



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 2023

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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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*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 2023 is as follows:

- Revenue was approximately HK\$55.353 million (2022: approximately HK\$54.238 million), representing an increase of approximately 2.06% as compared with last year.
- Gross profit was approximately HK\$27.009 million (2022: approximately HK\$26.660 million), representing an increase of approximately 1.31% as compared with last year.
- The operating loss from the operation was approximately HK\$5.237 million (2022: approximately HK\$5.891 million). Net loss attributable to owners of the Company was approximately HK\$5.881 million (2022: approximately HK\$12.689 million).
- The Directors do not recommend the payment of a final dividend for the year ended 31 March 2023 (2022: Nil).

RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Good Fellow Healthcare Holdings Limited (the “**Company**”) announces the consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 March 2023 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	<i>Notes</i>	For the year ended 31 March	
		2023	2022
		<i>HK\$’000</i>	<i>HK\$’000</i>
Revenue	<i>5</i>	55,353	54,238
Cost of sales		(28,344)	(27,578)
Gross profit		27,009	26,660
Other revenue	<i>6</i>	5,235	2,132
Reversal of expected credit losses on other receivables and deposits, net		287	553
Gain on disposal of subsidiaries		–	31,683
Selling and distribution expenses		(13,553)	(20,902)
Administrative expenses		(23,754)	(41,447)
Fair value gain on financial assets at fair value through profit or loss		113	1,538
Impairment loss on non-financial assets		(574)	(6,108)
Loss from operations		(5,237)	(5,891)
Finance costs	<i>7</i>	(414)	(1,655)
Loss before taxation	<i>8</i>	(5,651)	(7,546)
Taxation	<i>9</i>	(26)	(1,319)
Loss for the year		(5,677)	(8,865)
(Loss)/profit for the year attributable to:			
Owners of the Company		(5,881)	(12,689)
Non-controlling interests		204	3,824
Loss for the year		(5,677)	(8,865)

		For the year ended 31 March	
		2023	2022
<i>Notes</i>		<i>HK\$'000</i>	<i>HK\$'000</i>
Other comprehensive (expense)/income for the year			
Item that may be reclassified subsequently to profit or loss:			
	Exchange differences on translating foreign operations	(1,315)	538
Item that was reclassified to profit or loss:			
	Release of exchange differences upon disposal of subsidiaries	—	1,794
		<u>(1,315)</u>	<u>2,332</u>
Other comprehensive (expense)/income for the year, net of tax			
		<u>(1,315)</u>	<u>2,332</u>
Total comprehensive expense for the year		<u><u>(6,992)</u></u>	<u><u>(6,533)</u></u>
Total comprehensive (expense)/income for the year attributable to:			
	Owners of the Company	(7,401)	(10,638)
	Non-controlling interests	<u>409</u>	<u>4,105</u>
		<u><u>(6,992)</u></u>	<u><u>(6,533)</u></u>
Loss per share attributable to owners of the Company			
	– Basic and diluted (HK cents per share)	<u><u>(0.21)</u></u>	<u><u>(0.45)</u></u>
		<i>10</i>	

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 March	
		2023	2022
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		9,724	10,478
Right-of-use assets		4,910	10,217
		14,634	20,695
Current assets			
Inventories		1,664	357
Trade and other receivables	12	7,035	14,245
Financial assets at fair value through profit or loss		678	8,356
Cash and bank balances		17,685	16,795
		27,062	39,753
Current liabilities			
Trade and other payables	13	17,792	25,491
Lease liabilities		2,498	2,510
Tax payables		35	1,227
		20,325	29,228
Net current assets		6,737	10,525
Total assets less current liabilities		21,371	31,220

	As at 31 March	
	2023	2022
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current liabilities		
Lease liabilities	<u>1,996</u>	<u>4,853</u>
	<u>1,996</u>	<u>4,853</u>
Net assets	<u>19,375</u>	<u>26,367</u>
Capital and reserves		
Share capital	29,168	29,168
Reserves	<u>(6,978)</u>	<u>423</u>
Equity attributable to owners of the Company	22,190	29,591
Non-controlling interests	<u>(2,815)</u>	<u>(3,224)</u>
Total equity	<u>19,375</u>	<u>26,367</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

1. CORPORATE INFORMATION

Good Fellow Healthcare Holdings Limited (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. The registered office of the Company is Third 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\$, unless otherwise stated.

The Company acts as an investment holding company while its subsidiaries (together with the Company, the “**Group**”) 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 2022 for the preparation of the consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020

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 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ³
Amendments to HKAS 1	Non-current liabilities with covenants ³
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ¹
Amendments to HKAS 8	Definition of Accounting Estimates ¹
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹

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

² *Effective for annual periods beginning on or after a date to be determined.*

³ *Effective for annual periods beginning on or after 1 January 2024.*

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 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 Hong Kong Companies Ordinance.

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 consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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 Share-based Payment, leasing transactions that are within the scope of HKFRS 16 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 Inventories or value in use in HKAS 36 Impairment of Assets.

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 sold or services rendered. 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 types 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 the PRC (place of domicile of the Group’s entities that derived the revenue). All of the Group’s revenue was derived from the 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 2023 and 2022.

5. REVENUE

An analysis of the Group’s revenue is as follows:

	For the year ended 31 March	
	2023	2022
	<i>HK\$’000</i>	<i>HK\$’000</i>
Revenue from contract with customers recognised at a point in time:		
Provision of general hospital services	55,353	54,238

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

	For the year ended 31 March	
	2023	2022
	HK\$'000	HK\$'000
Government grants	–	1,670
Government subsidy (<i>Note</i>)	192	–
Finance lease interest income	–	120
Bank interest income	93	40
Bond interest income	355	204
Reversal of provision for legal claims	4,557	–
Sundry income	38	98
	<u>5,235</u>	<u>2,132</u>

Note:

During the year ended 31 March 2023, 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.

7. FINANCE COSTS

	For the year ended 31 March	
	2023	2022
	HK\$'000	HK\$'000
Interest on:		
– borrowings	–	852
– lease liabilities	414	803
	<u>414</u>	<u>1,655</u>

8. LOSS BEFORE TAXATION

	For the year ended 31 March	
	2023	2022
	HK\$'000	HK\$'000
Loss before taxation has been arrived at after charging:		
Directors' remuneration	3,087	3,625
Other staff costs:		
– Retirement benefits scheme contributions	2,269	1,166
– Salaries, allowance and benefits in kind	20,401	26,696
Total staff costs	25,757	31,487
Auditors' remuneration		
– Audit services	636	636
– Non-audit services	–	130
Cost of inventories sold recognised as expenses	12,598	9,443
Depreciation of property, plant and equipment	2,872	5,694
Depreciation of right-of-use assets	4,192	4,576
Expenses relating to short-term lease	929	717
Provision for legal claims	–	1,697

9. 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.

	For the year ended 31 March	
	2023	2022
	HK\$'000	HK\$'000
Current tax:		
– PRC Enterprise Income Tax (“EIT”)	26	1,319

Under the EIT Law and Implementation Regulation of the EIT Law, the PRC subsidiaries are subject to a tax rate of 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 2023 and 2022.

10. 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*

	For the year ended 31 March	
	2023	2022
	HK\$'000	HK\$'000
Loss for the year attributable to holders of ordinary shares of the Company	<u>(5,881)</u>	<u>(12,689)</u>
Weighted average number of ordinary shares in issue ('000)	<u>2,818,250</u>	<u>2,818,250</u>

(b) *Diluted*

The diluted loss per share is the same as the basic loss per share as there was no dilutive potential ordinary share in issue during years ended 31 March 2023 and 2022.

11. DIVIDENDS

The Directors do not recommend the payment of a final dividend for the year ended 31 March 2023 (2022: HK\$Nil).

12. TRADE RECEIVABLES

Included in the trade and other receivables, as at the end of the reporting year the trade receivables were approximately HK\$249,000 (2022: approximately HK\$245,000).

Payment terms with customers from general hospital and healthcare and hospital management services are normally payable from 0 to 30 days (2022: 0 to 30 days). The following is an aged analysis of gross amount of trade receivables based on invoice date at the end of the reporting period:

	As at 31 March	
	2023	2022
	HK\$'000	HK\$'000
0 to 90 days	<u>249</u>	<u>245</u>

13. TRADE PAYABLES

Included in the trade and other payables, as at the end of the reporting year the trade payables were approximately HK\$1,709,000 (2022: approximately HK\$1,497,000).

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

	As at 31 March	
	2023	2022
	HK\$'000	HK\$'000
0 to 90 days	882	840
91 to 180 days	97	583
181 to 365 days	420	2
Over 365 days	<u>310</u>	<u>72</u>
	<u>1,709</u>	<u>1,497</u>

The average credit period on purchases of certain goods is in range from 30 to 90 days (2022: in range from 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\$55.353 million (2022: approximately HK\$54.238 million) for the year ended 31 March 2023, representing an increase of approximately 2.06% as compared with last year.

General hospital services

During the year ended 31 March 2023, the Group operated one general hospital in Beijing in the PRC (2022: two general hospitals located in Putian and Beijing respectively), 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 that more diversified hospital services will be made available to the public to satisfy various needs in the next few years, from common illness treatments to treatments of special and difficult diseases. Therefore, the Group will continue to allocate resources to develop such services either from its existing hospitals or through collaboration with strategic partners.

Other revenue

Other revenue, primarily including government subsidy, bank interest income, bond interest income, reversal of provision for legal claims and sundry income amounted to approximately HK\$5.235 million (2022: approximately HK\$2.132 million) for the year ended 31 March 2023.

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 2023, selling and distribution expenses amounted to approximately HK\$13.553 million (2022: approximately HK\$20.902 million), representing a decrease of approximately 35.16% as compared with last year. Such decrease was due to the disposal (the “**Disposal**”) of Edinburgh Hospital Management (Putian) Co., Ltd.# (愛丁堡醫院管理(莆田)有限公司) 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 2023 amounted to approximately HK\$23.754 million (2022: approximately HK\$41.447 million), representing a decrease of approximately 42.69% as compared with last year. Such decrease was due to the Disposal 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 2023, the finance costs of the Group were approximately HK\$0.414 million (2022: approximately HK\$1.655 million), representing a decrease of approximately 74.98% as compared with last year. Such decrease in finance costs was due to the decrease in interest expenses on lease liabilities due to the Disposal as disclosed in the announcement and circular of the Company dated 23 August 2021 and 15 September 2021 respectively.

Loss from operations attributable to owners of the Company

The Group recorded a net loss from the operation before taxation of approximately HK\$5.651 million (2022: approximately HK\$7.546 million), representing a decrease of approximately 25.11% as compared with last year.

Dividends

The Directors do not recommend the payment of a final dividend for the year ended 31 March 2023 (2022: Nil).

OUTLOOK AND FUTURE PROSPECTS

Future Prospects

In light of the relaxation and lifting of the restrictions and measures on the novel coronavirus (the “COVID-19”) pandemic in the PRC since November 2022, business activities in the PRC have gradually resumed. The Group will continue to assess the impact of the COVID-19 pandemic on the Group’s operations and financial performance, and closely monitor the Group’s exposure to the risks in connection with the COVID-19 pandemic on an ongoing basis.

As the COVID-19 epidemic gradually stabilises, looking forward, various driving factors such as aging population, continuous increase in per capita income and expanding scope of the medical insurance coverage will continue to fuel the rapid development of healthcare market in the PRC. The management also intends to implement further strategies and actions to benefit from the upward trend in the medical and healthcare sectors, including devoting resources on the training of medical staff, upgrading existing medical equipment to enhance competitiveness, exploring new business approaches, ensuring quality and safety of medical services and optimising the Group's resources for the better outcomes both medically and financially. While the management strives to improve the performance of existing businesses, more resources will be allocated to support further exploration of new opportunities, including potential cooperation with different business partners or market participants in the healthcare industries, with the aim to strengthen the Group's capabilities and to better position the Group in the general healthcare market for the upcoming financial year.

LIQUIDITY AND FINANCIAL RESOURCES

The Group had total cash and bank balances of approximately HK\$17.685 million as at 31 March 2023 (2022: approximately HK\$16.795 million).

As at 31 March 2023, the Group's bank balances of approximately RMB3.626 million (equivalent to approximately HK\$4.144 million) (2022: approximately RMB3.612 million (equivalent to approximately HK\$4.458 million)) 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\$27.062 million as at 31 March 2023 (2022: approximately HK\$39.753 million) and total current liabilities of approximately HK\$20.325 million as at 31 March 2023 (2022: approximately HK\$29.228 million). The current ratio of the Group, calculated by dividing the current assets by the current liabilities, was approximately 1.33 as at 31 March 2023 (2022: approximately 1.36).

As at 31 March 2023, 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) (2022: N/A).

CAPITAL COMMITMENTS

As at 31 March 2023 and 2022, the Group had no material capital commitment.

CONTINGENT LIABILITIES

During the year ended 31 March 2022, due to the then ongoing Civil Complaint I (defined as below in the section headed “Litigation involving the subsidiaries”) and after taking into account of the legal advices, the deferred revenue of approximately RMB12.13 million (equivalent to approximately HK\$14.973 million) in relation to the Cooperation Agreement (defined as below in the section headed “Litigation involving the subsidiaries”) was transferred to other payable and provision of payment of liquidated damages and costs of approximately RMB1.4 million (equivalent to approximately HK\$1.728 million) has been recognised.

Pursuant to the Civil Judgment (defined as below in the section headed “Litigation involving the subsidiaries”) received on 6 September 2022 which was upheld by the Shenzhen Intermediate Court (defined as below in the section headed “Litigation involving the subsidiaries”) on 31 March 2023, it was ruled that Edinburgh Hospital Management (defined as below in the section headed “Litigation involving the subsidiaries”) shall (a) return to China Merchants (defined as below in the section headed “Litigation involving the subsidiaries”) the sum of approximately RMB4.9 million, being the unutilised funds previously advanced by China Merchants pursuant to the Cooperation Agreement; and (b) pay to China Merchants liquidated damages and costs of approximately RMB1.4 million. In light of the Civil Judgment which was upheld by the Shenzhen Intermediate Court on 31 March 2023, the Group has reversed other payable in the amount of approximately RMB3.981 million (equivalent to approximately HK\$4.557 million) and transferred the same to other revenue for the year ended 31 March 2023.

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 ended 31 March 2023.

CHARGES ON GROUP'S ASSETS

As at 31 March 2023 and 2022, the Group had no bank borrowings and had no charges on any assets of the Group.

SEGMENT INFORMATION

During the year ended 31 March 2023, 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 2023, the total issued share capital of the Company was approximately HK\$29.168 million (2022: approximately HK\$29.168 million) comprising (i) 2,818,249,944 ordinary shares of HK\$0.01 each; and (ii) 98,500,000 non-voting convertible preference shares of HK\$0.01 each (2022: 2,818,249,944 ordinary shares of HK\$0.01 each and 98,500,000 non-voting convertible preference shares of HK\$0.01 each).

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2023, the Group had 139 (2022: 137) full time employees (including Directors and senior management) as shown in the following table:

Location	Number of Staff
Hong Kong	11
PRC (Beijing)	128

For the year ended 31 March 2023, staff costs (including Directors emoluments) amounted to approximately HK\$25.757 million (2022: approximately HK\$31.487 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 2023 and 2022, there were no outstanding share options granted under the share option schemes.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

The Group did not have any material acquisitions and disposals of subsidiaries, associates or joint ventures during the year ended 31 March 2023.

LITIGATION INVOLVING THE SUBSIDIARIES

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 I**”) 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 I, 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 (equivalent to approximately HK\$14.973 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 I of approximately RMB1.4 million (equivalent to approximately HK\$1.728 million).

For more details of the Civil Complaint I, please refer to the announcement of the Company dated 10 March 2022.

On 6 September 2022, Edinburgh Hospital Management received the civil judgment# (民事判決書) (the “**Civil Judgment**”) of the People’s Court of Qianhai Cooperation District, Shenzhen, Guangdong Province# (廣東省深圳前海合作區人民法院) (the “**Qianhai Court**”) in respect of the Civil Complaint.

Pursuant to the Civil Judgment, the Court has ordered, among others, that:

- (i) the Cooperation Agreement be terminated;
- (ii) Edinburgh Hospital Management to return to China Merchants the sum of approximately RMB4.9 million, being the unutilised funds previously advanced by China Merchants to Edinburgh Hospital Management pursuant to the Cooperation Agreement; and

(iii) Edinburgh Hospital Management to pay to China Merchants liquidated damages under the Cooperation Agreement and costs in relation to the Civil Complaint in the amount of approximately RMB1.4 million.

For more details of the Civil Judgment, please refer to the announcement of the Company dated 7 September 2022.

Following the Civil Judgment, (i) China Merchants has filed an appeal with the Intermediate People's Court of Shenzhen Province# (深圳市中級人民法院) (the “**Shenzhen Intermediate Court**”) to sought for full refund of approximately RMB12.13 million (equivalent to approximately HK\$13.863 million) pursuant to the Civil Complaint I; and (ii) Edinburgh Hospital Management has also filed an appeal with the Shenzhen Intermediate Court to rule against the termination of the Cooperation Agreement, the refund of any sum advanced by China Merchants and the payment of liquidated damages. On 31 March 2023, the Shenzhen Intermediate Court has ordered the appeals be rejected and the Civil Judgment be upheld.

On 13 June 2023, Edinburgh International Diabetes received a civil complaint (the “**Civil Complaint II**”) filed with the People's Court of Qionghai City# (瓊海市人民法院) by China Merchants, as plaintiff, against Edinburgh International Diabetes, as defendant, and Edinburgh Hospital Management, as a third party. Pursuant to the Civil Complaint II, China Merchants sought, among other things, the refund of the remaining balance of the investment amount of approximately RMB3.2 million (equivalent to approximately HK\$3.625 million) by Edinburgh International Diabetes.

As at the date of this announcement, the Company is seeking legal advice regarding the relevant proceedings. The Company will keep its shareholders and investors informed of any significant development of the above proceedings and will make further announcement(s) as and when appropriate in accordance with the GEM Listing Rules.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

As disclosed in the section headed “Litigation involving the subsidiaries” above in this announcement, on 13 June 2023, Edinburgh International Diabetes received the Civil Complaint II, pursuant to which China Merchants sought, among other things, the refund of the remaining balance of the investment amount of approximately RMB3.2 million (equivalent to approximately HK\$3.625 million) by Edinburgh International Diabetes.

For further details of the Civil Complaint II, please refer to the section headed “Litigation involving the subsidiaries” above in this announcement.

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

During the year ended 31 March 2023, there was 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") 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 2023.

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 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 2023.

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 2023 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 draft 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 in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules and is disclosed on the Company’s website. The Audit Committee comprises 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 2023, 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 the external auditors.

The Group’s consolidated financial results for the year ended 31 March 2023 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

The Board would like to thank our customers, suppliers and business partners for their support. Also, the Board would like to offer its highest gratitude to the 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, 16 June 2023

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\$1.143. 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 remain on the “Latest Listed Company Information” page of the website of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk for at least 7 days from the date of publication and on the Company’s website at www.gf-healthcare.com.