONS

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

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

LETTER FROM THE BOARD

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

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

ADDITIONAL INFORMATION

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

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



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)

17 April 2025

To the Independent Shareholders

Dear Sir or Madam,

PROPOSED RIGHTS ISSUE ON THE BASIS OF ONE RIGHTS SHARE FOR EVERY ONE EXISTING SHARE HELD ON THE RECORD DATE

We refer to the circular of the Company dated 17 April 2025 (the “**Circular**”) of which this letter forms part. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Circular.

We have been appointed by the Board as the Independent Board Committee to advise the Independent Shareholders as to whether the terms of the Rights Issue are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote at the EGM.

Global Mastermind Securities Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Rights Issue are fair and reasonable. Details of its recommendation, together with the principal factors and reasons taken into consideration in arriving at such recommendation, are set out on pages 56 to 77 of the Circular.

Your attention is also drawn to the letter from the Board set out on pages 12 to 53 of the Circular.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered the factors and reasons considered by, and the opinion of, the Independent Financial Adviser as set out in its letter of advice to the Independent Shareholders and the Independent Board Committee on pages 56 to 77 of the Circular, we are of the opinion that the terms of the Rights Issue are fair and reasonable and in the interests of the Company and the Shareholders as a whole. We therefore recommend the Independent Shareholders to vote in favour of the resolution(s) to be proposed at the EGM to approve the Rights Issue.

Yours faithfully,
For and on behalf of
The Independent Board Committee

Ms. Wong Ka Wai, Jeanne

Mr. Lau Tak Kei Arthur

Mr. Lin Yaomin

Independent non-executive Directors

Good Fellow Healthcare Holdings Limited

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the text of a letter of advice from Global Mastermind Securities Limited, which has been prepared for the purpose of incorporation into this circular, setting out its opinion to the Independent Board Committee and the Independent Shareholders in connection with the Rights Issue.



GLOBAL MASTERMIND SECURITIES LIMITED
環球大通證券有限公司

Unit 1203, 12/F
West Tower, Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

17 April 2025

*To Independent Board Committee and the Independent Shareholders of
Good Fellow Healthcare Holdings Limited*

Dear Sir or Madam,

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

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Rights Issue, details of which are set out in the “Letter from the Board” (the “**Board’s Letter**”) contained in the circular of the Company dated 17 April 2025 (the “**Circular**”). Terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

The Company proposes to raise gross proceeds of up to (i) approximately HK\$28.2 million (assuming full subscription under the Rights Issue and no change in the number of Existing Shares on or before the Record Date) by issuing up to 563,649,988 Rights Shares; or (ii) approximately HK\$29.2 million (assuming full subscription under the Rights Issue and no change in the number of Existing Shares in issue except for the new Shares to be allotted and issued upon full conversion of the Convertible Preference Shares on or before the Record Date) by issuing up to 583,349,988 Rights Shares at the Subscription Price of HK\$0.05 per Rights Share on the basis of one (1) Rights Share for every one (1) Existing Share held by the Qualifying Shareholders at the close of business on the Record Date. The Rights Issue is not underwritten, only available to the Qualifying Shareholders and will not be extended to the Excluded Shareholder(s) (if any).

Given that the Rights Issue will increase the issued share capital of the Company by more than 50%, under Rules 10.24 and 10.29(1) of the GEM Listing Rules, the Rights Issue is subject to the approval of the Independent Shareholders by way of poll at the EGM at which any

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

controlling Shareholders and their respective associates or, where there are no controlling Shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company, and their respective associates shall abstain from voting in favour of the resolution approving the Rights Issue.

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

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

THE INDEPENDENT BOARD COMMITTEE

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

We, Global Mastermind Securities Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard with the approval of the Independent Board Committee.

OUR INDEPENDENCE

We have not acted as an independent financial adviser and has not provided any other services to the Company during the past two years. As at the Latest Practicable Date, we were not aware of any relationships or interests between us and the Company, its subsidiaries, its associates or their respective substantial shareholders or associates that could reasonably be regarded as hindrance to our independence as defined under Rule 17.96 of the GEM Listing Rules to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue. We are not associated with the Company, its subsidiaries, its associates or their respective substantial shareholders or associates, and accordingly, are eligible to give independent advice and recommendations on the Rights Issue. Apart from normal professional fees payable to us in connection with this appointment as the Independent Financial Adviser, no arrangement exists whereby we will receive any fees from the Company, its subsidiaries, its associates or their respective substantial shareholders or associates.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

BASIS OF OUR OPINION

In formulating our opinion and advice, we have considered, among other things, (i) the information contained or referred to in the Circular; (ii) the annual report of the Company for the year ended 31 March 2024 (the “**Annual Report 2023/24**” respectively) and the interim report of the Company for the six months ended 30 September 2024 (the “**Interim Report 2024/25**”); and (iii) the information and opinions provided by the Directors and/or the management of the Group (the “**Management**”).

We have assumed that all the information provided and representations and opinions expressed to us or contained or referred to in the Circular were true, accurate and complete in all material respects as at the date thereof and may be relied upon. We have also assumed that all statements contained and representations made or referred to in the Circular are true in all material respects at the time they were made and continue to be true in all material respects as at the Latest Practicable Date and all such statements of belief, opinions and intentions of the Directors and the Management and those as set out or referred to in the Circular were reasonably made after due and careful enquiry. We have no reason to suspect the truth, accuracy and completeness of such information and representations provided to us by the Directors and the Management. The Directors have confirmed to us that no material facts have been omitted from the information supplied and opinions expressed. We have no reason to doubt that any relevant material facts have been withheld or omitted from the information provided and referred to in the Circular or the reasonableness of the opinions and representations provided to us by the Directors and the Management. We will notify the Shareholders of any material change of information in the Circular up to the date of the EGM.

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 the 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 the Circular misleading.

We consider that we have been provided with sufficient information and have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion. We have not, however, carried out any independent verification of the information provided, nor have we conducted any independent investigation into the business, financial conditions, affairs and future prospect of the Group.

We have not considered the tax and regulatory implications on the Independent Shareholders regarding the Rights Issue since these depend on their individual circumstances. In particular, the Independent Shareholders who are resident overseas or subject to overseas taxes or Hong Kong taxation on securities dealings should consider their own tax positions, and if in any doubt, should consult their own professional adviser.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

This letter is issued for the Independent Board Committee and the Independent Shareholders, solely in respect of the Rights Issue and, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our recommendation to the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue, we have taken into consideration the following principal factors and reasons:

1. Background information of the Group

(a) *Business*

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

The Group operates one general hospital, namely 北京惠城醫院有限公司 (formerly known as 北京紫荊醫院有限公司) (“**Beijing Huicheng**”), in Beijing in the PRC. The operation of Beijing Huicheng has been suspended from January 2024 to April 2024 in accordance with the notice from 北京市東城區衛生健康委員會 due to demerit points accumulated in 2023. Further details are disclosed in the announcements of the Company dated 3 January 2024, 31 January 2024 and 22 April 2024.

Following the resumption of operations of Beijing Huicheng in April 2024, in view of the unsatisfactory performance of Beijing Huicheng since its resumption of operations and the challenges faced by the traditional healthcare business, Beijing Huicheng’s application for suspension of operation has been approved and the operation of which has been suspended in or around November 2024 and until 1 December 2025. In the event that Beijing Huicheng does not apply for the resumption of operation before the expiry of the such temporary suspension period, its relevant operation certificate will be cancelled in accordance with the applicable laws and regulations of the PRC.

The Company expects that the new site of the hospital will remain in the Dongcheng District of Beijing, with an increased gross site area which would entitle Beijing Huicheng to admit more patients. After completion of the Proposed Upgrade and Relocation (as defined below), Beijing Huicheng shall provide comprehensive general hospital services, covering, among others, general medical consultations, prescription of medications and complex surgical operations.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

According to the announcement of the Company dated 10 February 2025, 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 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. The detailed plan and timetable of the Group for the resumption of operations of Beijing Huicheng is set out in the announcement of the Company dated 10 February 2025.

As advised by the Management, in the event that Beijing Huicheng does not apply for the resumption before the expiry of the temporary suspension period and its relevant operation certificate is cancelled, the Group's operation and financial position will be adversely affected in the long term.

Despite the abovementioned suspension of operation of hospital, as disclosed in the announcement of the Company dated 25 October 2024, the Group shall provide hospital management services to two parties for a term of five years pursuant to a cooperation and operational management agreement entered into between the parties.

(b) Financial performance

Set out below is the consolidated financial information of the Group for the two years ended 31 March 2023 and 2024 as extracted from the Annual Report 2023/24 and the six months ended 30 September 2023 and 2024 as extracted from the Interim Report 2024/25:

	For the six months ended 30		For the year ended 31 March	
	September		2024	2023
	2024	2023		
	(Unaudited)	(Unaudited)	(Audited)	(Audited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	10,435	26,125	38,962	55,353
Gross profit	8,181	19,391	18,674	27,009
Profit/(Loss) for the period/year	7,597	(7,409)	(17,387)	(5,677)

For the year ended 31 March 2024 (“FY2023/24”)

For FY2023/24, the Group recorded a revenue of approximately HK\$39.0 million, representing a decrease of approximately 29.6%, as compared to the revenue of approximately HK\$55.4 million for the year ended 31 March 2023 (“FY2022/23”). As advised by the Management, the decrease in revenue was mainly due to the suspension of operation Beijing Huicheng from January 2024 and remained suspended as at 31 March 2024.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Despite the decrease in gross profit by approximately 30.7% from approximately HK\$27.0 million for FY2022/23 to approximately HK\$18.7 million for FY2023/24, the Group's gross profit margin remained stable at approximately 47.9% for FY2023/24 as compared to approximately 48.8% for FY2022/23.

The Group recorded loss for the year of approximately HK\$17.4 million for FY2023/24, representing an increase of approximately 205.3% as compared to approximately HK\$5.7 million as recorded for FY2022/23. As disclosed in the announcement of the Company dated 24 June 2024 and the Annual Report 2023/24, such increase in loss was primarily due to (i) the suspension of operation of Beijing Huicheng from January 2024 and remained suspended as at 31 March 2024; (ii) the decrease in other revenue of approximately HK\$5.1 million primarily due the absence of reversal of provision for legal claims; and (iii) impairment losses on the right of use assets and property, plant and equipment of Beijing Huicheng of approximately HK\$3.5 million for FY2023/24 (FY2022/23: approximately HK\$0.6 million) due to the suspension of operation of Beijing Huicheng as discussed above.

For the six months ended 30 September 2024 (“1H2024/25”)

For 1H2024/25, the Group recorded a revenue of approximately HK\$10.4 million, representing a decrease of approximately 60.2%, as compared to the Group's revenue of approximately HK\$26.1 million for the six months ended 30 September 2023 (“1H2023/24”). As referred to the announcement of the Company dated 1 November 2024, the decrease was mainly because the business of Beijing Huicheng has not been recovered despite its resumption of operation.

Despite the decrease in gross profit from approximately HK\$19.4 million for 1H2023/24 to approximately HK\$8.2 million for 1H2024/25, the Group's gross profit margin increased slightly from approximately 74.2% for 1H2023/24 to approximately 78.4% for the 1H2024/25.

The Group recognised net profit of approximately HK\$7.6 million for 1H2024/25, as compared to a loss of approximately HK\$7.4 million for 1H2023/24. As referred to the announcement of the Company dated 1 November 2024 and the Interim Report 2024/25, such turnaround was mainly due to (i) the one-off gain on disposal of subsidiaries for 1H2024/25 of approximately HK\$10.5 million (1H2023/24: nil); and (ii) the decrease in administrative expenses of approximately HK\$12.4 million for 1H2024/25 due to the decrease in staff costs. Excluding the one-off gain on disposal, the Group recorded net loss of approximately HK\$2.9 million for 1H2024/25.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(c) Financial position

Set out below is a summary of the consolidated statements of financial position of the Group as at 31 March 2024 and 30 September 2024 as extracted from the Interim Report 2024/25:

	As at 30 September 2024 (Unaudited) HK\$'000	As at 31 March 2024 (Audited) HK\$'000
Non-current assets	18,108	20,441
Property, plant and equipment	15,240	16,035
Right-of-use assets	2,600	4,138
Rental deposits	268	268
Current assets	6,560	8,705
Inventories	408	1,063
Trade and other receivables	4,228	3,761
Financial assets at fair value through profit or loss	294	237
Cash and cash equivalents	1,630	3,644
Current liabilities	14,662	25,615
Trade and other payables	5,155	15,510
Lease liabilities	2,010	3,006
Borrowings	7,493	7,099
Tax payables	4	–
Non-current liabilities	1,334	2,124
Borrowing	1,334	2,124
Net current liabilities	(8,102)	(16,910)
Net assets	8,672	1,407

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As at 30 September 2024, the Group recorded cash and cash equivalents of approximately HK\$1.6 million (31 March 2024: approximately HK\$3.6 million) and the net current liabilities was approximately HK\$8.1 million (31 March 2024: approximately HK\$16.9 million). As at 30 September 2024, the Group has borrowings of approximately HK\$7.5 million which is similar to that as at 31 March 2024. The Group's gearing ratio, which is calculated as a ratio of outstanding debts (including borrowings and lease liabilities) less cash and cash equivalents to total equity, was approximately 106.2% (31 March 2024: approximately 610.2%). As at 30 September 2024, the Group's current ratio, calculated by dividing the current assets by the current liabilities, was approximately 0.45 (31 March 2024: approximately 0.34).

2. Reasons for and benefits of the Rights Issue and use of proceeds

(a) Use of proceeds

As stated in the Board's Letter, the net proceeds of the Rights Issue, assuming full subscription, will be up to approximately HK\$26.7 million (assuming no change in number of Existing Shares in issue on or before Record Date) or approximately HK\$27.7 million (assuming no change in the number of Existing Shares in issue except for the new Shares to be allotted and issued upon full conversion of the Convertible Preference Shares on or before the Record Date). The Company intends to use the net proceeds from the Rights Issue (i) as to approximately HK\$10.6 million for the repayment of Shareholder's Loans, which is expected to be fully utilised before August 2025; (ii) as to 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) as to the remaining of approximately HK\$7.8 million (assuming no change in number of Existing Shares in issue on or before Record Date) or approximately HK\$8.8 million (assuming no change in the number of Existing Shares in issue except for the new Shares to be allotted and issued upon full conversion of the Convertible Preference Shares on or before the Record Date) for general working capital of the Group (including but not limited to the payment of salaries, rental expenses, professional fees and/or other corporate expenses), which is expected to be fully utilised before July 2026. In the event that the Rights Issue is undersubscribed or voted down by the Independent Shareholders, the Company will negotiate with Mr. Ng in relation to the repayment of the Shareholder's Loans and further explore other fundraising alternatives to meet the expected funding needs for the next twelve months.

Based on the principal and interest calculation of the Shareholder's Loans provided by the Management and as disclosed in the "Board's Letter", the total outstanding principal amount of the Shareholder's Loans together with the interest accrued amounted to approximately HK\$10.6 million. The Company has to repay the principal and interest accrued on or before July 2025. As discussed in the paragraphs headed "1. Background information of the Group – (c) Financial position" above, we noted that the Group current assets and cash and cash equivalents amounted to approximately HK\$6.6 million and HK\$1.6 million respectively as at 30 September 2024, which was insufficient to settle the Shareholder's Loans when they become due. As such, we consider utilising part of the net proceeds from the Rights Issue to repay the Shareholder's Loan is reasonable.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As disclosed in the announcement of the Company dated 10 February 2025, the operation of Beijing Huicheng 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 had 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.

As advised by the Management, the total capital commitments in respect of the resumption of operation of Beijing Huicheng and the Proposed Upgrade and Relocation, which mainly comprising the renovation of the new hospital, the procurement of medical equipment, design fees and other operational expenses, are estimated to be no less than approximately HK\$23 million. The proceeds of approximately HK\$8.3 million allocated for the development of the general hospital business of the Group are insufficient to cover the expected costs and expenses associated with the Proposed Upgrade and Relocation. The remaining amount, as advised by the Management, is expected to be financed by shareholder’s loan and internal resources of the Group. Taking into account (i) that the Group’s operation and financial position will be adversely affected in the long term in the event that the relevant operation certificate of Beijing Huicheng is cancelled; and (ii) the low cash level of the Group, we consider utilising part of the proceeds for development of the general hospital business is crucial, and in the interests of the Company and the Shareholders as a whole.

In relation to utilising part of the use of proceeds as general working capital of the Group, with reference to the Interim Report 2024/25, we noted that the selling and distribution expenses and administrative expenses in aggregate amounted to approximately HK\$11.0 million. Thus, it is estimated that the related expenses would be generally approximately HK\$1.8 million per month. In view of the above and the low cash position of the Group of approximately HK\$1.6 million as at 30 September 2024, we consider the use of proceeds of the Group for general working capital is reasonable and can enhance the liquidity of the Group.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Having considered (i) the latest cash balance of the Group; (ii) the Shareholder's Loans together with the interest accrued of approximately HK\$10.6 million to be due soon; (iii) the Proposed Upgrade and Relocation with a view to improve the Group's financial performance and enhance return to the Shareholders; (iv) in the event that the Proposed Upgrade and Relocation does not proceed, Beijing Huicheng does not apply for the resumption before the expiry of the temporary suspension period and its relevant operation certificate is cancelled, the Group's operation and financial position will be adversely affected in the long term; (v) the enhanced liquidity of the Group after utilising the net proceeds for general working capital; and (vi) the financial position and liquidity of the Group will be enhanced after the repayment of the Shareholder's Loans as discussed in the paragraphs headed "5. Possible financial effects of the Rights Issue" below, we are of the view that the intended use of proceeds from the Rights Issue is fair and reasonable.

(b) Fund-raising alternatives

We noted from the Board that it has considered various ways of raising funds before resolving to the Rights Issue, including but not limited to debt financing, placing and open offer.

The Board noted that as for debt financing, it 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. Given the continuous net loss position, net current liabilities position and the gearing ratio (being approximately 106.2% as at 30 September 2024) of the Group as discussed in the paragraphs headed "1. Background information of the Group" above, as well as the interest burden to be incurred to the Group, we are of the view that debt financing may not be beneficial to the Company under current circumstances.

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. Furthermore, given the extremely thin liquidity of the Shares as illustrated in the paragraphs headed "3. Principal terms of the Rights Issue – (a) The Subscription Price – (ii) Historical liquidity of the Shares" below, the attractiveness of the Company conducting equity fund-raising activities to potential investors other than the Shareholders of the Company may be limited and more time may be required to seek potential investor(s).

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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).

Having taken into account the above, we are of the view that the consideration of the Board is fair and reasonable as the Company places the Shareholders' right of interests as a priority, and the Shareholders also have the discretion to decide whether to participate in the proposed Rights Issue.

3. Principal terms of the Rights Issue

The Company proposes to raise gross proceeds of up to (i) approximately HK\$28.2 million (assuming full subscription under the Rights Issue and no change in the number of Existing Shares on or before the Record Date) by issuing up to 563,649,988 Rights Shares; or (ii) approximately HK\$29.2 million (assuming full subscription under the Rights Issue and no change in the number of Existing Shares in issue except for the new Shares to be allotted and issued upon full conversion of the Convertible Preference Shares on or before the Record Date) by issuing up to 583,349,988 Rights Shares at the Subscription Price of HK\$0.05 per Rights Share on the basis of one (1) Rights Share for every one (1) Existing Share held by the Qualifying Shareholders at the close of business on the Record Date. The Rights Issue is not underwritten, only available to the Qualifying Shareholders and will not be extended to the Excluded Shareholder(s) (if any). Please refer to the section headed "Proposed Rights Issue" in the Board's Letter for details of the Rights Issue.

(a) The Subscription Price

The Subscription Price of HK\$0.05 represents:

- (i) a discount of approximately 30.56% to the closing price of HK\$0.072 per Existing Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 12.28% to the closing price of HK\$0.057 per Existing Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 19.35% to the average of the closing prices of approximately HK\$0.062 per Existing Share as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day;

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (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).

We noted from the Board and as mentioned in the Board's Letter, 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 for the Rights Issue.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(i) *Historical price performance of the Shares*

In order to assess the fairness and reasonableness of the Subscription Price, we performed a review on the historical closing price of the Shares during the period from 15 March 2024, being 12 months immediately preceding the Last Trading Day, and up to the Last Trading Day (the “**Review Period**”). We consider that the Review Period is adequate to illustrate the recent price movement of the Shares which reflect prevailing market sentiments and the comparison between the closing price of the Shares and the Subscription Price is relevant for the assessment of the fairness and reasonableness of the Subscription Price. The chart below illustrates the historical closing price of the Shares during the Review Period:



Source: The Stock Exchange (www.hkex.com.hk)

After peaked at HK\$0.31 on 5 April 2024, the closing price of the Shares dropped to a level around HK\$0.11 in late April 2024 and early May 2024. The closing price of the Shares rose gradually and reached another peak at HK\$0.275 on 4 July 2024. After that, the closing price of the Shares showed an overall downward trend. The closing price per Share ranged from HK\$0.056 and HK\$0.31 with an average closing price of approximately HK\$0.132 during the Review Period. Overall, we did not notice any specific reasons for the aforementioned movements of the closing prices during the Review Period. As advised by the Management, the Company is also not aware of any reasons for the aforementioned Share price trend.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

It is noted that the Subscription Price of HK\$0.05 per Rights Share is below the closing prices per Share throughout the Review Period and represents (i) a discount of approximately 83.9% to the highest closing price; (ii) a discount of approximately 10.7% to the lowest closing price; and (iii) a discount of approximately 62.1% to the average daily closing price during the Review Period.

Although the Subscription Price has been lower than the closing price of the Shares during the Review Period, having considered (i) the closing price of the Shares showed an overall downward trend during the Review Period; (ii) the Subscription Price represents only a slight discount of approximately 10.7% to the lowest closing price of the Share during the Review Period; (iii) the extremely thin liquidity of the Shares as discussed in the paragraphs headed “3. Principal terms of the Rights Issue – (a) The Subscription Price – (ii) Historical liquidity of the Shares” below; (iv) it is a common market practice to set the subscription price at a discount to the prevailing market prices of the relevant shares in order to increase the attractiveness and encouraging shareholders to participate in a rights issue as to meet the companies’ need for additional funding as discussed in the paragraphs headed “3. Principal terms of the Rights Issue – (a) The Subscription Price – (iii) Comparison with recent rights issue exercises” below, we concur with the view of the Directors that the Subscription Price being set at a discount to the prevailing market prices of the Shares is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

(ii) Historical liquidity of the Shares

The table below sets out information of the market trading liquidity of the Shares during the Review Period.

Month/period	Total Trading volume (No. of Shares)	Number of trading days	Average daily trading volume (No. of Shares)	Percentage of the average daily trading volume to the total number of issued Shares (Note 1)
2024				
March (from 8 March 2024)	589,800	15	39,320	0.0070%
April	5,812,150	20	290,608	0.0516%
May	1,245,733	21	59,321	0.0105%
June	1,897,723	19	99,880	0.0177%
July	51,200	22	2,327	0.0004%
August	638,000	22	29,000	0.0051%
September	860,000	19	45,263	0.0080%
October	1,085,200	21	51,676	0.0092%
November	1,027,200	20	51,360	0.0091%
December	96,400	20	4,820	0.0009%

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Month/period	Total Trading volume (No. of Shares)	Number of trading days	Average daily trading volume (No. of Shares)	Percentage of the average daily trading volume to the total number of issued Shares (Note 1)
2025				
January	1,796,533	19	94,554	0.0168%
February	872,800	20	43,640	0.0077%
March	2,034,600	21	96,886	0.0172%
April (up to the Latest Practicable Date)	319,500	9	35,500	0.0063%

Source: The Stock Exchange (www.hkex.com.hk)

Note:

1. It is calculated by dividing the average daily trading volume for the month/period by the total number of Shares in issue at the end of each month/period.

As shown in the table above, the average daily trading volume of the Shares in each month/period ranged from 2,327 Shares in July 2024 to 290,608 Shares in April 2024 during the Review Period, representing approximately 0.0004% to approximately 0.0516% of the total number of issued shares as at the end of the month/period respectively. The Shares were generally illiquid in the open market. The Company and us were not aware of any specific reasons for the increase in trading volume in April 2024.

Having considered the extremely thin trading volume of the Shares, we are of the view that the Company is unlikely to be able to raise equity funds from third parties without a substantial discount to the prevailing Share price. It is also difficult to attract the existing Shareholders to reinvest in the Company through the Rights Issue if the Subscription Price was not set at discount to the historical closing prices of the Shares. To attract the Qualifying Shareholders to maintain their respective shareholdings in the Company and participate in the development of the Group, we consider that the Subscription Price being set discount to the prevailing market prices of the Shares is reasonable and acceptable.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(iii) Comparison with recent rights issue exercises

To assess the fairness and reasonableness of the terms of the Rights Issue, we conducted market research on recent proposed rights issue transactions which were announced by companies listed on GEM in the six-month period preceding the Last Trading Day i.e. from 15 September 2024 to 14 March 2025), and not lapsed or terminated up to the Latest Practicable Date. We identified an exhaustive list of 11 rights issue comparables (the “**Comparables**”). While the Comparables may have different principal business activities, scale of operations, market capitalisations, profitability, financial positions and fund raising scale as compared to those of the Company, since the aim of our analysis is to (i) mainly concern with the principal terms of the rights issues under the prevailing market sentiment; (ii) provide a true and fair view of the recent market trends for rights issue exercises conducted by other issuers listed on GEM; and (iii) obtain a reasonable sample size to reflect the recent market practice of rights issue, we are of the view that the six-month period is sufficient and appropriate to have a meaningful comparison (11 Comparables have been included) and the Comparables, without any artificial selection or filtering in terms of their nature including but limited to market capitalisation and fund raising scale, can provide a reasonable reference as to how the recent market generally perceives rights issues. Set out below are the details of the Comparables:

No.	Company name	Stock code	Date of announcement	Market capitalisation as at the respective last trading day HK\$' million	Maximum gross proceeds HK\$' million	Basis of entitlement	the closing price on the respective last trading day %	Premium/(discount) of the subscription price over/(to) the theoretical ex-right price based on the closing price on the respective last trading day %	the latest consolidated net asset value per share prior to the respective last trading day (Note 1) %	Theoretical dilution effect %	Excess application or compensatory arrangements	Fully underwritten Y/N	Placing commission (Note 2) %
1.	Timeless Resources Holdings Limited	8028	27/2/2025	66.4	30.0	1 for 2	(9.64)	(6.81)	(23.28)	3.21	Excess application	N	NA
2.	China Saftower International Holding Group Limited	8623	14/2/2025	13.0	6.1	1 for 2	(6.78)	(4.62)	(82.79)	2.26	Compensatory arrangements	N	1.0
3.	Stream Ideas Group Limited	8401	7/2/2025	24.0	40.8	2 for 1	(15.00)	(5.56)	319.24 (Note 3)	11.58	Compensatory arrangements	Y	3.0
4.	China Demeter Financial Investments Limited	8120	31/12/2024	41.6	15.6	1 for 2	(25.00)	(18.18)	(59.08)	8.55	Compensatory arrangements	N	2.5
5.	Mansion International Holdings Limited	8456	20/12/2024	9.9	30.7	4 for 1	(22.90)	(5.50)	98.63 (Note 3)	18.80	Compensatory arrangements	N	1.5
6.	Royal Century Resources Holdings Limited	8125	13/12/2024	17.2	39.2	3 for 1	(23.95)	(7.30)	(82.69)	17.96	Compensatory arrangements	N	2.0
7.	Global Strategic Group Limited	8007	15/11/2024	14.6	51.1	4 for 1	(12.50)	(3.20)	(91.60)	11.30	Excess application	Partly	NA

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No.	Company name	Stock code	Date of announcement	Market capitalisation as at the respective last trading day HK\$' million	Maximum gross proceeds HK\$' million	Basis of entitlement	Premium/(discount) of the subscription price over/(to)			Theoretical dilution effect %	Excess application or compensatory arrangements	Fully underwritten Y/N	Placing commission (Note 2) %
							the closing price on the respective last trading day %	the theoretical ex-right price based on the closing price on the respective last trading day %	the latest consolidated net asset value per share prior to the respective last trading day (Note 1) %				
8.	China 33 Media Group Limited	8087	21/10/2024	14.0	19.4	3 for 2	(7.41)	(3.23)	(55.62)	5.12	Compensatory arrangements	N	1.5
9.	V & V Technology Holdings Limited	8113	8/10/2024	70.7	24.2	1 for 2	(31.51)	(23.47)	(32.23)	10.50	Excess application	N	NA
10.	Palinda Group Holdings Limited	8179	4/10/2024	176.3	71.7	1 for 2	(18.70)	(13.29)	(66.10)	6.23	Excess application	N	NA
11.	Hatcher Group Limited	8365	23/9/2024	15.6	33.0	3 for 1	(31.50)	(10.40)	(94.10)	23.60	Compensatory arrangements	Y	0.0
			Minimum				(31.51)	(23.47)	(94.10)	2.26			0.00
			Maximum				(6.78)	(3.20)	(23.28)	23.60			3.00
			Average				(18.63)	(9.23)	(65.28)	10.83			1.64
	The Company	8143		32.1	29.2	1 for 1	(12.28)	(7.41)	233.33	10.94	Compensatory arrangement	N	1.0

Notes:

1. NA denotes that net asset value is not applicable due to the net liabilities position of the respective Comparable.
2. NA denotes that the respective Comparable did not involve placing agents.
3. It is considered as outlier and has been excluded from the analysis as it is exceptionally high as compared with other Comparables.

It is noted from the above table that all of the Comparables set the subscription price at a discount to their prevailing market price. It indicates that it is common to set the subscription price of a rights issue at a discount to its prevailing market price in order to enhance the attractiveness and encourage shareholders to participate.

As noted from the above table,

- (i) the subscription price to the closing price on the respective last trading day of the Comparables ranged from a discount of approximately 6.78% to approximately 31.51%, with an average discount of approximately 18.63%. The Subscription Price represents a discount of approximately 12.28% to the closing price per Shares on the Last Trading Day, which is within the range of, and represents a lower discount than the average of that of the Comparables;

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (ii) the subscription price to the theoretical ex-right price on the respective last trading day of the Comparables ranged from a discount of approximately 3.20% to approximately 23.47%, with an average discount of approximately 9.23%. The Subscription Price represents a discount of approximately 7.41% to the theoretical ex-rights price per Shares on the Last Trading Day, which is within the range of, and represents a lower discount than the average of that of the Comparables;
- (iii) the subscription price to the latest consolidated net asset value per share of the Comparables (excluding outliers) ranged from a discount of approximately 23.28% to approximately 94.10%, with an average discount of approximately 65.28%. The Subscription Price represents a premium of approximately 233.33% to the net asset value of the Group based on the latest published unaudited consolidated net asset value of the Group of approximately HK\$8,672,000 as at 30 September 2024 and 563,649,988 Shares, which is above the range of that of the Comparables (excluding outliers); and
- (iv) the theoretical dilution effect of the Comparables ranged from approximately 2.26% to approximately 23.60%, with an average of approximately 10.83%. The theoretical dilution effect of the Rights Issue of approximately 10.94% is within the range of, and close to the average of that of the Comparables.

Although the Subscription Price over the net asset value of the Group per Share is significantly higher than the range of that of the Comparables, having taken into account (i) market price reflects how the market perceives a stock and thus is a more meaningful factor in determining subscription price as compared to net asset value per share; (ii) it is a common market practice for listed issuers in Hong Kong to set subscription price of a rights issue at a discount to the market price in order to enhance the attractiveness of a rights issue; (iii) the discounts represented by the Subscription Price to the closing price, the theoretical ex-rights price and the theoretical dilution effect fall within the respective range of that of the Comparables; (iv) the closing price of the Shares was generally in downward trend since July 2024; (v) the trading volume of the Shares was extremely thin and the Shares were generally illiquid in the open market; (vi) the funding needs of the Group to repay its loans, development of business as well as general working capital of the Group; and (vii) the fact that the interest of the Qualifying Shareholders will not be prejudiced by the discount of the Subscription Price so long as they are offered with an equal opportunity to participate in the Rights Issue, we are of the view that the Subscription Price is fair and reasonable.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(b) *No excess application*

As mentioned in the Board's Letter, there will be no excess application arrangements in relation to the Rights Issue. Amongst the Comparables, 7 out of 11 Comparables did not offer excess application for its shareholders. As such, we consider the absence of excess application in rights issue is not an uncommon market practice. Instead of excess application arrangement, the Company has arranged the Compensatory Arrangements and the Placing.

(c) *Non-underwritten basis*

Amongst the Comparables, only 2 out of 11 Comparables are fully underwritten. As such, we consider the non-underwritten basis in rights issue is not an uncommon market practice. Further, as underwriting commission is often charged based on an agreed percentage of the aggregate subscription price in respect of the actual number of shares underwritten by the underwriter, the underwriting fee for such arrangement shall increase the cost of a rights issue. We therefore consider non-underwritten basis of the Rights Issue is reasonable.

(d) *Placing commission*

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. For further details of the principal terms of the Placing Agreement, please refer to section headed "Placing Agreement for the Unsubscribed Rights Shares and ES Unsold Rights Shares" in the Board's Letter.

As set out in the Board's Letter, the placing commission shall be 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). It is noted from the Comparables that the placing commission of the Comparables ranged from 0.00% to 3.00%, with an average of approximately 1.64%. The placing commission in relation to the Rights Issue is within the range, and lower than the average of that of the Comparables. Based on the above, we are of the view that the placing commission is in the interests of the Company and Independent Shareholders as a whole.

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(e) *Placing price*

Pursuant to the Placing Agreement, 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. Given that (i) the placing price shall be not less than the Subscription Price, which is not prejudicial to the interests of the Qualifying Shareholders; and (ii) the Subscription Price is fair and reasonable as discussed in the paragraphs headed “3. Principal terms of the Rights Issue – (a) The Subscription Price” above, we consider that the placing price is fair and reasonable so far as the Independent Shareholders are concerned.

4. Potential dilution effects of the Rights Issue on the shareholding structure of the Group

All the Qualifying Shareholders are entitled to subscribe for the Rights Shares. For those Qualifying Shareholders who take up their full provisional allotments under the Rights Issue, their shareholding interests in the Company will remain unchanged after the Rights Issue. Referring to section headed “Change in the shareholding structure of the Company arising from the Rights Issue” in the Board’s Letter, those Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and the Excluded Shareholders should note that their shareholdings in the Company will be diluted upon completion of the Rights Issue and their aggregate shareholding interests in the Company may be reduced by a maximum of 50.0%. It should be noted that the actual changes in the shareholding structure of the Company upon completion of the Rights Issue are subject to various factors, including but not limited to the results of acceptance of the Rights Issue.

Having taken into account (i) all Qualifying Shareholders are provided an equal opportunity to subscribe for their assured entitlements under the Rights Issue for the purpose of maintaining their respective existing shareholding interests in the Company; (ii) the Qualifying Shareholders have the opportunity to sell their nil-paid Rights Shares in the market if they do not wish to take up the Rights Issue entitlements; (iii) shareholding dilution is generally inherent in all rights issue; (iv) the imminent need of financial resources for the Company to repay loans, development of business, as well as general working capital taking into account the latest financial position of the Group, in particular, the cash level; and (v) the positive impact on the financial position of the Group as a result of the Rights Issue as detailed in paragraphs headed “5. Possible financial effects of the Rights Issue” below, we are of the view that the potential dilution effect on the shareholding is acceptable.

5. Possible financial effects of the Rights Issue

It should be noted that the figures and financial effects shown below are for illustrative purpose only and does not purport to represent how the financial position of the Group will become upon completion of the Rights Issue.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Net tangible assets

The unaudited consolidated net tangible assets of the Group attributable to owners of the Company was HK\$11,693,000 and HK\$0.021 per Share as at 30 September 2024.

As set out in Appendix II to the Circular, upon completion of the Rights Issue, assuming no change in the number of Shares in issue on or before the Record Date, the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company immediately after completion of the Rights Issue would increase to approximately HK\$38,375,000 and HK\$0.034 per Share. Assuming new Shares are allotted and issued upon full conversion of the Convertible Preference Shares on or before the Record Date, but no other change in the issued Shares on or before the Record Date, the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company immediately after completion of the Rights Issue would increase to approximately HK\$39,360,000 and HK\$0.034 per Share.

Based on the above, the Rights Issue is expected to have a positive impact on the financial position of the Group.

Liquidity

According to the Interim Report 2024/25, as at 30 September 2024, the cash and cash equivalents of the Group was HK\$1,630,000. The Group had current assets of approximately HK\$6,560,000 and current liabilities of approximately HK\$14,662,000 as at 30 September 2024. The current ratio of the Group (being the current assets divided by the current liabilities) as at 30 September 2024 was approximately 0.45.

Taking into account the loan to be settled by the net proceeds from the Rights Issue in aggregate of approximately HK\$10.6 million and approximately HK\$7.8 million to HK\$8.8 million of the net proceeds from the Rights Issue would be used for general working capital of the Group, the total debt of the Group would be reduced whilst the capital base of the Group would be enlarged accordingly.

Immediately upon completion of the Rights Issue, the cash and cash equivalents of the Group is expected to increase and the debts of the Group is expected to reduce. Assuming there is no change in number of Existing Shares in issue on or before Record Date, the current ratio of the Group will be increased to approximately 3.5.

Based on the above analysis, in particular, the improvement of the financial position, the liquidity and current ratio of the Group, we are of the view that the Rights Issue has positive financial effects on the Group and is in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

RECOMMENDATION

Having considered the above principal factors, in particular,

- (i) the proceeds from the Rights Issue for repayments of loans, development of business, as well as general working capital of the Group;
- (ii) the Rights Issue represents an appropriate fund-raising method to the Group as compared to other fund-raising means;
- (iii) the terms of the Rights Issue (including the Subscription Price and the Placing commission) are fair and reasonable; and
- (iv) all Qualifying Shareholders are provided an equal opportunity to subscribe for their assured entitlements under the Rights Issue for the purpose of maintaining their respective existing shareholding interests in the Company and the maximum dilution effect only occur when the Qualifying Shareholders do not subscribe for their assured entitlements under the Rights Issue,

we are of the view that the terms of the Rights Issue are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned and the Rights Issue including the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders and the Independent Board Committee to advise the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Rights Issue.

Yours faithfully,

For and on behalf of

Global Mastermind Securities Limited

Michael Wong

Director

Chelsea Chong

Vice president

Mr. Michael Wong is a person licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO and is a responsible officer of Global Mastermind Securities Limited who has over 20 years of experience in corporate finance industry.

Ms. Chelsea Chong is a person licensed to carry out type 6 (advising on corporate finance) regulated activities under the SFO and is a responsible officer of Global Mastermind Securities Limited who has over 10 years of experience in corporate finance industry.

A. FINANCIAL INFORMATION OF THE GROUP

The financial information of the Group for the three years ended 31 March 2022, 2023 and 2024 are disclosed in the annual reports of the Company for the years ended 31 March 2022, 2023 and 2024 and the financial information of the Group for the six months ended 30 September 2024 is disclosed in the interim report of the Company for the six months ended 30 September 2024. The said annual reports and interim report of the Company are published on both the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.gf-healthcare.com):

- annual report of the Company for the year ended 31 March 2022 from pages 59 to 187 published on the website of the Stock Exchange (<https://www1.hkexnews.hk/listedco/listconews/gem/2022/0629/2022062901130.pdf>);
- annual report of the Company for the year ended 31 March 2023 from pages 54 to 175 published on the website of the Stock Exchange (<https://www1.hkexnews.hk/listedco/listconews/gem/2023/0629/2023062900714.pdf>);
- annual report of the Company for the year ended 31 March 2024 from pages 62 to 191 published on the website of the Stock Exchange (<https://www1.hkexnews.hk/listedco/listconews/gem/2024/0718/2024071800385.pdf>); and
- interim report of the Company for the six months ended 30 September 2024 from pages 3 to 17 published on the website of the Stock Exchange (<https://www1.hkexnews.hk/listedco/listconews/gem/2024/1113/2024111300504.pdf>).

B. STATEMENT OF INDEBTEDNESS**Indebtedness statement**

At the close of business on 28 February 2025, being the latest practicable date for the purpose of ascertaining this indebtedness statement prior to the date of this circular, the Group had total indebtedness as follows:

	As at 28 February 2025 HK\$'000
Loans from a director – unsecured and unguaranteed (<i>Note 1</i>)	10,100,000
Other loans – unsecured and unguaranteed (<i>Note 2</i>)	<u>427,000</u>
	<u><u>10,527,000</u></u>

Note 1: As at 28 February 2025, loans from a director were unsecured and unguaranteed, bearing fixed interest rate at 6% per annum.

Note 2: As at 28 February 2025, the Group's other loans borrowings were classified as current liabilities, and were unsecured, unguaranteed, interest-free and repayable on demand.

Contingent liabilities

As at 28 February 2025, the Group did not have any contingent liabilities.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, as at 28 February 2025, being the latest practicable date for determining indebtedness, the Group did not have any outstanding mortgages, charges, debentures, debt securities or other loan capital or bank overdrafts or loans or other similar indebtedness or finance lease commitments, liabilities under acceptances (other than normal trade bills) or acceptance credits or hire purchase commitments or guarantees or other material contingent liabilities, nor any authorized or otherwise created but unissued debt securities.

C. WORKING CAPITAL STATEMENT

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

The Company has obtained the relevant confirmations as required under Rule 12.26C of the GEM Listing Rules.

D. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, save for the temporary suspension of operation of Beijing Huicheng and the Proposed Upgrade and Relocation as disclosed in the announcements of the Company dated 13 December 2023 and 10 February 2025, the Directors were not aware of any material adverse change in the financial or trading position of the Company since 31 March 2024, being the date to which the latest published audited consolidated financial statements of the Company were made up.

E. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

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

As disclosed in the announcement of the Company dated 10 February 2025, the Board is in the course of preparing for the Proposed Upgrade and Relocation which is expected to improve the Group's financial performance and enhance return to the Shareholders. The Company will keep the Shareholders and potential investors of the Company informed of any material developments in connection therewith by way of further announcement(s) as and when appropriate and in accordance with the requirements of the GEM Listing Rules.

As disclosed in the interim report of the Company for the six months ended 30 September 2024, the Company is expected to continue to navigate the rapidly evolving healthcare landscape, and has been closely monitoring shifts in patient expectations and regulatory priorities. These trends increasingly favour accessible and technology-driven healthcare solutions, creating both opportunities and challenges for traditional healthcare models. In response to such trends, the Group has taken deliberate steps to align its strategic focus with the emerging demand for diversified healthcare services that can adapt to the changing industry dynamics.

The Group is embarking on a transformative phase with a strategic shift towards integrated digital healthcare and health management services. This development, underscored by the Group's recent collaboration with Xiamen Yueerwan Medical Management Co., Ltd.[#] (廈門悅爾灣醫療管理有限公司) (“**Xiamen Yueerwan**”) and Yueerwan (Qingdao) Internet Hospital Co., Ltd.[#] (悅爾灣(青島)互聯網醫院有限公司) (“**Yueerwan Qingdao**”), a direct wholly-owned subsidiary of Xiamen Yueerwan, not only marks a significant milestone but also reflects the Group's diligent planning and alignment with market and policy trends. The decision to partner with Xiamen Yueerwan and Yueerwan Qingdao follows a thorough assessment of the evolving healthcare landscape, where digital healthcare solutions are increasingly important to meeting modern patient needs.

The PRC's healthcare sector is rapidly embracing digitalisation, spurred by initiatives such as “AI + Healthcare” and a rising demand for accessible and high-quality services. In view of such trends, the Group identified Xiamen Yueerwan and Yueerwan Qingdao as ideal partners for its established AI-based internet hospital and China family health management platform services. This cooperation has recently been approved by the relevant regulatory authority for online pharmaceutical operations, a testament to the strength of such collaboration and a promising step towards building a diversified and stable revenue base.

[#] For identification purpose only

The collaboration with Xiamen Yueerwan and Yueerwan Qingdao also provides stable management income, which strengthens the Group's financial foundation, allowing for resource optimisation and strategic cost management. These steady revenues position the Group to make additional investments in telemedicine, data-driven health solutions, and other areas that enhance patient engagement and satisfaction. The Group is confident that the cooperation not only reflects the Group's capacity to forge impactful collaborations but also underscores the Group's commitment to innovation and excellence in healthcare.

Looking forward, the Group is prepared to explore additional partnerships and capital initiatives across the healthcare and wellness sectors. The Group will continue refining its asset portfolio to ensure alignment with scalable and technology-driven healthcare solutions, fostering sustainable growth and long-term shareholder value. Through the Group's disciplined approach to governance and regulatory compliance, the Group is well-equipped to navigate industry transformations, capturing new opportunities within the healthcare landscape. The Board will continue to review its business strategy with an aim to cut costs in its existing operation, and seek opportunities to expand its healthcare business to online platforms and other geographic locations, broadening its future revenue stream and enhancing the overall performance of the Group. The Group celebrates this strategic progression as a meaningful achievement and looks forward to building upon these successes as the Group contributes to a modern, accessible healthcare ecosystem that meets the evolving needs of patients and stakeholders alike.

For illustrative purpose only, set out below is the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group after completion of the Rights Issue. Although reasonable care has been exercised in preparing the unaudited pro forma financial information, Shareholders who read the information should bear in mind that these figures are inherently subject to adjustments and may not give a complete picture of the Group's financial positions at the relevant time.

**A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET
TANGIBLE ASSETS OF THE GROUP**

The following unaudited pro forma financial information of adjusted consolidated net tangible assets of the Group attributable to owners of the Company (the “**Unaudited Pro Forma Financial Information**”) has been prepared by the Directors in accordance with Rule 7.31 of the GEM Listing Rules with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants to illustrate the effect of the Rights Issue on the consolidated net tangible assets of the Group as if the Rights Issue had been completed on 30 September 2024.

The unaudited pro forma financial information of the Group is prepared for illustrative purposes only, based on the judgments and assumptions of the Directors, and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group following the Rights Issue as at the date to which it is made up or at any future date.

APPENDIX II

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

The unaudited pro forma financial information of the Group is prepared based on the unaudited consolidated net tangible assets attributable to owners of the Company as at 30 September 2024 and adjusted to reflect the effect of the Rights Issue:

				Unaudited pro forma adjusted consolidated net tangible assets per Share attributable to owners of the Company as of 30 September 2024 and prior to the completion of the Rights Issue	Unaudited pro forma adjusted consolidated net tangible assets per Share attributable to owners of the Company immediately after completion of the Rights Issue
Audited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 September 2024 HK\$'000 (Note 1)	Estimated net proceeds from the Rights Issue HK\$'000 (Note 2)	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company upon the completion of the Rights Issue HK\$'000			
Based on 563,649,988 Rights Shares at subscription price of HK\$0.05 per Rights Share	<u>11,693</u>	<u>26,682</u>	<u>38,375</u>	<u>HK\$0.021</u>	<u>HK\$0.034</u>
Based on 583,349,988 Rights Shares at subscription price of HK\$0.05 per Rights Share	<u>11,693</u>	<u>27,667</u>	<u>39,360</u>	<u>HK\$0.020</u>	<u>HK\$0.034</u>

NOTES TO UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

1. The unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 September 2024 is calculated based on the unaudited consolidated net assets of the Group attributable to owners of the Company as at 30 September 2024 of approximately HK\$11,693,000 as extracted from the published interim report of the Company for the six months ended 30 September 2024.
2. The estimated net proceeds from the Rights Issue of the Rights Shares are approximately HK\$26,682,000 or HK\$27,667,000, based on the issuance of either 563,649,988 or 583,349,988 Rights Shares at a subscription price of HK\$0.05 per Rights Share, after deducting estimated related expenses of approximately HK\$1,500,000.

3. The number of Shares used for the calculation of the unaudited consolidated net tangible assets per Share attributable to owners of the Company prior to the completion of the Rights Issue is based on 563,649,988 or 583,349,988 Shares in issue as at 30 September 2024.
4. The number of shares used for calculating the unaudited pro forma adjusted consolidated net tangible assets per share attributable to the owners of the Company upon completion of the Rights Issue is based on either 1,127,299,976 or 1,166,699,976 shares in issue. This includes the existing 563,649,988 or 583,349,988 shares in issue as of 30 September 2024, along with an additional 563,649,988 or 583,349,988 shares to be issued pursuant to the Rights Issue.
5. No adjustment other than those adjusted above has been made to reflect any trading results or other transactions of the Group subsequent to 30 September 2024.

**B. INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION**

The following is the text of a report, prepared for inclusion in this circular, received from the independent reporting accountants, HLB Hodgson Impey Cheng Limited, Certified Public Accountants, Hong Kong.



國衛會計師事務所有限公司
HODGSON IMPEY CHENG LIMITED

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION
INCLUDED IN AN INVESTMENT CIRCULAR**

To the Board of Directors of Good Fellow Healthcare Holdings Limited

We have completed our assurance engagement to report on the compilation of the unaudited pro forma financial information of Good Fellow Healthcare Holdings Limited (the “**Company**”) and its subsidiaries (collectively the “**Group**”) by the directors for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statements of adjusted consolidated net tangible assets of the Group as at 30 September 2024 and related notes as set out on pages 1 to 3 of Appendix II of the circular issued by the Company dated 17 April 2025 (the “**Circular**”). The applicable criteria on the basis of which the directors have compiled the unaudited pro forma financial information are described on pages 1 to 3 of Appendix II of the Circular.

The unaudited pro forma financial information has been compiled by the directors to illustrate the impact of the proposed rights issue in the proportion of one rights shares for every one existing shares held by qualifying shareholders on the record date at HK\$0.05 per rights share (the “**Proposed Rights Issue**”) on the Group's financial position as at 30 September 2024 as if the Proposed Rights Issue had taken place at 30 September 2024. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's consolidated financial statements for the six months ended 30 September 2024, on which an interim report has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 7.31 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management 1 “Quality Management for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” issued by the HKICPA, which requires the firm to design, implement and operate a system of quality management including policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 7.31(7) of the GEM Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the directors have compiled the unaudited pro forma financial information in accordance with paragraph 7.31 of the GEM Listing Rules and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for the purposes of illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 September 2024 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 7.31(1) of the GEM Listing Rules.

HLB Hodgson Impey Cheng Limited

Certified Public Accountants

Tien Sun Kit, Jack

Practising Certificate Number: P07364

Hong Kong, 17 April 2025

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

2. SHARE CAPITAL

The authorised and issued share capital of the Company (i) as at the Latest Practicable Date; (ii) immediately after completion of the Rights Issue (assuming full subscription under the Rights Issue and no change in the number of Existing Shares in issue on or before the Record Date); and (iii) immediately after completion of the Rights Issue (assuming full subscription under the Rights Issue and no change in the number of Existing Shares in issue except for the new Shares to be allotted and issued upon full conversion of the Convertible Preference Shares on or before the Record Date) are set out as follows:

(i) As at the Latest Practicable Date

<i>Authorised:</i>		<i>HK\$</i>
22,000,000,000	<i>Ordinary Shares of HK\$0.05 each</i>	1,100,000,000
8,000,000,000	<i>Convertible Preference Shares of HK\$0.05 each</i>	<u>400,000,000</u>
		<u><u>1,500,000,000</u></u>
<i>Issued and fully paid:</i>		<i>HK\$</i>
563,649,988	<i>Ordinary Shares of HK\$0.05 each</i>	28,182,499.4
19,700,000	<i>Convertible Preference Shares of HK\$0.05 each</i>	<u>985,000</u>
		<u><u>29,132,499.4</u></u>

- (ii) Immediately after completion of the Rights Issue (assuming full subscription under the Rights Issue and no change in the number of Existing Shares in issue on or before the Record Date)

<i>Authorised:</i>		HK\$
22,000,000,000	Ordinary Shares of HK\$0.05 each	1,100,000,000
8,000,000,000	Convertible Preference Shares of HK\$0.05 each	<u>400,000,000</u>
		<u>1,500,000,000</u>
<i>Issued and fully paid:</i>		HK\$
563,649,988	Ordinary Shares of HK\$0.05 each	28,182,499.4
563,649,988	Rights Shares of HK\$0.05 each to be issued pursuant to the Rights Issue	28,182,499.4
19,700,000	Convertible Preference Shares of HK\$0.05 each	<u>985,000</u>
		<u>57,349,998.8</u>

- (iii) Immediately after completion of the Rights Issue (assuming full subscription under the Rights Issue and no change in the number of Existing Shares in issue except for the new Shares to be allotted and issued upon full conversion of the Convertible Preference Shares on or before the Record Date)

<i>Authorised:</i>		HK\$
22,000,000,000	Ordinary Shares of HK\$0.05 each	1,100,000,000
8,000,000,000	Convertible Preference Shares of HK\$0.05 each	<u>400,000,000</u>
		<u>1,500,000,000</u>
<i>Issued and fully paid:</i>		HK\$
563,649,988	Ordinary Shares of HK\$0.05 each	28,182,499.4
19,700,000	Ordinary Shares of HK\$0.05 each to be issued upon full conversion of the Convertible Preference Shares	985,000
583,349,988	Rights Shares of HK\$0.05 each to be issued pursuant to the Rights Issue	<u>29,167,499.4</u>
		<u>58,334,998.8</u>

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

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

As at the Latest Practicable Date, save for the 19,700,000 Convertible Preference Shares, the Company had no other outstanding options, warrants or other securities in issue which are convertible into or giving rights to subscribe for, convert or exchange into any Existing Shares.

As at the Latest Practicable Date, there was no arrangement under which future dividends are waived or agreed to be waived.

3. DISCLOSURE OF INTERESTS

(a) Director's and chief executive's interests in the Company or its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors or chief executives of the Company and their associates 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 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 the Directors or chief executive of the Company were deemed or taken to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be recorded in the register therein, or were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

Interest in Shares

Name of Director/ Chief Executive	Nature of interest	Approximate percentage of	
		Number of Shares interested	issued share of capital of the Company ^(Note 1)
Mr. Ng	Beneficial owner	11,800,000 (L)	2.09%
	Interest in controlled corporation ^(Note 2)	316,391,892 (L)	56.13%

Notes:

- (1) The shareholding percentage in the Company is calculated on the basis of 563,649,988 Shares in issue as at the Latest Practicable Date.
- (2) The 316,391,892 Shares are held by Solar Star, being a company incorporated in the British Virgin Islands with limited liability and is owned as to 50% by Mr. Ng, 25% by Ms. Ng Si Wing and 25% by Ms. Ng Yin. As such, Mr. Ng is deemed, or taken to be interested in the Shares held by Solar Star by virtue of the SFO.
- (3) The letter “L” denotes a long position in the Shares.

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 or short positions in the Shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

(b) Substantial Shareholders and other persons’ interests in Shares and underlying Shares

As at the Latest Practicable Date, according to the register kept by the Company pursuant to section 336 of the SFO, and so far as is known to the Directors or chief executive of the Company, the following persons (other than a Director or a chief executive of the Company) had, or was deemed or taken to have, an interest or short position in the Shares or underlying shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group and the amount of each of such person’s interests in such securities, together with particulars of any options in respect of such capital:

Interest in Shares

Name of Shareholder	Nature of interest	Number of Shares interested	Approximate percentage of issued share of capital of the Company ^(Note 4)
Solar Star ^(Note 1)	Beneficial owner	316,391,892 (L)	56.13%
Ms. Cheng Wai Yin ^(Note 2)	Interest of spouse	328,191,892 (L)	58.22%
New Hope International ^(Note 3)	Beneficial owner	68,643,507 (L)	12.18%
Southern Hope Enterprise Co., Ltd. [#] (南方希望實業有限公司) ("Southern Hope") ^(Note 3)	Interest in controlled corporation	68,643,507 (L)	12.18%
Ningbo Zhuosheng Investment Co., Ltd. [#] (寧波卓晟投資有限公司) ("Ningbo Zhuosheng") ^(Note 3)	Interest in controlled corporation	68,643,507 (L)	12.18%
New Hope Group Co., Ltd. [#] (新希望集團有限公司) ("New Hope Group") ^(Note 3)	Interest in controlled corporation	68,643,507 (L)	12.18%
New Hope Holdings Group Co., Ltd. [#] (新希望控股集團有限公司) ("New Hope Holdings") ^(Note 3)	Interest in controlled corporation	68,643,507 (L)	12.18%
New Hope Asia Pacific Investment Holdings Co., Ltd. [#] (新希望亞太投資控股有限公司) ("New Hope Asia Pacific") ^(Note 3)	Interest in controlled corporation	68,643,507 (L)	12.18%
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 Economic") ^(Note 3)	Interest in controlled corporation	68,643,507 (L)	12.18%
Mr. Liu Yonghao ^(Note 3)	Interest in controlled corporation	68,643,507 (L)	12.18%

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.

[#] For identification purpose only

- (2) Ms. Cheng Wai Yin is the spouse of Mr. Ng. As such, Ms. Cheng Wai Yin is deemed to be interested in all the Shares in which Mr. Ng Chi Lung is interested under Part XV of the SFO.
- (3) New Hope International is interested in 68,643,507 Shares. New Hope International is owned as to 75% by Southern Hope which is in turn owned as to 51% by New Hope Group and as to 49% by Ningbo Zhuosheng. New Hope Group is owned as to 75% by New Hope Holdings, 14.60% by Mr. Liu Yonghao and 9.09% by Ms. Liu Chang, New Hope Holdings is in turn owned as to 100% by New Hope Asia Pacific which is owned as to 99% by Lhasa Economic and as to 1% by Mr. Liu Yonghao. Lhasa Economic is then owned as to 100% by Mr. Liu Yonghao. As such, Mr. Liu Yonghao and Ms. Liu Chang are deemed to be interested in the Shares held by New Hope International under Part XV of the SFO.
- (4) The shareholding percentage in the Company is calculated on the basis of 563,649,988 Shares in issue as at the Latest Practicable Date.
- (5) The letter “L” denotes a long position in the Shares.

Save as disclosed above and so far as is known to the Directors or chief executive of the Company, there is no person (other than a Director or chief executive of the Company) who, as at the Latest Practicable Date, had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital, including options in respect of such capital, carrying rights to vote in all circumstances at general meeting of any other member of the Group.

4. DIRECTORS' INTERESTS IN CONTRACT AND ASSET OR ARRANGEMENT

As at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any assets which had been 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 since 31 March 2024, the date to which the latest published audited accounts of the Group were made up.

There was no contract or arrangement entered into by any member of the Group, subsisting as at the Latest Practicable Date, in which any of the Directors was materially interested and which was significant in relation to the business of the Group as a whole.

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into or proposed to enter into any service contract with the Company or any of its subsidiaries which is not determinable by 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 or their respective close associates had any interests in businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group, other than those businesses where the Directors were appointed as directors to represent the interests of the Company and/or the Group.

7. LITIGATION

As at the Latest Practicable Date, no member of the Group was involved in any litigation or arbitration of material importance and no litigation or claim of material importance known to the Directors to be pending or threatened by or against any member of the Group.

8. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business of the Group) had been entered into by members of the Group within the two years immediately preceding the Latest Practicable Date and are or may be material:

- (i) the sale and purchase agreement dated 20 September 2024 and entered into between the Company and Lin Xuejiao in relation to disposal of the entire issued share capital of Sino Business Investment Development Limited for a consideration of HK\$60,000; and
- (ii) the Placing Agreement.

9. EXPERTS AND CONSENTS

The following is the qualification of the experts or professional advisers who have given opinion or advice contained in this circular (collectively, the “**Experts**”):

Name	Qualification
Global Mastermind Securities Limited	a corporation licensed to carry out Type 1 (dealing securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
HLB Hodgson Impey Cheng Limited	Certified Public Accountants

As at the Latest Practicable Date, each of the above Experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letters or reports and the reference to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, none of the Experts had any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, none of the above Experts had any direct or indirect interests in any assets which have been, since 31 March 2024 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to, any member of the Group, or which are proposed to be acquired or disposed of by or leased to, any member of the Group.

10. EXPENSES

The expenses in connection with the Rights Issue, including financial advisory fees, placing commission (assuming the Rights Issue is not fully-subscribed and any Unsubscribed Rights Shares and ES Unsold Rights Shares are placed by the Placing Agent), printing, registration, translation, legal and accountancy charges are estimated to be up to approximately HK\$1.4 million, which are payable by the Company.

11. CORPORATE INFORMATION AND PARTIES INVOLVED IN THE RIGHTS ISSUE

Board of Directors	<i>Executive Directors</i> Mr. NG Chi Lung (<i>Chairman</i>) Mr. Wu Qiyou <i>Independent non-executive Directors</i> Ms. WONG Ka Wai, Jeanne Mr. LAU Tak Kei Arthur Mr. Lin Yaomin
Audit committee	Ms. Wong Ka Wai, Jeanne (<i>Chairlady</i>) Mr. Lau Tak Kei Arthur Mr. Lin Yaomin
Remuneration committee	Ms. Wong Ka Wai, Jeanne (<i>Chairlady</i>) Mr. Wu Qiyou Mr. Lau Tak Kei Arthur Mr. Lin Yaomin
Nomination and corporate governance committee	Mr. Ng Chi Lung (<i>Chairman</i>) Ms. Wong Ka Wai, Jeanne Mr. Lau Tak Kei Arthur Mr. Lin Yaomin
Registered office	P.O. Box 31119 Grand Pavilion Hibiscus Way 802 West Bay Road Grand Cayman, KY1-1205 Cayman Islands
Head office and principal place of business	Room 2101, 21/F China Merchants Tower, Shun Tak Centre 168-200 Connaught Road Central Hong Kong
Authorised representatives	Mr. Ng Chi Lung Mr. Lam Williamson
Business address of all Directors and authorised representatives	Room 2101, 21/F China Merchants Tower, Shun Tak Centre 168-200 Connaught Road Central Hong Kong

Company secretary	Mr. Lam Williamson
Hong Kong branch share registrar and transfer office	Tricor Investor Services Limited 17/F, Far East Finance Centre 16 Harcourt Road Hong Kong
Principal banker	Bank of Communications Co., Ltd. 20 Pedder Street Central, Hong Kong
Auditor	HLB Hodgson Impey Cheng Limited Certified Public Accountants 31/F, Gloucester Tower The Landmark 11 Pedder Street Central, Hong Kong
Legal adviser to the Company as to Hong Kong laws	CLKW Lawyers LLP in association with Michael Li & Co. Rooms 1901A, 1902 & 1902A, 19/F New World Tower I 16-18 Queen's Road Central Central, Hong Kong
Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders	Global Mastermind Securities Limited Unit 1203, 12/F West Tower, Shun Tak Centre, 168-200 Connaught Road Central Hong Kong
Placing Agent	Kingston Securities Limited 72/F., The Center 99 Queen's Road Central Central, Hong Kong

12. PARTICULARS OF THE DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Ng Chi Lung (“**Mr. Ng**”), aged 36, has ten years of experience in founding new business and commercial management. Mr. Ng studied at Macquarie University (major in accounting) in Australia after obtained his diploma from the Sydney Institute of Business and Technology in 2008. Since February 2012, Mr. Ng founded and managed business including the scope of manufacturing and services sector. He was an executive director of Yueshou Environmental Holdings Limited (currently known as China Gem Holdings Limited) (stock code:1191), being a company listed on the Main Board of the Stock Exchange, from September 2014 to April 2016. He was also a vice chairman and an executive director of Theme International Holdings Limited (stock code: 990), being a company listed on the Main Board of the Stock Exchange, from April 2016 to July 2018. Mr. Ng was appointed as an executive Director and chairman of the Board on 23 July 2018. Mr. Ng is also a director of various subsidiaries of the Group.

Mr. Wu Qiyu (“**Mr. Wu**”), aged 31, possesses profound expertise in business management, strategic planning and risk management. Mr. Wu obtained a Bachelor of Business (Banking and Finance) from the Monash University in 2016 and a Master of Business Administration from the same university in 2022.

From 2016 to 2020, Mr. Wu served as an investment manager at Cornerstone Capital Investment Group Pty Ltd, leading multiple commercial real estate projects involving retirement and medical assets, monitoring compliance and conducting risk control for those projects. From 2021 to 2022, Mr. Wu was a member of the management team at Lunghealth Medtech Company Limited, spearheading the strategic rollout of the magnetic navigation bronchoscope system in the Chinese market, ensuring the safety of the product and overseeing the compliance with the relevant laws and regulations. In December 2022, Mr. Wu founded Dynamiq Advisory Pte Ltd (“**Dynamiq Advisory**”) and has been the chief executive officer Dynamiq Advisory thereafter, providing its clients with comprehensive corporate services, including but not limited to compliance and risk management services.

Independent non-executive Directors

Ms. Wong Ka Wai, Jeanne (“**Ms. Wong**”), aged 60, has over 30 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 holds a bachelor’s degree in economics from the University of Sydney, Australia. Ms. Wong is currently the managing director of a private company providing consulting and management services, as well as the chief financial officer of a local law firm and consultant of a local CPA firm. Ms. Wong is currently an independent non-executive director of Phoenixtron Holdings Limited (stock code: 8066), being a company listed on GEM.

Mr. Lau Tak Kei Arthur (“**Mr. Lau**”), aged 43, holds a bachelor’s degree of laws from The London School of Economics and Political Science and a master of economics from The University of Hong Kong. He is licenced to carry out Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO.

Mr. Lau has over 17 years of experience spanning hedge fund, private equity and investment banking in Asia. 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 Southeast 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.

Mr. Lin Yaomin (“**Mr. Lin**”), aged 64, obtained a bachelor’s degree in science from the Nanjing University in 1982 and a master’s degree in science from The Chinese Academy of Sciences (中國科學院). Mr. Lin is a senior economist and has also been designated as a Fellow, Life Management Institute from Life Office Management Association since 1999. Mr. Lin has over 30-year experience in management and in the industry of financial, medical and healthcare insurance. From December 1986 to April 1993, Mr. Lin served as the head of the teaching and research department and the secretary of the youth league committee at the China Insurance Management Cadre College. Mr. Lin then served as the general manager at the Xiamen branch of Ping An Life Insurance Company of China, Ltd (“**Ping An Life**”) for about 5 years from March 1995 to January 2000. From January 2000 to July 2002, Mr. Lin was relocated to the Hubei branch of the Ping An Life to serve as a general manager. From June 2006 to March 2015, Mr. Lin joined Kunlun Health Insurance

Co. Ltd. as an executive vice president, with his last position as the chairman and chief executive officer. In March 2017, Mr. Lin worked as a senior consultant at Airstar Digital Technology and retired in December 2021. Thereafter, he founded Insurance Today and has been the director of its research institute.

Senior management

Mr. Lam Williamson (“**Mr. Lam**”), aged 50, joined the Group in December 2007. Mr. Lam is the Group’s chief financial officer and company secretary of the Company. He has more than 20 years’ experience in finance and company secretarial functions. Mr. Lam is a member of the Certified Practising Accountant in Australia and also a fellow member of the Hong Kong Institute of Certified Public Accountants.

13. AUDIT COMMITTEE

As at the Latest Practicable Date, the audit committee of the Company (the “**Audit Committee**”) comprised all of the independent non-executive Directors, namely Ms. Wong Ka Wai, Jeanne (the chairlady of the Audit Committee), Mr. Lau Tak Kei Arthur, and Mr. Lin Yaomin. The background, directorship and past directorship (if any) of each of the members of the Audit Committee are set out in the section headed “12. Particulars of the Directors and senior management” in this appendix. The primary duties of the Audit Committee include, among other things, reviewing and supervising the financial reporting process and internal control systems, as well as the overall risk management of the Group, reviewing the consolidated financial statements and the interim and annual reports of the Group, reviewing the terms of engagement and scope of audit work of the external auditor, and performing the corporate governance function.

14. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (<https://www.hkexnews.hk/>) and the Company (www.gf-healthcare.com) from the date of this circular up to and including the date of the EGM:

- (a) the letter from the Board, the text of which is set out on pages 12 to 53 of this circular;
- (b) the letter of recommendation from the Independent Board Committee, the text of which is set out on pages 54 to 55 of this circular;
- (c) the letter of advice from the Independent Financial Adviser, the text of which is set out on pages 56 to 77 of this circular;
- (d) the accountant’s report on the unaudited pro forma financial information of the Group issued by HLB Hodgson Impey Cheng Limited, the text of which is set out in Appendix II to this circular;

- (e) the material contracts referred to in the paragraph headed “8. Material contracts” of this appendix;
- (f) the written consents referred to in paragraph headed “9. Experts and consents” of this appendix;
- (g) the New Share Option Scheme; and
- (h) this circular.

15. MISCELLANEOUS

- (a) As at the Latest Practicable Date, to the best knowledge of the Directors, there was no restriction affecting the remittance of profit or repatriation of capital of the Company into Hong Kong from outside Hong Kong.
- (b) As at the Latest Practicable Date, there was no contract for the hire or hire purchase of plant to or by any member of the Group for a period of over one year which are substantial in relation to the Group’s business.
- (c) As at the Latest Practicable Date, the Group had no exposure to foreign exchange liabilities.
- (d) In the event of any inconsistency, the English texts of this circular and the accompanying form of proxy shall prevail over their respective Chinese texts.

The following is a summary of the principal terms of the New Share Option Scheme to be approved and adopted by ordinary resolution at the EGM, but such summary does not form part of, nor was it intended to be, part of the New Share Option Scheme, nor should it be taken as affecting the interpretation of the rules of the New Share Option Scheme:

1. PURPOSE

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

2. ADMINISTRATION OF THE NEW SHARE OPTION SCHEME

The New Share Option Scheme shall be subject to the administration of the Board whose decision on all matters arising in relation to the New Share Option Scheme or its interpretation or application or effect shall (save as otherwise provided herein and in the absence of manifest error) be final and binding on all persons who may be affected thereby. For the avoidance of doubt, subject to compliance with the requirements of the GEM Listing Rules and the provisions of the New Share Option Scheme, the Board shall have the right to (i) interpret and construe the provisions of the New Share Option Scheme; (ii) determine the persons who will be offered Options under the New Share Option Scheme, and the number of Shares and the Option Subscription Price, in relation to such Options; (iii) make such appropriate and equitable adjustments to the terms of the Options granted under the New Share Option Scheme as it may deem necessary; and (iv) make such other decisions or determinations or regulations as it shall deem appropriate for the administration of the New Share Option Scheme.

3. ELIGIBLE PARTICIPANTS AND THE BASIS OF ELIGIBILITY OF THE PARTICIPANTS OF THE NEW SHARE OPTION SCHEME

Eligible Participants for the New Share Option Scheme include:

- (i) Employee Participant(s) which include the director(s) and employee(s) (whether full-time or part-time but excludes a former employee of the Group unless such former employee otherwise qualifies as an Eligible Participant) of any member of the Group (including persons who are granted Options under the New Share Option Scheme as inducement to enter into employment contracts with any member of the Group);

- (ii) Related Entity Participant(s) which include directors and employees (whether full time or part time but excludes any former employee unless such former employee otherwise qualifies as an Eligible Participant) of the holding companies, fellow subsidiaries or associated companies of the Company; and
- (iii) Service Provider(s) which include person(s) who provide services to any member of the Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long term growth of the Group, which include any independent contractor, supplier, agent, consultant, adviser and/or business partner to any area of business or business development of the Group, but excluding any placing agents or financial advisers providing advisory services for fundraising, mergers or acquisitions, and other professional services provider such as auditors or valuers who provide assurance, or are required to perform their services with impartiality and objectivity;

provided that the Board may have absolute discretion to determine whether or not one falls within the above categories.

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

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

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

In determining the basis of eligibility of each Service Provider, their eligibility will be considered on a case by case basis and the factors in assessing whether such Service Provider is eligible to participate in the New Share Option Scheme include, in particular: (i) the individual performance of the relevant Service Providers; (ii) the length of their business relationship with the Group; (iii) whether the frequency of the services provided by a Service Provider is akin to that of its regular employees; (iv) the materiality and nature of their business relationship with the Group (such as whether they relate to the core business of the Group and whether such business dealings could be readily replaced by third parties); (v) the background, credentials and experiences of the relevant Service Providers; (vi) the scale of business dealings with the Group, in particular, whether such Service Providers could bring a positive impact to the Group's business with regard to factors such as the actual or expected increase in the Group's revenue or profits or reduction in costs which is or may be attributable to the Service Provider; (vii) the Group's future business plans in relation to further collaboration with such Service Providers and the long term support that the Group may receive accordingly; (viii) the possibility of developing a long term business relationship with such Service Provider; (ix) the positive impact brought to the Group's business development by the Service Provider; and (x) such other factors as the Board may at its discretion consider appropriate.

Further, with respect to the eligibility of each category of the Service Providers, the Board will, on a case by case basis, specifically consider the following factors:

(1) Supplier

Service Providers under this category are suppliers of services, who/which support the Group's businesses of provision of general hospital services in the PRC (the "**Group's businesses**") relating to marketing and business promotional services, clients referral services, and/or technical support services in respect of medical equipment and machineries.

The Board will take into account, amongst others, (i) the nature, reliability and quality of the services supplied in relation to the Group's businesses; (ii) the value of the services provided by the relevant supplier in relation to revenue generated from the Group's businesses; (iii) the frequency of collaboration and length of business relationship with the Group; (iv) the materiality and nature of the business relationship with the Group (such as whether they relate to the core business of the Group and whether such business dealings could be readily replaced by third parties); (v) the background, reputation and track record of the relevant supplier; (vi) the replacement cost of such supplier and/or the services (including continuity and stability of supply or provision of such services); and (vii) the potential and/or actual contribution to the business affairs of the Group, in particular, whether such supplier could bring positive impact to the Group's business, such as an increase in revenue or profits or a reduction in costs attributable to or brought by services provided by such supplier.

(2) Contractor, agent, consultant, adviser and/or business partner

Service Providers under this category are independent contractors, agents, consultants, advisers and/or business partners who provide (i) finance and accounting services but excluding advisory services for fundraising, mergers or acquisitions provided by placing agents or financial advisers, and the provision of assurance or services performed with impartiality and objectivity from service providers such as auditors or valuers; (ii) legal related services; (iii) marketing and sales services in respect of the business of the Group; (iv) technical and information technology services; (v) operation management consulting services; and/or (vi) other direct or ancillary services to the Group on areas relating to the Group's businesses or on areas that are desirable and necessary from a commercial perspective and help maintain or enhance the competitiveness of the Group by way of introducing new customers or business opportunities to the Group and/or applying their specialised skills and/or knowledge in the benefits and development of the Group's businesses.

The Board will take into account, amongst others, (i) the individual performance of the relevant contractor, agent, consultant, advisor and/or business partners; (ii) their knowledge, experience and network in the relevant industry; (iii) the frequency of collaboration and length of their business relationship with the Group; (iv) whether the frequency of the services provided by a Service Provider is akin to that of its employees; (v) the materiality and nature of the business relationship with the Group (such as whether they relate to the core business of the Group and whether such business dealings could be readily replaced by third parties); (vi) the background, credentials and experiences of the relevant contractor, agent, consultant, adviser and/or business partner; (vii) the potential and/or actual contribution to the business affairs of the Group, in particular, whether such contractor, agent, consultant, advisor and/or business partner could bring positive impacts to the Group's business, such as an increase in revenue or profits or a reduction in costs attributable to or brought by the services provided by such contractor, agent, consultant, advisor and/or business partner; and (viii) other factors, including but not limited to the capability, expertise, technical know-how and/or business connections of the relevant contractor, agent, consultant, advisor and/or business partner, and/or the synergy between the relevant contractor, agent, consultant, advisor and/or business partner and the Group.

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

4. GRANT AND ACCEPTANCE OF OPTIONS

The Board shall, subject to the terms of the New Share Option Scheme and the GEM Listing Rules, be entitled (but shall not be bound) at any time and from time to time on any Business Day within a period of ten (10) years commencing on the Adoption Date to make an Offer to such Eligible Participant as it may in its absolute discretion select, and subject to such conditions as the Board may think fit, to subscribe for such number of Shares (being a board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof) as the Board may, subject to paragraph (7) below, determine the Option Subscription Price pursuant to paragraph (6) below, provided that no such grant shall be made if a prospectus is required to be issued under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) or any applicable laws or if such grant will result in the breach by the Company or the Directors of any applicable securities laws and regulations in any jurisdiction.

An Offer shall be made to Eligible Participants in writing (and unless so made shall be invalid) in such form as the Board may from time to time determine either generally or on a case-by-case basis specifying the number of Shares and the Option Period in respect of which the Offer is made and further requiring the Eligible Participant to undertake to hold the Option on the terms on which it is to be granted and to be bound by the provisions of the New Share Option Scheme and shall remain open for acceptance by the Eligible Participant concerned (and by no other person, including his or her Personal Representative(s) for a period of twenty-one (21) days inclusive of, and from the Offer Date provided that no such Offer shall be open for acceptance after the earlier of the Termination Date or the termination of the New Share Option Scheme.

An Offer shall be deemed to have been accepted by an Eligible Participant concerned in respect of all Shares which are offered to such Eligible Participant when the duplicate letter comprising acceptance of the Offer duly signed by the Eligible Participant with the number of Shares in respect of which the Offer is accepted as stated therein, together with a remittance in favour of the Company of HK\$1.00 by way of consideration for the grant thereof is received by the Company.

Any Offer may be accepted by an Eligible Participant in respect of less than the number of Shares which are offered provided that it is accepted in respect of a board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof.

5. VESTING PERIOD

Save for the circumstances prescribed below, an Option must be held by the Grantee for at least twelve (12) months before the Option can be exercised.

The Board may at its discretion grant a shorter vesting period to an Employee Participant in the following circumstances:

- (a) grants of “make-whole” Option(s) to new joiners to replace the share options they forfeited when leaving the previous employers;
- (b) grants to an Employee Participant whose employment is terminated due to death or occurrence of any out-of-control event;
- (c) grants that are made in batches during a year for administrative and compliance reasons, which include Options that should have been granted earlier if not for such administrative or compliance reasons had to wait for the subsequent batch. In such case, the Vesting Period may be shorter to reflect the time from which the Option would have been granted;
- (d) grants of Options with a mixed or accelerated vesting schedule such as where the Options may vest evenly over a period of twelve (12) months; or

- (e) grants with performance-based vesting conditions in lieu of time-based vesting criteria as determined in the conditions of grant.

6. EXERCISE OF OPTIONS AND OPTION SUBSCRIPTION PRICE OF SHARES

An Option may be exercised in whole or in part by the Grantee giving notice in writing to the Company stating that the Option is thereby exercised and the number of Shares in respect of which it is so exercised. Each of such notice must be accompanied by a remittance for the full amount of the Option Subscription Price for the Shares in respect of which the notice is given. Within twenty-eight (28) days after receipt of the notice and the remittance and, where appropriate, receipt of the certificate of the Company's auditors or independent financial advisers, the Company shall accordingly allot and issue the relevant number of Shares to the Grantee (or, in the event of an exercise of Option by his or her Personal Representative, to the estate of the Grantee) credited as fully paid and instruct the share registrar of the Company to issue to the Grantee (or his or her Personal Representative(s)) a share certificate for the Shares so allotted.

Holders of the Options are not entitled to voting, dividend, transfer and other rights of the holders of the Shares, including those arising on a liquidation of the Company, save as otherwise provided in the New Share Option Scheme or under the relevant laws or the memorandum of association and the articles of the Company in effect from time to time.

The Option Subscription Price for Shares to be subscribed under the New Share Option Scheme may be determined by the Board at its absolute discretion, provided that it shall not be less than the highest of:

- (a) the closing price of the Shares as shown in the daily quotations sheet of the Stock Exchange on the Offer Date, which must be a Business Day;
- (b) the average of the closing prices of the Shares as shown in the daily quotations sheets of the Stock Exchange for the five (5) consecutive Business Days immediately preceding the Offer Date; and
- (c) the nominal value of the Share on the Offer Date.

Where a relevant Option is to be granted under paragraph (8) or (9) below, for the purposes of the above (a) and (b) above, the date of the Board meeting at which the grant was proposed shall be taken to be the Offer Date for such relevant Option, and the provisions as set above shall apply *mutatis mutandis*.

7. MAXIMUM NUMBER OF SHARES AVAILABLE FOR ISSUE

- (a) Subject to the GEM Listing Rules, the total number of Shares which may be issued in respect of all Options which may be granted at any time under the New Share Option Scheme together with options and awards which may be granted under any other share schemes for the time being of the Company shall not exceed 56,364,998 Shares, representing approximately 10% of the issued share capital of the Company (excluding Treasury Shares) as at the Adoption Date (the “**Scheme Mandate Limit**”), unless Shareholders’ approval has been obtained pursuant to sub-paragraphs (c) and (d) below. Options lapsed in accordance with the terms of the New Share Option Scheme will not be regarded as utilised for the purpose of calculating the Scheme Mandate Limit and the Service Provider Sublimit.
- (b) Subject to the limit mentioned in (7)(a) above, within the Scheme Mandate Limit, the total number of Shares which may be issued in respect of all Options which may be granted at any time under the New Share Option Scheme together with options and awards which may be granted under any other share schemes for the time being of the Company to Service Providers shall not exceed 16,909,499 Shares, representing approximately 3% of the issued share capital of the Company (excluding Treasury Shares) as at the Adoption Date (i.e. the Service Provider Sublimit).
- (c) The Company may seek approval of the Shareholders in general meeting to refresh the Scheme Mandate Limit and/or the Service Provider Sublimit under the New Share Option Scheme after three (3) years from the Adoption Date (or the date of Shareholders’ approval for the last refreshment), provided that the limit so refreshed must not exceed 10% of the relevant class of Shares in issue (excluding Treasury Shares) as at the date of passing the relevant resolution. The Company must send a circular to the Shareholders containing such information as required under the GEM Listing Rules. Any refreshment of the Scheme Mandate Limit and/or the Service Provider Sublimit to be made within three (3) years from the Adoption Date (or the date of Shareholders’ approval for the last refreshment) shall be subject to independent Shareholders’ approval pursuant to Rule 23.03C(1) of the GEM Listing Rules and any controlling Shareholders and their associates (or if there is no controlling Shareholder, Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates) must abstain from voting in favour of the relevant resolution at the general meeting.

- (d) The Company may also seek separate approval of the Shareholders in general meeting for granting Options beyond the Scheme Mandate Limit provided that the Options in excess of the Scheme Mandate Limit are granted only to Eligible Participants specifically identified by the Company before such approval is sought. For the purpose of seeking approval of Shareholders under this sub-paragraph (d), the Company must send a circular to the Shareholders containing a generic description of the specified Eligible Participants who may be granted such Options, the number and terms of Options to be granted, the purpose of granting Options to the specified Eligible Participants with an explanation as to how the terms of the Options serve such purpose and such other information as required under the GEM Listing Rules. The number and terms (including the Option Subscription Price) of Options to be granted to such Eligible Participant must be fixed before Shareholders' approval and the date of Board meeting for proposing such grant should be taken as the date of grant for the purpose of calculating the Option Subscription Price.

8. GRANT OF OPTIONS TO A DIRECTOR, CHIEF EXECUTIVE OR SUBSTANTIAL SHAREHOLDER OF THE COMPANY OR ANY OF THEIR ASSOCIATES

Any grant of Options to a Director, chief executive of the Company or substantial Shareholder (as defined under the GEM Listing Rules), or any of their respective associates must be approved by the independent non-executive Directors (excluding any independent non-executive Director who or whose associate is the proposed Grantee).

Where Options are proposed to be granted to an independent non-executive Director or a substantial Shareholder (as defined in the GEM Listing Rules) or any of their respective associates and if such grant would result in the Shares issued and to be issued (including any Treasury Shares which may be transferred, as applicable) in respect of all options and awards granted and to be granted (excluding any options and awards lapsed in accordance with the terms of the relevant schemes) to such person in any twelve (12)-month period up to and including the date of grant representing in aggregate over 0.1% of the total issued Shares (excluding any Treasury Shares), such further grant of Options must be approved by Shareholders in a general meeting of the Company with such Grantee, his/her associates and all core connected persons of the Company abstaining from voting in favour of the proposed grant at such general meeting. Parties that are required to abstain from voting in favour at the general meeting pursuant to Rule 23.04(1) of the GEM Listing Rules may vote against the resolution at the general meeting of the Company, provided that their intention to do so has been stated in the relevant circular to the Shareholders. Any vote taken at the general meeting to approve the grant of such Options must be taken on a poll and comply with the requirements under the GEM Listing Rules.

A circular must be prepared by the Company explaining the proposed grant, containing, among other matters, (i) details of the number and terms of the Options to be granted to each Eligible Participant, which must be fixed before Shareholders' approval; (ii) the views of the independent non-executive Directors (excluding any independent non-executive Director who and whose associate is a Grantee) as to whether the terms of the grant are fair and reasonable and whether such grant is in the interests of the Company and the Shareholders as a whole, and their recommendation to the independent Shareholders as to voting; and (iii) information as may be required by the Stock Exchange from time to time.

Shareholders' approval in a general meeting is also required for any change in the terms of Options granted to an Eligible Participant who is a Director, chief executive of the Company or substantial Shareholder (as defined in the GEM Listing Rules) or any of their respective associates if the initial grant of the Options requires such approval (except where the changes take effect automatically under the existing terms of the New Share Option Scheme).

9. MAXIMUM ENTITLEMENT OF EACH ELIGIBLE PARTICIPANT

Where any grant of Options to an Eligible Participant would result in the Shares issued and to be issued (including any Treasury Shares which may be transferred, as applicable) in respect of all options and awards granted to such Eligible Participant (excluding any options and awards lapsed in accordance with the terms of the relevant schemes) in the twelve (12)-month period up to and including the date of such grant representing in aggregate over 1% of the Shares in issue (excluding Treasury Shares), such grant must be separately approved by the Shareholders in general meeting with such Eligible Participant and his/her close associates (or associates if the Eligible Participant is a connected person) abstaining from voting. The Company must send a circular to the Shareholders and the circular must disclose the identity of the Eligible Participant, the number and terms of the Options to be granted (and options and awards previously granted to such Eligible Participant in the twelve (12)-month period), the purpose of granting Options to the Eligible Participant, an explanation as to how the terms of the Options serve such purpose and such information as may be required by the Stock Exchange from time to time. The number and terms (including the Option Subscription Price) of Options to be granted to such Eligible Participant must be fixed before Shareholders' approval and the date of Board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the Option Subscription Price.

10. TIME OF EXERCISE OF OPTIONS

Subject to the terms of the New Share Option Scheme, an Option may be exercised in whole or in part at any time during the period to be determined and notified by the Directors to the Grantee thereof at the time of making an Offer provided that such period shall not exceed the period of ten (10) years from the date of the grant of the particular Option but subject to the provisions for early termination of the New Share Option Scheme.

The Board may at its discretion specify any condition in the offer letter at the grant of the relevant Option which must be satisfied before an Option may be exercised. Save as determined by the Board and provided in the offer of the grant of the relevant Option, there is no performance target which must be achieved before an Option can be exercised under the terms of the New Share Option Scheme nor any clawback mechanism for the Company to recover or withhold any Options granted to any Eligible Participant.

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

11. RESTRICTIONS ON THE TIME OF GRANT OF OPTIONS

Grant of Options may not be made:

- (a) after inside information (having the meaning defined in the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong) has come to the knowledge of the Company until (and including) the trading day after it has been announced pursuant to the requirements of the GEM Listing Rules; and
- (b) during the period commencing 30 days immediately preceding the earlier of:
 - (i) the date of the meeting of the Board (as such date is first notified to the Stock Exchange in accordance with the GEM Listing Rules) for approving the Company's results for any year, half-year or quarter-year period or any other interim period (whether or not required under the GEM Listing Rules); and
 - (ii) the deadline for the Company to publish its results for any year, half-year or quarter-year period under the GEM Listing Rules, or any other interim period (whether or not required under the GEM Listing Rules) and ending on the date of the results announcements (or during any period of delay in publishing results announcements).

For the avoidance of doubt, in compliance with the GEM Listing Rules, a Director must not deal in any securities of the Company (and no Options may be granted to a Director) on any day on which its financial results are published and:

- (i) during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and
- (ii) during the period of 30 days immediately preceding the publication date of the quarterly results and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results,

unless the circumstances are exceptional, for example, where a pressing financial commitment has to be met as described in the Model Code for Securities Transactions by Directors of Listed Issuers.

12. RIGHTS ARE PERSONAL TO GRANTEES

An Option shall be personal to the Grantee and shall not be assignable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest whatsoever in favour of any third party over or in relation to any Option or enter into any agreement so to do. In the event of any breach of the foregoing, his or her Option (to the extent not already exercised) will lapse on the date on which the Grantee commits such breach.

13. RIGHTS ON CESSATION OF EMPLOYMENT OR DIRECTORSHIP

If the Grantee of an Option is an employee or a director of the Group and ceases to be an Eligible Participant by reason of voluntary resignation or dismissal or upon expiration of his or her term of directorship (unless immediately renewed upon expiration), or by termination of his or her employment or directorship on any one or more of the grounds that he or she has been guilty of persistent or serious misconduct, or has become bankrupt or has become insolvent or has made any arrangement or composition with his or her creditors generally, or has been convicted of any criminal offence (other than an offence which in the opinion of the Directors does not bring the Grantee or the Group into disrepute) or any other ground(s) on which the Group would be entitled to terminate the Grantee's employment or directorship pursuant to any applicable law before exercising the Option in full, his or her Option (to the extent vested but not already exercised) will lapse on the date of cessation or termination and not be exercisable. For the avoidance of doubt, all unvested Options shall be forfeited and lapsed on the date of cessation of employment or directorship.

14. RIGHTS ON DEATH

If the Grantee of an Option ceases to be an Eligible Participant by reason of his or her death before exercising the Options in full, and where the Grantee is an employee or a director of the Group, none of the events referred to in paragraph (13) above as ground for termination of his or her employment or directorship arises, all of the Grantee's unvested Options will be immediately and automatically vested on the date of death, and his or her Personal Representative(s) may exercise the Option (to the extent not already exercised) in whole or in part in accordance with the terms of the New Share Option Scheme within a period of six (6) months following the date of death, or up to the expiration of the Option Period, whichever is earlier, failing which it will lapse. If any of the events referred to in paragraphs (18) to (20) below occurs during such period, his or her Personal Representative(s) may exercise the Option pursuant to paragraphs (18) to (20) respectively.

15. RIGHTS ON ILL-HEALTH OR RETIREMENT

If the Grantee of an Option is an employee or a director of the Group ceases to be an Eligible Participant by reason of ill-health or retirement as an employee in accordance with his or her contract of employment before exercising the Option in full, he or she may exercise the Option (to the extent vested but not already exercised) in whole or in part in accordance with the terms of the New Share Option Scheme within a period of six (6) months following the date of such cessation, failing which it will lapse. The date of cessation shall be the last day on which the Grantee is actually at work with the Group whether salary is paid in lieu of notice or not. If any of the events referred to in paragraphs (18) to (20) below occurs during such period, he or she may exercise the Option pursuant to paragraphs (18) to (20) respectively. For the avoidance of doubt, all unvested Options shall be forfeited and lapsed on the date of cessation of employment or directorship.

16. RIGHTS ON CESSATION FOR OTHER REASONS

If the Grantee of an Option who is an employee or a director of the Group ceases to be an Eligible Participant for any reason other than the reasons set out in paragraphs (13) to (15) above, his or her Option (to the extent vested but not already exercised) will lapse on the date of cessation or termination of his or her employment with the Group. For the avoidance of doubt, all unvested Options shall be forfeited and lapsed on the date of cessation of employment or directorship.

17. RIGHTS ON BREACH OF CONTRACT

If the Grantee of an Option who is a Service Provider ceases to be an Eligible Participant by reason of breach of contract entered into between such Eligible Participant and the Group, or termination of his/her/its engagement or appointment, in the absolute determination of the Board or the Board in its sole and absolute opinion believes such Grantee has become a competitor of the Group, or the Grantee has become bankrupt or has become insolvent or has made any arrangement or composition with his/her/its creditors generally, has committed any serious misconduct, or has been convicted of any criminal offence (other than an offence which in the opinion of the Directors does not bring the Grantee or the Group into disrepute), the Options (to the extent vested but not already exercised) shall lapse on the date of the Board's determination and not be exercisable. For the avoidance of doubt, all unvested Options shall be forfeited and lapsed on the date of the Board's determination.

Note: Paragraphs 13, 14, 15 and 16 do not apply to a Grantee who is not an employee or a director of the Group.

Unlike employees or directors who are employed or appointed on a continuous basis, the relationship between the Group and the Grantees who are not employees or directors are based on different contracts which may or may not be consecutive or continuous in nature and may be on a project or order basis.

18. RIGHTS ON A GENERAL OFFER

In the event of a general or partial offer, whether by way of take-over offer, share repurchase offer, or scheme of arrangement or otherwise in like manner being made to all Shareholders (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert (as defined in the Takeovers Code) with the offeror) and such offer becomes or is declared unconditional or such scheme of arrangement is formally proposed to the Shareholders during the Option Period of the relevant Option, provided that the Unconditional Date (as defined below) is no less than twelve (12) months from the date of grant of the relevant Options, all unvested Options will be vested on the date (the "**Unconditional Date**") on which such offer becomes or is declared unconditional and the Grantee (or his or her Personal Representative(s)) shall be entitled to exercise the Option in full (to the extent not already exercised) at any time within one (1) month after the Unconditional Date, or within one (1) month after the record date for entitlements under the scheme of arrangement, as the case may be.

19. RIGHTS ON WINDING UP

In the event a notice is given by the Company to its Shareholders to convene an extraordinary general meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind-up the Company (the “**Notice**”), provided that the date of the Notice is no less than twelve (12) months from the date of grant of the relevant Options, all unvested Options will immediately and automatically be vested and the Company shall on the same date as it despatches such notice to each Shareholder give notice thereof to all Grantees and any Grantee or his or her Personal Representative(s) may by notice in writing to the Company accompanied by a remittance for the full amount of the aggregate Option Subscription Price in respect of the relevant Option (such notice shall be received by the Company no later than two (2) Business Days prior to the proposed general meeting) exercise the Option (to the extent not already exercised) either to its full extent or to the extent that he or she may specify in his or her notice and the Company shall as soon as possible and in any event no later than the Business Day immediately prior to the date of the proposed general meeting referred to above, allot and issue such number of Shares to the Grantee credited as fully paid.

20. RIGHTS ON RECONSTRUCTION, COMPROMISE OR ARRANGEMENT

If a compromise or arrangement between the Company and the Shareholders or its creditors is proposed for the purpose of or in connection with a scheme for the reconstruction or amalgamation of the Company, the Company shall give notice thereof to all Grantees on the same date as it gives notice of the meeting to the Shareholders or creditors to summon a meeting to consider such a scheme or arrangement (the “**Meeting Notice**”), and thereupon, provided that the date of the Meeting Notice is no less than twelve (12) months from the date of grant of the relevant Options, all unvested Options will be vested and the Options (to the extent not already exercised) shall become exercisable in whole or in part on such date until the earlier of (i) two (2) months after that date or (ii) at any time not later than two (2) Business Days prior to the date of the meeting directed to be convened by the court for the purposes of considering such a scheme or arrangement (the “**Suspension Date**”), accompanied by a remittance of the full amount of the aggregate Option Subscription Price for the Shares in respect of which the notice is given exercise the Option (to the extent not already exercised) either to its full extent or to the extent specified in such notice and the Company shall as soon as possible and in any event no later than 3:00 p.m. on the Business Day immediately prior to the date of the proposed meeting, allot and issue such number of Shares to the Grantee or his or her Personal Representative(s) which falls to be issued on such exercise of the Option credited as fully paid and register the Grantee as holder thereof. With effect from the Suspension Date, the rights of all Grantees to exercise their respective Options shall forthwith be suspended. Upon such compromise or arrangement becoming effective, all Options shall, to the extent that they have not been exercised, lapse and terminated.

21. CANCELLATION OF OPTIONS

Any Option granted but not exercised may not be cancelled except with the written consent of the relevant Grantee and the prior approval of the Directors. Where the Company cancels Options and makes a new grant to the same Grantee, such new grant may only be made under the New Share Option Scheme with available unissued Options within the limit approved by the Shareholders pursuant to paragraph 7. The Options cancelled will be regarded as utilised for the purpose of calculating the Scheme Mandate Limit and the Service Provider Limit.

22. EFFECT OF ALTERATIONS TO SHARE CAPITAL

In the event of any alteration in the capital structure of the Company by way of capitalisation issue, rights issue, consolidation, sub-division or reduction of the share capital of the Company (other than an issue of Shares as consideration in respect of a transaction while any Option remains exercisable), such corresponding alterations (if any) will be made in (i) the number or nominal amount of Shares subject to the New Share Option Scheme or any Option so far as such Option remains unexercised; and/or (ii) the Option Subscription Price per Share as the auditors or independent financial advisers for the time being of the Company shall at the request of the Company or any Grantee certify in writing to be in their opinion fair and reasonable (other than in the case of capitalisation issue), provided that any such adjustment shall be made on the basis that the Grantee shall have the same proportion of the issued share capital of the Company to which he or she would have been entitled to had he or she exercised all the Options held by him or her immediately prior to such event and the aggregate Option Subscription Price payable by the Grantee on the full exercise of any Option shall remain as nearly as possible the same as (but not greater than) it was before such event, but so that no such adjustment shall be made the effect of which would be to enable a Share to be issued at less than its nominal value and the issue of securities of the Company as consideration in a transaction shall not be regarded as a circumstance requiring any such adjustment. Save in the case of capitalisation issue, the auditors or independent financial advisers for the time being of the Company must confirm to the Directors in writing that such adjustment(s) satisfy the aforesaid requirements.

Set out below are the formulae for calculating the adjustment to the exercise price of outstanding Options for a capitalisation or bonus issue, rights issue or open offer and sub-division or consolidation of Shares.

i. Capitalisation or Bonus Issue and Rights Issue or Open Offer of Shares

$$\text{New Number of Options} = \text{Existing Number of Options} \times F$$

$$\text{New Exercise Price} = \text{Existing Exercise Price} \times 1/F$$

Where:

$$F = \frac{\text{CUM}}{\text{TEEP}}$$

$$F = \text{CUM} / \text{TEEP}$$

CUM = Closing price as shown in Daily Quotation Sheet of the Stock Exchange on the last trading day before going ex-entitlement to the offer (the cum-rights price)

$$\text{TEEP (Theoretical Ex Entitlement Price)} = \frac{\text{CUM} + M \times R}{1 + M}$$

M = Entitlement per Existing Share

R = Subscription Price

ii. Subdivision or Consolidation of Shares

$$\text{New Number of Options} = \text{Existing Number of Options} \times F$$

$$\text{New Exercise Price} = \text{Existing Exercise Price} \times \frac{1}{F}$$

Where F = Subdivision or Consolidation Factor

23. RANKING OF SHARES

The Shares to be allotted or Treasury Shares to be transferred upon the exercise of an Option will be subject to all the provisions of the Articles of Association for the time being in force and will rank *pari passu* in all respects (including voting, dividend, transfer and other rights, including those arising on a liquidation of the Company) with the fully paid Shares in issue (excluding Treasury Shares) on the date on which the Option is duly exercised or, if that date falls on a day when the register of members of the Company is closed, the first day of the re-opening of the register of members (the “**Exercise Date**”) and accordingly will entitle the holders of Shares to participate in all dividends or other distributions paid or made on or after the Exercise Date other than any dividends or other distributions previously declared or recommended or resolved to be paid or made with respect to a record date which shall be before the Exercise Date. The Options do not carry any right to vote in general meeting of the Company, or the right to dividend and other rights, including those arising on a liquidation of the Company until such Options have been exercised. A Share allotted upon the exercise of an Option shall not carry voting rights until the name of the Grantee has been duly entered onto the register of members of the Company as the holder thereof.

24. DURATION OF THE NEW SHARE OPTION SCHEME

The New Share Option Scheme shall continue in force for the period commencing from the Adoption Date, and expiring at the close of business on the date which falls ten (10) years after the Adoption Date, after such period no further Options will be granted but the provisions of the New Share Option Scheme shall remain in full force and effect in respect of any Options granted before its expiry or termination but not yet exercised.

25. ALTERATIONS TO THE TERMS OF THE NEW SHARE OPTION SCHEME

Save for the provisions prescribed below, the New Share Option Scheme may be altered in any respect by a resolution of the Board.

- (a) The provisions relating to the matters set out in Rule 23.03 of the GEM Listing Rules cannot be altered to the advantage of Eligible Participants without the prior approval of Shareholders in a general meeting.
- (b) Any alterations to the terms and conditions of the New Share Option Scheme which are of a material nature or any change to the terms of Options granted to an Eligible Participant must be approved by the Board, the remuneration committee of the Company (the “**Remuneration Committee**”), the independent non-executive Directors and/or the Shareholders (as the case may be) if the initial grant of the Options was approved by the board, the Remuneration Committee, the independent non-executive Directors and/or the Shareholders (as the case may be), except where the alterations take effect automatically under the existing terms of the New Share Option Scheme.

- (c) Any change to the authority of the Directors or the administrator of the New Share Option Scheme to alter the terms of New Share Option Scheme must be approved by the Shareholders in a general meeting.
- (d) The amended terms of the New Share Option Scheme or the Options must still comply with the relevant requirements of Chapter 23 of the GEM Listing Rules.

26. CONDITIONS OF THE NEW SHARE OPTION SCHEME

The New Share Option Scheme is conditional upon:

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

27. LAPSE OF OPTIONS

An Option shall lapse automatically (to the extent not already exercised) on the earliest of:

- (a) the expiry of the Option Period;
- (b) the date on which the Grantee commits a breach of paragraph (12);
- (c) the expiry of the relevant period or the occurrence of the relevant event referred to in paragraphs (13) to (20); and
- (d) the date of the commencement of the winding-up of the Company.

28. TERMINATION

The Company by ordinary resolution in general meeting may at any time terminate the operation of the New Share Option Scheme and in such event no further Options will be offered but in all other respects the provisions of the New Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any Options granted but not yet exercised prior thereto or otherwise as may be required in accordance with the provisions of the New Share Option Scheme and Options granted prior to such termination shall continue to be valid and exercisable in accordance with the New Share Option Scheme.

29. MISCELLANEOUS

The terms of the New Share Option Scheme (and any other schemes adopted by the Company from time to time) shall be in accordance with the requirements set out in Chapter 23 of the GEM Listing Rules.

The Company will comply with the relevant statutory requirements and the GEM Listing Rules from time to time in force on a continuing basis in respect of the New Share Option Scheme and any other schemes of the Company.

Any dispute arising in connection with the number of Shares of an Option and any of the matters referred to in paragraph (22) above shall be referred to the decision of the Company's auditors or the independent financial advisers of the Company who shall act as experts and not as arbitrators and whose decision, in the absence of manifest error, shall be final, conclusive and binding on all persons who may be affected thereby.

NOTICE OF EXTRAORDINARY GENERAL MEETING



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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**Meeting**”) of Good Fellow Healthcare Holdings Limited (the “**Company**”) will be held on Tuesday, 6 May 2025 at 11:00 a.m. at 2/F, 35–45B Bonham Strand, Sheung Wan, Hong Kong for considering and, if thought fit, passing, with or without amendments, the following resolutions of the Company:

ORDINARY RESOLUTIONS

1. “**THAT** subject to the conditions set out in the letter from the board under the heading “Conditions of the Rights Issue” in the Circular:
 - (a) the allotment and issue of 563,649,988 new Shares (assuming no change in the number of Shares in issue on or before the Record Date (as defined below) and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue) (the “**Rights Shares**”) pursuant to an offer by way of rights to the shareholders of the Company (the “**Shareholders**”) at the subscription price of HK\$0.05 per Rights Share (the “**Subscription Price**”) on the basis of one (1) Rights Share for every one (1) Existing Share held by the Shareholders (the “**Qualifying Shareholders**”) whose names appear on the register of members of the Company on Friday, 16 May 2025, or such other date as may be determined by the Company for determining entitlements of Shareholders to participate in the Rights Issue (as defined below) (the “**Record Date**”), as described in further details in the Circular (a copy of which has been produced to the EGM marked “A” and signed by the chairman of the EGM for the purpose of identification), save for the Shareholders whose addresses as of the Record Date are outside of Hong Kong (if any) to whom the Directors, based on the results of the enquiries made by the Company from such legal adviser(s) in the relevant jurisdiction(s) in respect of applicable local laws and regulations, consider it necessary or expedient not to offer the Rights Shares on account

NOTICE OF EXTRAORDINARY GENERAL MEETING

either of the legal restrictions under the laws of the relevant place(s) of their registered address(es) or the requirements of the relevant regulatory body(ies) or stock exchange(s) in such place(s) (the “**Excluded Shareholders**”), and on and subject to such terms and conditions as may be determined by the Directors (the “**Rights Issue**”), be and is hereby approved, confirmed and ratified;

- (b) the placing agreement dated 14 March 2025 (the “**Placing Agreement**”) and entered into between the Company and Kingston Securities Limited (a copy of which has been produced to the EGM marked “B” and signed by the chairman of the EGM for the purpose of identification), in relation to the placing of the Rights Shares not subscribed by the Qualifying Shareholders and/or the Rights Share(s) which would otherwise has/have been provisionally allotted to the Excluded Shareholder(s) in nil-paid form that has/have not been sold by the Company at the placing price of not less than the Subscription Price on a best effort basis, and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (c) the board of Directors or a committee thereof be and is hereby authorised to allot and issue the Rights Shares pursuant to or in connection with the Rights Issue notwithstanding that the same may be offered, allotted or issued otherwise than pro rata to the existing Shareholders and, in particular, the Directors may make such exclusions or other arrangements in relation to any Excluded Shareholders, and to do all such acts and things or make such arrangements as it considers necessary, desirable or expedient to give effect to any or all other transactions contemplated in this resolution; and
- (d) any one or more Directors be and is/are hereby authorised to do all such acts, deeds and things, to sign and execute all such further documents or deeds and to take such steps as he/they may in his/their absolute discretion consider necessary, appropriate, desirable or expedient to carry out or to give effect to or in connection with the Rights Issue, the Placing Agreement and the transactions contemplated thereunder.”

NOTICE OF EXTRAORDINARY GENERAL MEETING

2. “**THAT**:

- (a) subject to and conditional upon the GEM Listing Committee of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) granting approval for the listing of, and permission to deal in, the shares of the Company (the “**Shares**”) which may fall to be issued and allotted pursuant to the exercise of any options which may be granted under the new share option scheme of the Company (the “**New Share Option Scheme**”), the rules of which have been produced to the Meeting and marked “C” and initialed by the chairman of the Meeting for identification purpose, the rules of the New Share Option Scheme be and are hereby approved and adopted and the directors (the “**Directors**”) of the Company be and are hereby authorised to grant options to allot, issue and deal in the Shares as may be required to be allotted and issued (and/or to transfer such number of treasury Shares, as applicable) upon the exercise of any option granted thereunder and to take all such steps and attend all such matters, approve and execute (whether under hand or under seal) such documents and do such other things, for and on behalf of the Company, as the Directors may consider necessary, desirable or expedient to effect and implement the New Share Option Scheme;
- (b) the total number of Shares to be allotted and issued (including any treasury Shares which may be transferred, as applicable) pursuant to (a) above, together with any issue of Shares upon the exercise of any options and awards granted under any other share schemes of the Company as may from time to time be adopted by the Company, shall not in aggregate exceed such number of Shares as equals to 10% of the Shares in issue (excluding treasury Shares, if any) as at the date of passing of this resolution.”

3. “**THAT** conditional upon the New Share Option Scheme of the Company being approved and adopted by way of ordinary resolution of the Company numbered 2 above, the sublimit on the total number of Shares that may be issued (including any treasury Shares which may be transferred, as applicable) in respect of all options and awards to be granted to service providers under all the share schemes of the Company of 3% of the total number of Shares in issue (excluding treasury Shares) on the date of approval of the New Share Option Scheme be and is hereby approved and adopted.”

The proposed resolution numbered 2 is not conditional upon the passing of the proposed resolution numbered 3, but the proposed resolution numbered 3 is conditional upon the passing of the proposed resolution numbered 2. In the event that the proposed resolution numbered 2 is passed but the proposed resolution numbered 3 is not passed, the Company will adopt the New Share Option Scheme but the Board shall alter the New Share Option Scheme to remove references to the grant of options to service providers. In the event that the proposed resolution numbered 3 is passed but the proposed resolution numbered 2 is not passed, the New Share Option Scheme will not be adopted.

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

Hong Kong, 17 April 2025

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

1. Any member of the Company entitled to attend and vote at the Meeting shall be entitled to appoint another person as his/her proxy to attend and vote instead of him/her. A member who is the holder of two or more shares may appoint more than one proxy to represent him/her and vote on his/her behalf at the Meeting. A proxy need not be a member of the Company. On a poll, votes may be given either personally or by proxy.
2. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his/her attorney duly authorised in writing or, if the appointer is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same.
3. To be valid, the instrument appointing a proxy and (if required by the Board) the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, shall be delivered to the office of the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not less than 48 hours (i.e. 11:00 a.m. on Sunday, 4 May 2025) before the time appointed for holding the Meeting or any adjournment thereof.
4. No instrument appointing a proxy shall be valid after expiration of 12 months from the date named in it as the date of its execution, except at an adjourned meeting or on a poll demanded at the Meeting or any adjournment thereof in cases where the Meeting was originally held within 12 months from such date.
5. Where there are joint holders of any shares, any one of such joint holders may vote at the Meeting, either in person or by proxy, in respect of such share as if he/she were solely entitled thereto, but if more than one of such joint holders be present at the Meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose, seniority shall be determined by the order in which the names stand in the Register of Members of the Company in respect of the joint holding.
6. Completion and delivery of an instrument appointing a proxy shall not preclude a member from attending and voting in person at the Meeting if the member so desire and in such event, the instrument appointing a proxy should be deemed to be revoked.
7. For the purpose of determining shareholders' entitlements to attend and vote at the Meeting, the transfer books and the register of members of the Company will be closed from Saturday, 26 April 2025 to Tuesday, 6 May 2025 (both days inclusive), during which period no transfer of shares will be effected. In order to establish the right to attend and vote at the Meeting, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m. on Friday, 25 April 2025.
8. Details of the summary of the principal terms of the New Share Option Scheme are set out in Appendix IV to the circular of the Company dated 17 April 2025.
9. If tropical cyclone warning signal no. 8 or above is hoisted or a black rainstorm warning signal is in force at or after 8:00 a.m. on Tuesday, 6 May 2025, the Meeting will be postponed and further announcement for details of alternative meeting arrangements will be made. The Meeting will be held as scheduled even when tropical cyclone warning signal no. 3 or below is hoisted, or an amber or red rainstorm warning signal is in force. You should make your own decision as to whether you would attend the Meeting under bad weather conditions and if you should choose to do so, you are advised to exercise care and caution.

NOTICE OF EXTRAORDINARY GENERAL MEETING

As at the date of this notice, the Board comprises Mr. Ng Chi Lung and Mr. Wu Qiyou as executive Directors; and Ms. Wong Ka Wai, Jeanne, Mr. Lau Tak Kei Arthur and Mr. Lin Yaomin as independent non-executive Directors.

This notice, 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 notice 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 notice misleading.

This notice will remain on the website of the Stock Exchange at www.hkexnews.hk on the “Latest Listed Company Information” page of the website of the Stock Exchange for at least seven days from the date of its publication and on the website of the Company at www.gf-healthcare.com.