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)

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

THE DISPOSAL

On 23 March 2020 (after trading hours of the Stock Exchange), the Vendor, a wholly-owned subsidiary of the Company, and the Purchaser entered into the Disposal Agreement, pursuant to which, the Vendor conditionally agreed to sell and the Purchaser conditionally agreed to purchase the Sale Shares, representing the entire issued share capital of the Target Company, at the Consideration of HK$11.00 million.

Upon Completion, the Target Company will cease to be a subsidiary of the Company and the Company will cease to have any interest in the Target Company. The financial results of the Target Group will no longer be consolidated into the consolidated financial statements of the Group following Completion.

GEM LISTING RULES IMPLICATIONS

As one or more of the relevant percentage ratios calculated in accordance with the GEM Listing Rules in respect of the Disposal exceeds 5% but less than 25%, the Disposal constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 19 of GEM Listing Rules.

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

* *For identification purpose only*

THE DISPOSAL

On 23 March 2020 (after trading hours of the Stock Exchange), the Vendor, a wholly-owned subsidiary of the Company, and the Purchaser entered into the Disposal Agreement, pursuant to which, the Vendor conditionally agreed to sell and the Purchaser conditionally agreed to purchase the Sale Shares.

THE DISPOSAL AGREEMENT

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

Date

23 March 2020

Parties

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

The Purchaser is well experienced in investment in hospitals and health management sector in the PRC for over 19 years.

As at the date of this announcement, to the best of the Directors' knowledge, information and belief having made reasonable enquiries, the Purchaser is an Independent Third Party.

Assets to be disposed of

Pursuant to the Disposal Agreement, the Vendor conditionally agreed to sell and the Purchaser conditionally agreed to purchase the Sale Shares, representing the entire issued share capital of the Target Company.

Consideration

The Consideration for the sale and purchase of the Sale Shares is HK$11.00 million and shall be payable by the Purchaser in cash upon Completion.

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

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

Conditions precedent

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

(a) all necessary consents, licenses and approvals required to be obtained on the part of the Purchaser in respect of the Disposal Agreement and the transactions contemplated thereunder having been obtained and remaining in full force and effect;

(b) all necessary consents, licenses and approvals required to be obtained on the part of the Vendor in respect of the Disposal Agreement and the transactions contemplated thereunder having been obtained and remaining in full force and effect;

(c) the representation and warranties given by the Vendor under the Disposal Agreement remaining true and accurate in all material respects; and

(d) the representation and warranties given by the Purchaser under the Disposal Agreement remaining true and accurate in all material respects.

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

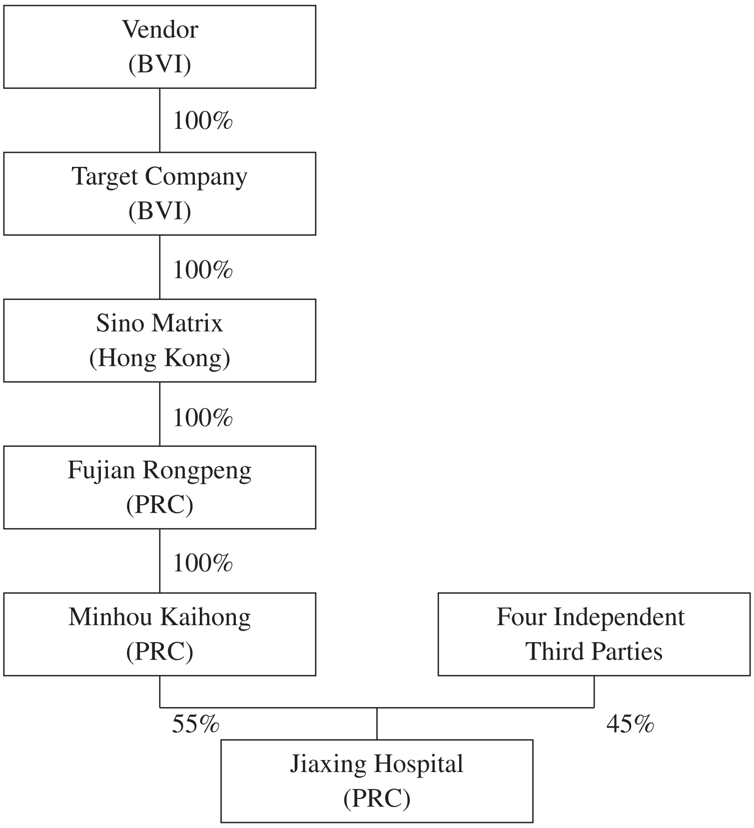
If the conditions set out above have not been satisfied (or as the case may be, waived) on or before 4:00 p.m. on 30 June 2020, or such later date as the Vendor and the Purchaser may agree in writing, the Disposal Agreement shall cease and determine. Thereafter, neither party shall have any obligations and liabilities towards each other under the Disposal Agreement save for any antecedent breaches of the terms thereof.

Completion

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

INFORMATION OF THE TARGET GROUP

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



The Target Group consists of (i) the Target Company; (ii) Sino Matrix; (iii) Fujian Rongpeng; (iv) Minhou Kaihong; and (v) Jiaxing Hospital.

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

Fujian Rongpeng is a company established under the laws of the PRC with limited liability, which is directly wholly-owned by Sino Matrix. Fujian Rongpeng is principally engaged in consultancy business.

Minhou Kaihong is a company established under the laws of the PRC with limited liability, which is directly wholly owned by Fujian Rongpeng. Minhou Kaihong is principally engaged in wholesaling and consultancy business.

Jiaxing Hospital is a company established under the laws of the PRC with limited liability, which is directly owned as to 55% by Minhou Kaihong and in aggregate 45% by four PRC individuals who are Independent Third Parties. Jiaxing Hospital is an indirectly non wholly-owned subsidiary of the Company, which is principally engaged in plastic surgery business.

Set out below is a summary of the key financial data of the Target Group based on the unaudited consolidated management accounts for the two financial years ended 31 March 2019:

	For the year ended 31 March 2018 (unaudited) *HK$'000*	**For the year ended 31 March 2019** (unaudited) *HK$'000*
Revenue	65,813	69,245
Profit before tax	4,175	2,525
Profit after tax	3,060	1,843

The unaudited net asset value of the Target Group as at 31 December 2019 was approximately HK$44.71 million.

FINANCIAL EFFECT OF THE DISPOSAL

As at the date of this announcement, the Target Company is a wholly-owned subsidiary of the Company. Upon Completion, the Target Company will cease to be a subsidiary of the Company and the Company will cease to have any interest in the Target Company. The financial results of the Target Group will no longer be consolidated into the consolidated financial statements of the Group following the Completion.

Based on the net proceeds from the Disposal of HK$10.70 million (after deducting of estimated professional fees and other related expenses of approximately HK$0.30 million) and the Company's carrying value, being the unaudited net asset value of the Target Group, of the Sale Shares of approximately HK$26.01 million as at 31 December 2019, it is estimated that the Company will record a loss of approximately HK$15.31 million as a result of the Disposal. The actual gain or loss to be recorded by the Company depends on the net asset/liability value of the Target Group as at the Completion Date, which is subject to final audit to be performed by the auditors of the Company.

The Board is aware that the Consideration represents a discount to the Target Group's net asset value which led to a loss of disposal. Nevertheless, the Board considered that the discount is in normal commercial terms taking into account the net asset value of the Target Group comprises leasehold improvement of approximately HK$16.14 million which cannot be sold separately from the Target Group's business. Therefore, the Directors considered that the benefits as discussed in the section headed "Reasons for and benefits of the Disposal and use of proceeds" below outweighs the expected loss on disposal and the Disposal is in the interests of the Company and Shareholders as a whole.

INFORMATION OF THE GROUP AND THE VENDOR

The Group

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

The Vendor

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

REASONS FOR AND BENEFITS OF THE DISPOSAL AND USE OF PROCEEDS

The financial results of the Target Group deteriorated from the year ended 31 March 2018 to 31 March 2019. In order to enhance the profitability and without significantly affecting the operation of the Target Group, Jiaxing Hospital has specialised in plastic surgery business rather than providing general hospital services since May 2019 which can save the high cost of maintaining gynecology business that has not been performing well over the years.

As disclosed in the announcement of the Company dated 17 July 2019, the Jiaxing Hospital has entered into a new tenancy agreement and relocated to Nanhu District, Jiaxing City in January 2020. Nanhu District is close to commercial district of Jiaxing City and surrounded by some public transport interchanges. It was the original plan that such move would allow Jiaxing Hospital to access the high-end consumer market which was expected to generate higher profit margin. However, as a new entrant in Nanhu District, Jiaxing Hospital has to build up a new customer base. Therefore, Jiaxing Hospital will have to launch various promotion campaign in order to increase its popularity and market share in this area. Unfortunately, all the promotion campaigns have been suspended since the Chinese New Year holiday due to the coronavirus outbreak and it has substantially impacted the performance of Jiaxing Hospital at such early stage without a solid customer base. Based on the preliminary financial figures available to the Board, Jiaxing Hospital has recorded no revenue and approximately RMB3 million loss in February 2020 and it is expected that such performance will persist until the end of coronavirus outbreak. In the original plan of relocation, it was estimated that Jiaxing Hospital can achieve same level of revenue by incurring additional promotion cost of approximately RMB3 million in the first year to gain market share after relocation. However, as disrupted by the recent coronavirus outbreak, the action plan to catch up market share after relocation has been delayed and the time to implement the plan is uncertain. In view of the current situation, further capital injection is expected in order to catch up with the original plan. Combining the abovementioned effect to Jiaxing Hospital, the Directors have considered that in order to avoid further loss in Jiaxing Hospital, an exit plan will be beneficial to the Group when there is an interested party (i.e. the Purchaser).

In view of this, the Board is exploring other target hospitals with solid customer base and reputation to replace Jiaxing Hospital. Given the recent market conditions, the Board considered that the Company can negotiate for better terms on potential acquisition, for example, to receive a profit guarantee from the vendor(s) of potential target hospitals. With reference to the announcement of the Company dated 13 March 2020, the Company has intended to acquire 常州曙光醫療美容醫院有限公司 (Changzhou Shuguang Medical Beauty Hospital Limited#) (the "**Possible Acquisition**") which specialised in dermatology, aesthetics and plastic surgery, subject to due diligence review by the Company.

Accordingly, the Directors consider that (i) the recent coronavirus outbreak has delayed the action plan of Jiaxing Hospital at the early stage after relocation; and (ii) the Disposal would allow the Group to free up resources in developing its existing business, the Possible Acquisition and the possible cooperation in Hainan as mentioned in the third quarterly report of the Company published on 14 February 2020. Therefore, the Directors are of the view that the Disposal, and the terms of the Disposal Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Following the Disposal, given that the operation of Beijing Hospital provides a steady revenue stream and operating income, the Company intends to continue to operate its existing business, including the Beijing Hospital, the development of Edinburgh International Hospital , the possible cooperation in Hainan as mentioned in the third quarterly report of the Company and exploring possible investment opportunities in hospital operation industry.

The net proceeds from the Disposal will be approximately HK10.70 million (after deducting of estimated professional fees and other related expenses of approximately HK$0.30 million), which will be used to fund possible investment opportunities in hospital operation industry, including but not limited to the Possible Acquisition, and working capital of the Group.

GEM LISTING RULES IMPLICATION

As one or more of the relevant percentage ratios calculated in accordance with the GEM Listing Rules in respect of the Disposal exceeds 5% but less than 25%, the Disposal constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 19 of GEM Listing Rules.

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

DEFINITIONS

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

"Board"	board of the Directors
"Business Day(s)"	a day (other than a Saturday, Sunday or public holiday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
"BVI"	British Virgin Islands
"Company"	Good Fellow Healthcare Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on GEM (Stock code: 8143)
"Completion"	completion of the Disposal in accordance with the terms and conditions of the Disposal Agreement
"Completion Date"	a date falling on or before the fifth Business Day after the fulfilment (or as appropriate, waiver) of the conditions set out in the Disposal Agreement
"Consideration"	the consideration of HK$11.00 million payable by the Purchaser for the Disposal in accordance with the terms and conditions of the Disposal Agreement
"Director(s)"	director(s) of the Company
"Disposal"	the proposed disposal of the Sales Shares by the Vendor to the Purchaser pursuant to the Disposal Agreement
"Disposal Agreement"	the conditional sale and purchase agreement dated 23 March 2020 entered into between the Purchaser and the Vendor relating to the Disposal
"Fujian Rongpeng"	福建榮鵬企業管理諮詢有限公司 (Fujian Rongpeng Enterprises Management Consultancy Limited#), a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Target Company

"GEM"	GEM of the Stock Exchange
"GEM Listing Rules"	the Rules Governing the Listing of Securities on GEM
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Third Party(ies)"	independent third party(ies) who is(are) not connected with the Company and its connected persons (as defined in the GEM Listing Rules)
"Jiaxing Hospital"	嘉興市曙光美容醫院有限公司 (Jiaxing Shuguang Beauty Hospital Limited#), a company established under the laws of the PRC with limited liability and an indirect non wholly-owned subsidiary of the Target Company
"Minhou Kaihong"	閩侯縣凱宏貿易有限公司 (Minhou Kaihong Trading Limited#), a company established under the laws of the PRC with limited liability and an indirectly wholly-owned subsidiary of the Target Company
"PRC"	the People's Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Purchaser"	林國鋒先生 (Mr. Lin Guofeng#), a PRC resident and an Independent Third Party
"RMB"	Renminbi, the lawful currency of the PRC
"Sale Shares"	9,000 issued shares of US$1 each in the share capital of the Target Company, being the entire issued share capital of the Target Company
"Share(s)"	ordinary shares of HK$0.01 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the issued Share(s)

"Sino Matrix"	Sino Matrix Limited (誠民有限公司), a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of the Target Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Company"	Merry Sky Investments Limited (悅天投資有限公司), a company incorporated in the BVI with limited liability and an indirect wholly-owned subsidiary of the Company
"Target Group"	the Target Company and its subsidiaries
"US$"	United States dollar(s), the lawful currency of the United States of America
"Vendor"	Ally Health International Limited (康匯國際有限公司), a company incorporated in the BVI with limited liability and a directly wholly-owned subsidiary of the Company
"%"	per cent.

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

Hong Kong, 23 March 2020

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

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

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

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