



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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2022

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*This announcement, for which the directors (the “**Directors**”) of Good Fellow Healthcare Holdings Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

FINANCIAL HIGHLIGHTS

Summary of the results of the Group for the financial year ended 31 March 2022 is as follows:

- Revenue was approximately HK\$54.238 million (2021: approximately HK\$53.886 million), representing an increase of approximately 0.65% as compared with last year.
- Gross profit was approximately HK\$26.660 million (2021: approximately HK\$26.447 million), representing an increase of approximately 0.81% as compared with last year.
- The operating loss from the operation was approximately HK\$5.891 million (2021: approximately HK\$37.053 million). Net loss attributable to owners of the Company was approximately HK\$12.689 million (2021: approximately HK\$30.183 million).
- The Directors do not recommend the payment of a final dividend for the year ended 31 March 2022 (2021: Nil).

RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Good Fellow Healthcare Holdings Limited (the “**Company**”) announces the audited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 March 2022 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2022

	Notes	2022 HK\$'000	2021 HK\$'000
Revenue	5	54,238	53,886
Cost of sales		<u>(27,578)</u>	<u>(27,439)</u>
Gross profit		26,660	26,447
Other revenue	6	2,132	4,437
Other loss and gain, net	7	–	129
Reversal of allowance for expected credit losses on other receivables and deposits		553	1,273
Gain on disposal of subsidiaries		31,683	–
Selling and distribution expenses		(20,902)	(21,303)
Administrative expenses		(41,447)	(47,466)
Fair value gain/(loss) on financial assets at fair value through profit or loss		1,538	(570)
Impairment loss on goodwill		<u>(6,108)</u>	<u>–</u>
Loss from operations		(5,891)	(37,053)
Finance costs	8	<u>(1,655)</u>	<u>(2,350)</u>
Loss before taxation	9	(7,546)	(39,403)
Taxation	10	<u>(1,319)</u>	<u>–</u>
Loss for the year		<u>(8,865)</u>	<u>(39,403)</u>
(Loss)/profit for the year attributable to:			
Owners of the Company		(12,689)	(30,183)
Non-controlling interests		<u>3,824</u>	<u>(9,220)</u>
Loss for the year		<u><u>(8,865)</u></u>	<u><u>(39,403)</u></u>

	<i>Notes</i>	2022 HK\$'000	2021 <i>HK\$'000</i>
Other comprehensive income for the year			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		538	536
Items that were reclassified to profit or loss:			
Release of exchange differences upon disposal of subsidiaries		<u>1,794</u>	<u>–</u>
Other comprehensive income for the year, net of tax		<u>2,332</u>	<u>536</u>
Total comprehensive loss for the year		<u><u>(6,533)</u></u>	<u><u>(38,867)</u></u>
Total comprehensive (loss)/income for the year attributable to:			
Owners of the Company		(10,638)	(29,188)
Non-controlling interests		<u>4,105</u>	<u>(9,679)</u>
		<u><u>(6,533)</u></u>	<u><u>(38,867)</u></u>
Loss per share attributable to owners of the Company			
– Basic and diluted (HK cents per share)	<i>11</i>	<u><u>(0.45)</u></u>	<u><u>(1.07)</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2022

		2022	2021
	<i>Notes</i>	HK\$'000	HK\$'000
Non-current assets			
Property, plant and equipment		10,478	102,423
Right-of-use assets		10,217	8,670
Goodwill		<u>–</u>	<u>6,108</u>
		20,695	<u>117,201</u>
Current assets			
Inventories		357	3,417
Trade and other receivables and deposits	<i>13</i>	14,245	22,289
Finance lease receivables		–	3,580
Financial assets at fair value through profit or loss		8,356	6,818
Cash and bank balances		<u>16,795</u>	<u>38,071</u>
		39,753	<u>74,175</u>
Current liabilities			
Trade and other payables	<i>14</i>	25,491	37,863
Lease liabilities		2,510	7,656
Borrowings		–	5,844
Deferred revenue		–	3,956
Tax payables		<u>1,227</u>	<u>11</u>
		29,228	<u>55,330</u>
Net current assets		<u>10,525</u>	<u>18,845</u>
Total assets less current liabilities		<u>31,220</u>	<u>136,046</u>

	<i>Notes</i>	2022 HK\$'000	2021 <i>HK\$'000</i>
Non-current liabilities			
Borrowings		–	8,296
Deferred revenue		–	86,915
Lease liabilities		<u>4,853</u>	<u>7,935</u>
		<u>4,853</u>	<u>103,146</u>
Net assets		<u>26,367</u>	<u>32,900</u>
EQUITY			
Capital and reserves			
Share capital		29,168	29,168
Reserves		<u>423</u>	<u>11,061</u>
Equity attributable to owners of the Company		29,591	40,229
Non-controlling interests		<u>(3,224)</u>	<u>(7,329)</u>
Total equity		<u>26,367</u>	<u>32,900</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

1. CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands on 28 May 2001 as an exempted company with limited liability. The shares of the Company are listed on GEM (“**GEM**”) of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). Its immediate holding company is Solar Star Global Limited and ultimate controlling party is Mr. Ng Chi Lung, who is also the Chairman and Executive Director of the Company. The registered office of the Company is Second Floor, Century Yard, Cricket Square, P.O. Box 902 Grand Cayman, KY1-1103, Cayman Islands. The Head office and principal place of business of the Company in Hong Kong is located at Unit 3309, 33rd Floor, West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong.

The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is the functional currency of the Company, and the functional currency of most of its subsidiaries is Renminbi (“**RMB**”). The consolidated financial statements are presented in thousands of units of HK\$ (HK\$’000), unless otherwise stated.

The Company acts as an investment holding company while its subsidiaries are principally engaged in the provision of general hospital services in the People’s Republic of China (the “**PRC**”).

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”)

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 April 2021 for the preparation of the consolidated financial statements:

Amendment to HKFRS 16	Covid-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2

In addition, the Group has early applied the Amendment to HKFRS 16 Covid-19-Related Rent Concessions beyond 30 June 2021.

The application of the amendments to HKFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and amendments to HKFRSs issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts and the related Amendments ²
Amendments to HKFRS 3	Reference to the Conceptual Framework ¹
Amendments to HKFRS 10 and HKAS 28	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ²
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ²
Amendments to HKAS 8	Definition of Accounting Estimates ²
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ²
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use ¹
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ¹
Amendments to HKFRSs	Annual Improvements to HKFRSs Standard 2018-2020 ¹

¹ *Effective for annual periods beginning on or after 1 January 2022.*

² *Effective for annual periods beginning on or after 1 January 2023.*

³ *Effective for annual periods beginning on or after a date to be determined.*

The directors anticipate that the application of the new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRSs which is a collective term that includes all applicable individual HKFRSs, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM (the “**GEM Listing Rules**”) and by the disclosure requirements of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

Going concern assessment

The directors of the Company have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

The preparation of consolidated financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the consolidated financial statements and estimates with a significant risk of material adjustments in the next year.

A summary of significant accounting policies followed by the Group in the preparation of the financial statements is set out below:

The measurement basis used in the preparation of the consolidated financial statements is historical cost except for certain financial assets that are measured at fair value, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration of given in exchange for assets.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

4. SEGMENT INFORMATION

Information reported internally to the chief operating decision maker (“**CODM**”) for the purpose of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. The Group is principally engaged in provision of general hospital services in the PRC.

Accordingly, the Group does not present separately segment information. No analysis of the Group’s results by type of works nor assets and liabilities is regularly provided to the CODM for review. In addition, all of the Group’s revenue is generated in PRC and all of the Group’s assets and liabilities are mainly located in PRC. Accordingly, no business or geographical segment information is presented.

Geographical information

The Group principally operates in PRC, also the place of domicile. All revenue are derived from PRC based on the location of services delivered and the Group’s property, plant and equipment are mainly located in PRC.

Information about major customers

No information about major customers is presented as no single customer contributed over 10% of total revenue of the Group during the years ended 31 March 2022 and 2021.

5. REVENUE

An analysis of the Group's revenue for the year is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue from contract with customers recognised at a point in time:		
Provision of general hospital services	<u>54,238</u>	<u>53,886</u>

All revenue contracts are for one year or less. As permitted by practical expedient under HKFRS 15, the transaction price allocated to unsatisfied contracts is not disclosed.

6. OTHER REVENUE

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Government grants	1,670	2,550
Government subsidy (<i>note</i>)	–	576
Finance lease interest income	120	420
Bank interest income	40	824
Bond interest income	204	–
Sundry income	<u>98</u>	<u>67</u>
	<u>2,132</u>	<u>4,437</u>

note:

During the year ended 31 March 2021, the Group successfully applied for funding support from the Employment Support Scheme under the Anti-epidemic Fund set up by the Government of the Hong Kong Special Administrative Region, the purpose of which is to provide financial support to enterprises and to retain their employees who would otherwise be made redundant. Under the terms of the Employment Support Scheme, the Group is required not to make redundancies during the subsidy period and to spend all the funding on paying wages to its employees. During the year ended 31 March 2022, no such funding support was received.

7. OTHER LOSS AND GAIN, NET

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Exchange gain, net	—	129
	<u>—</u>	<u>129</u>
	<u>—</u>	<u>129</u>

8. FINANCE COSTS

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on:		
– borrowings	852	778
– lease liabilities	803	1,572
	<u>1,655</u>	<u>2,350</u>
	<u>1,655</u>	<u>2,350</u>

9. LOSS BEFORE TAXATION

Loss before taxation has been arrived at after charging/(crediting):

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Directors' remuneration	3,625	5,357
Other staff's retirement benefits scheme contributions	1,166	1,060
Other staff costs (including salaries and bonuses)	26,696	23,068
	<u>31,487</u>	<u>29,485</u>
	<u>31,487</u>	<u>29,485</u>
Auditors' remuneration		
– Audit services	636	653
– Non-audit services	130	—
Fair value (gain)/loss on financial assets at fair value through profit or loss	(1,538)	570
Reversal of allowance for expected credit losses		
on other receivables, deposits and finance lease receivables, net	(553)	(1,273)
Impairment loss on goodwill	6,108	—
Cost of inventories sold	9,443	8,368
Depreciation of property, plant and equipment	5,694	8,855
Depreciation of right-of-use assets	4,576	4,648
Expense relating to short-term lease	717	932
Provision of payment of liquidated damages	1,697	—
	<u>1,697</u>	<u>—</u>
	<u>1,697</u>	<u>—</u>

10. TAXATION

The Group is subject to income tax on an entity basis on profits arising or derived from the jurisdictions in which members of the Group are domiciled and operate. Provision on profits assessable elsewhere has been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current tax:		
– PRC Enterprise Income Tax	<u>1,319</u>	<u>–</u>

Under the EIT Law and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

No provision of Hong Kong Profits Tax, Bermuda and BVI Income Tax has been made, as the Group did not generate any assessable profits in these jurisdictions during the years ended 31 March 2022 and 2021.

11. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to the owners of the Company is based on the following data:

(a) Basic

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Loss attributable to holders of ordinary shares of the Company	<u>(12,689)</u>	<u>(30,183)</u>
Weighted average number of ordinary shares in issue ('000)	<u>2,818,250</u>	<u>2,818,250</u>

(b) Diluted

For the year ended 31 March 2022 and 2021, diluted loss per share is the same as the basic loss per share.

12. DIVIDENDS

The directors of the Company do not recommend the payment of a final dividend for the year ended 31 March 2022 (2021: HK\$Nil).

13. TRADE RECEIVABLES

Included in the trade and other receivables and deposit, as of the ended of the reporting year the trade receivables were approximately HK\$245,000 (2021: approximately HK\$183,000).

Payment terms with customers from general hospital and healthcare and hospital management services are normally payable from 0 to 30 days (2021: 0 to 30). The following is an aged analysis of gross amount of trade receivables based on invoice date at the end of the reporting period:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0 to 90 days	<u>245</u>	<u>183</u>
	<u>245</u>	<u>183</u>

14. TRADE PAYABLES

Included in the trade and other payables, as of the ended of the reporting year the trade payables were approximately HK\$1,497,000 (2021: approximately HK\$5,357,000).

The ageing analysis of trade payables based on invoice date is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0 to 90 days	840	4,300
91 to 180 days	583	–
181 to 365 days	2	1,030
Over 365 days	<u>72</u>	<u>27</u>
	<u>1,497</u>	<u>5,357</u>

The average credit period on purchases of certain goods is in range from 30 to 90 days (2021: 30 to 90 days).

BUSINESS REVIEW

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

Revenue

The Group recorded revenue of approximately HK\$54.238 million (2021: approximately HK\$53.886 million) for the year ended 31 March 2022, a increase of approximately 0.65% as compared with last year.

General hospital services

During the year ended 31 March 2022, the Group operated two general hospitals in Putian and Beijing respectively in the PRC (2021: two general hospitals in Putian and Beijing), and was principally engaged in the provision of general hospital services, including but not limited to medical wards, surgical wards, medical checkup and examination. The management envisaged more diversified hospital services being readily available to satisfy various needs of the public in the next few years, from the common illness treatments to the treatments of special and difficult diseases. Therefore, the Group will continue to allocate resources to develop such services either from our existing hospitals or through collaboration with strategic partners.

Other revenue

Other revenue, primarily including government grants, government subsidy, finance lease interest income, bank interest income, bond interest income and sundry income amounted to approximately HK\$2.132 million (2021: approximately HK\$4.437 million) for the year ended 31 March 2022.

Selling and distribution expenses

Selling and distribution expenses primarily consisted of (1) salaries and wages of sales and marketing personnel, (2) depreciation expense, and (3) transportation expenses. For the year ended 31 March 2022, selling and distribution expenses amounted to approximately HK\$20.902 million (2021: approximately HK\$21.303 million), representing a decrease of approximately 1.88% as compared with last year, which was due to the disposal of the Putian Edinburgh Friendship Hospital as disclosed in the announcement and circular of the Company dated 23 August 2021 and 15 September 2021 respectively.

Administrative expenses

Administrative expenses for the year ended 31 March 2022 amounted to approximately HK\$41.447 million (2021: approximately HK\$47.466 million), representing a decrease of approximately 12.68% as compared with last year. It was due to the disposal of the Putian Edinburgh Friendship Hospital as disclosed in the announcement and circular of the Company dated 23 August 2021 and 15 September 2021 respectively.

Finance costs

For the year ended 31 March 2022, the finance costs of the Group were approximately HK\$1.655 million (2021: approximately HK\$2.350 million), representing a decrease of approximately 29.57% as compared with last year. It was due to the decrease in interest expenses on lease liabilities on Putian Edinburgh Friendship Hospital due to disposed last year.

Loss before taxation

The Group recorded a net loss from the operation before taxation of approximately HK\$7.546 million (2021: approximately HK\$39.403 million), representing a decrease as compared with last year.

Dividends

The Directors do not recommend the payment of a dividend for the year ended 31 March 2022 (2021: Nil).

OUTLOOK AND FUTURE PROSPECTS

During the first year of the 14th Five-Year plan, the state and all parts of society are embracing the “Healthy China 2030” Initiative, the medical and healthcare sectors are coming under the spotlight, and increasing professionalism of medical and healthcare institutions, services and products are increasingly welcomed by the public. The management continues to focus on the training of medical staff, the exploration of new business approaches, the quality and safety of medical services and the optimisation of our resources for the better outcomes both medically and financially. We strive to work closely with the leading healthcare providers in the world to ensure we are adequately equipped to take advantage of the promising market opportunities in China. The management intends to implement further strategies and actions to benefit from the upward trend in the medical and healthcare sectors.

The Group will continue to assess the impact of COVID-19 on the Group's operations and financial performance, closely monitor the Group's exposure to the risks and uncertainties in connection with COVID-19 on an ongoing basis, and will strengthen the cost savings measures in view of the challenging conditions. Whilst the operation of the Group's existing business remains the center of attention of the Group, including the hospital in Beijing which provides a steady revenue stream, the Group will devote its resources in the exploration on chronic disease treatment and management in light of the size of the market and the efforts directed by the central government towards the study and development of chronic disease treatments. While the management strives to improve the performance of existing business, more resources will be allocated to support further exploration of new opportunities to strengthen our capabilities and positions in the market for the upcoming financial year.

LIQUIDITY AND FINANCIAL RESOURCES

The Group had total cash and bank balances of approximately HK\$16.795 million as at 31 March 2022 (2021: approximately HK\$38.071 million).

As at 31 March 2022, the Group's bank balances of RMB3,612,000 (equivalent to HK\$4,458,000) was restricted due to the civil complaint filed with the People's Court of Qianhai Shenzhen City by China Merchants Hainan Development Investment Co, Ltd.

The Group recorded total current assets of approximately HK\$39.753 million as at 31 March 2022 (2021: approximately HK\$74.175 million) and total current liabilities of approximately HK\$29.228 million as at 31 March 2022 (2021: approximately HK\$55.330 million). The current ratio of the Group, calculated by dividing the current assets by the current liabilities, was approximately 1.36 as at 31 March 2022 (2021: approximately 1.341).

As at 31 March 2022, the Group's gearing ratio was not applicable based on outstanding debts (comprising borrowings and lease liabilities) less cash and cash equivalents over total equity (including all capital and reserves of the Group) (2021: N/A).

CAPITAL COMMITMENTS

As at 31 March 2022 and 2021, the Group had no material capital commitment.

CONTINGENT LIABILITIES

As at the date of this announcement, the civil complaint is still on going. In the opinion of the Directors, after taking into account of the respective legal advices, the deferred revenue of approximately RMB12,130,000 (equivalent to HK\$14,973,000) which related to Cooperation Agreement was transferred to other payable and provision of payment of liquidated damages of approximately RMB1,400,000 (equivalent HK\$1,697,000) has been recognised during the year ended 31 March 2022.

FINANCING AND TREASURY POLICIES

The Group continues to adopt prudent financing and treasury policies. All the Group's financing and treasury activities are centrally managed and controlled. Implementation of the Group's related policies is made under collective but extensive considerations on liquidity risk, financing cost and exchange rate risk.

FOREIGN EXCHANGE RISK

Since almost all transactions of the Group are denominated in Renminbi and Hong Kong dollars and most of the bank deposits are being kept in Renminbi and Hong Kong dollars to minimise exposure to foreign exchange risk, the Directors consider the Group's risk exposure to currency fluctuations to be minimal. Therefore, the Group had not implemented any formal hedging or other alternative policies to deal with such exposure during the year.

CHARGES ON GROUP'S ASSETS

As at 31 March 2022 and 2021, the Group had no bank borrowings.

SEGMENT INFORMATION

During the year, the revenue of the Group was principally generated from provision of general hospital services. Financial information in respect of these operations is presented in Note 4.

CAPITAL STRUCTURE

As at 31 March 2022, the total issued share capital of the Company was approximately HK\$29.168 million (2021: approximately HK\$29.168 million) divided into 2,818,249,944 ordinary shares and 98,500,000 non-voting convertible preference shares (2021: 2,818,249,944 ordinary shares and 98,500,000 non-voting convertible preference shares) of HK\$0.01 (2021: HK\$0.01) each.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2022, the Group had 137 (2021: 340) full time employees (including Directors) as shown in the following table:

	Number of Staff
Hong Kong	11
PRC (including cities of Qiongha, Shenzhen and Beijing)	126

For the year ended 31 March 2022, staff costs (including Directors emoluments) amounted to approximately HK\$31.487 million (2021: approximately HK\$29.485 million). The Group remunerates its employees based on individual performance and qualification. Apart from the basic remuneration, staff benefits include the contribution to the Mandatory Provident Fund Scheme, bonus and medical coverage in Hong Kong; and basic insurance for the elderly, basic medical insurance, work injury insurance and unemployment insurance to the employees in the PRC. The Group also adopted employee share option schemes to provide eligible employees a performance incentive for continuous and improved services with the Group and to enhance their contributions to increase profits by encouraging capital accommodation and share ownership. As at 31 March 2022 and 2021, there were no outstanding share options granted under the share option schemes.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

Disposal of the entire equity interest of Edin Hospital Management (Putian) Co., Ltd.#

On 23 August 2021, Edinburgh International Hospital Management Limited (“**Edinburgh International**”), an indirect non wholly-owned subsidiary of the Company, entered into the disposal agreement with Fujian Pu Yang Hu Lan Investment Co., Ltd.# (福建莆陽壺瀾投資有限責任公司), pursuant to which Edinburgh International and the independent third party agreed to sell and acquire the entire equity interest of Edin Hospital Management (Putian) Co., Ltd.# (愛丁醫院管理(莆田)有限公司) (together with its subsidiary, “**the Target Group**”) at nil consideration (the “**Disposal**”).

Completion of the Disposal took place on 1 September 2021. Upon the completion, the Target Group ceased to be subsidiaries of the Company and the Company had ceased to have any interests in the Target Group and the financial results of the Target Group would no longer be consolidated into the consolidated financial statements of the Group.

For more details, please refer to the circular of the Company dated 15 September 2021 and the announcement of the Company dated 23 August 2021.

RESIGNATION OF NON-EXECUTIVE DIRECTOR EXECUTIVE DIRECTOR AND CHIEF EXECUTIVE OFFICER

Dr. Liu Chenli has tendered his resignation as non-executive Director of the Company with effect from 1 December 2021 as he would like to devote more time to pursue other business commitment.

For more details, please refer to the announcement of the Company dated 1 December 2021.

Dr. Jiang Tao has tendered his resignation as an executive Director and the chief executive officer of the Company with effect from 31 May 2021 as due to his personal reason and family commitment. Following Dr. Jiang Tao's resignation as an executive Director and the chief executive officer, he also ceased to be a member of the nomination and corporate governance committee of the Company but Dr. Jiang Tao will remain as a director of a non wholly-owned subsidiary of the Company until 27 December 2021.

For more details, please refer to the announcement of the Company dated 31 May 2021.

TENANCY FOR BEIJING ZIJING HOSPITAL

On 4 January 2022, Beijing Zijing Hospital Co., Ltd.# (北京紫荊醫院有限公司)(an indirect non wholly-owned subsidiary of the Company), as tenant, and Beijing Shengrong Huapeng Science and Trade Co., Ltd.# (北京盛榮華鵬科貿有限公司), as landlord, entered into the tenancy agreement in respect of the lease of the property located at 11 Beijing Station East Street, Dongcheng District, Beijing, the PRC# (中國北京市東城區北京站東街11號) for a term of three years, commencing from 1 January 2022 and expiring on 31 December 2024 (both days inclusive) at an annual rent of RMB2,400,000 (equivalent to approximately HK\$2,942,400) for the operation of medical wards, hospitality and office.

For more details, please refer to the announcements of the Company dated 4 January 2022 and 5 January 2022.

LITIGATION INVOLVING A SUBSIDIARY

On 9 March 2022, Edinburgh International Hospital Management (Shenzhen) Co. Ltd.# (愛丁堡國際醫院管理(深圳)有限公司)(“**Edinburgh Hospital Management**”), an indirect subsidiary of the Company, received a civil complaint (the “**Civil Complaint**”) filed with the People's Court of Qianhai Shenzhen City# (深圳前海合作區人民法院) by China Merchants Hainan Development Investment Co. Ltd.# (招商局海南開發投資有限公司)(“**China Merchants**”) as plaintiff against Edinburgh Hospital Management as defendant, and Edinburgh International Diabetes Hospital (Hainan) Co. Ltd.# (愛丁堡國際糖尿病醫院(海南)有限公司)(“**Edinburgh International Diabetes**”), a subsidiary of Edinburgh Hospital Management, as a third party.

Pursuant to the Civil Complaint, China Merchants sought, among other things, to terminate a cooperation agreement (the “**Cooperation Agreement**”) dated 31 July 2020 entered into between China Merchants and Edinburgh Hospital Management in relation to, among other things, the provision of funds by China Merchants for the establishment and operation of the international diabetes center in Hainan (the “**IDC**”) and the provision of management services by Edinburgh Hospital Management or its subsidiary to the IDC, the refund of approximately RMB12.13 million by Edinburgh Hospital Management, being the aggregate of funds already advanced by China Merchants pursuant to the Cooperation Agreement, payment of liquidated damages under the Cooperation Agreement and costs in relation to the Civil Complaint of approximately RMB1.4 million.

For more details, please refer to the announcements of the Company dated 10 March 2022.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

No significant event took place subsequent to the end of the reporting period.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SHARES

During the year ended 31 March 2022, there were no purchase, sale or redemption of the Company’s listed securities by the Company or any of its subsidiaries.

CORPORATE GOVERNANCE PRACTICES

The Company acknowledges the need and importance of corporate governance as one of the key elements in creating shareholders’ value. The Company is also committed to achieving high standard of corporate governance that can properly protect and promote the interests of all shareholders and to enhance corporate value and accountability of the Company. The Company has adopted the Corporate Governance Code (the “**CG Code**”) (effective from 1 April 2012) as stated in Appendix 15 of the the GEM Listing Rules.

The Company has complied with the applicable code provisions in the CG Code contained in Appendix 15 of the GEM Listing Rules for the year ended 31 March 2022.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a set of code for the required standard of dealings in securities by directors of the Company on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiries, the Directors confirmed that they have fully complied with the required standard with respect to the securities dealings of the Company and there was no event of non-compliance for the year ended 31 March 2022.

SCOPE OF WORK OF HLB HODGSON IMPEY CHENG LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2022 as set out in the announcement have been agreed by the Group's auditors, HLB Hodgson Impey Cheng Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by HLB Hodgson Impey Cheng Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by HLB Hodgson Impey Cheng Limited on the announcement.

Audit Committee

The Company established the audit committee of the Company (the "**Audit Committee**") on 2 November 2001, with written terms of reference compliance with Rules 5.28 and 5.29 of the GEM Listing Rules and is disclosed on the Company's website. The Audit Committee is comprised of three independent non-executive Directors, namely, Ms. Wong Ka Wai, Jeanne, Dr. Lam Huen Sum and Mr. Lau Tak Kei Arthur. Ms. Wong Ka Wai, Jeanne is the chairlady of the Audit Committee.

The primary duties of the Audit Committee are to ensure the adequacy and effectiveness of the accounting and financial controls of the Group; to oversee the performance of risk management and internal control systems and financial reporting process; and to monitor the integrity of the financial statements and compliance with statutory and listing requirements and to oversee independence and qualifications of the external auditors.

During the year ended 31 March 2022, four meetings were held.

The main duties of the Audit Committee during the year include:

- (a) reviewing the Group's audited annual and unaudited interim and quarterly results and reports and considering any significant or unusual items before submission to the Board;
- (b) reviewing the relationship with the external auditors by reference to the work performed by the auditors, their fees and terms of engagement, and make recommendation to the Board on the appointment, re-appointment and removal of external auditors;
- (c) reviewing the adequacy and effectiveness of the Company's financial reporting system, internal control system and risk management system and associated procedures; and
- (d) advising on material event or drawing the attention of the management on related risks.

The external auditors were invited to attend the said meetings to discuss with the Audit Committee on issues arising from the audit and financial reporting matters. Besides, there is no disagreement between the Board and the Audit Committee regarding the reappointment of external auditors.

The Group's audited consolidated financial results for the year ended 31 March 2022 were reviewed by the Audit Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures has been made.

APPRECIATION

On behalf of the Board, I would like to thank our customers, suppliers, business partners for their support. Also, I would like to offer my highest gratitude to our shareholders for their devotion and to our employees for their loyalty and contributions made during the year.

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

Hong Kong, 17 June 2022

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

For the purposes of illustration only, amounts denominated in RMB in this announcement have been translated into HK\$ at the rate of RMB1.00 = HK\$1.234. Such translation should not be constructed as a representation that the amounts in question have been, could have been or could be converted at any particular rate at all.

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

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>.