



GOOD FELLOW HEALTHCARE HOLDINGS LIMITED 金威醫療集團有限公司

Incorporated in the Cayman Islands with limited liability
(Stock Code: 8143)

Interim Report
2023/2024

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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 report, 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 report 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 report misleading.*



HIGHLIGHTS

- The Group has recorded a total revenue of approximately HK\$26.125 million for the six months ended 30 September 2023 as compared with approximately HK\$28.400 million in the corresponding period in year 2022, representing an decrease of approximately 8.01%.
- Gross profit margin of the Group was approximately 74.22% for the six months ended 30 September 2023, compared with 81.74% in the corresponding period in year 2022, representing a decrease of approximately 7.52 percentage points.
- The Group has recorded a loss attributable to owners of the Company for the six months ended 30 September 2023 of approximately HK\$7.160 million (2022: loss attributable to owners of the Company of approximately HK\$6.710 million).
- The Directors do not recommend the payment of a dividend for the six months ended 30 September 2023 (2022: Nil).

INTERIM RESULTS (UNAUDITED)

The board of directors (the “**Board**”) of the Company is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the three months and six months ended 30 September 2023, together with the unaudited comparative figures for the corresponding periods in 2022 as follows:

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the three months and six months ended 30 September 2023

	Notes	Three months ended 30 September		Six months ended 30 September	
		2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Revenue	4 & 5	12,199	14,342	26,125	28,400
Cost of sales		(3,082)	(2,895)	(6,734)	(5,187)
Gross profit		9,117	11,447	19,391	23,213
Other revenue		34	150	83	461
Selling and distribution expenses		(1,729)	(1,764)	(3,519)	(3,581)
Administrative expenses		(10,560)	(12,282)	(21,881)	(25,503)
Fair value loss on financial assets at fair value through profit or loss		(124)	(154)	(275)	(77)
Loss from operations	6	(3,262)	(2,603)	(6,201)	(5,487)
Finance costs	7	(63)	(114)	(140)	(240)
Loss before taxation		(3,325)	(2,717)	(6,341)	(5,727)
Taxation	8	18	–	(1,068)	(1,268)
Loss for the period		(3,307)	(2,717)	(7,409)	(6,995)

	Notes	Three months ended 30 September		Six months ended 30 September	
		2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Other comprehensive expense for the period, net of tax:					
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translating foreign operations		<u>(71)</u>	<u>(112)</u>	<u>(806)</u>	<u>(992)</u>
Total comprehensive expense for the period		<u><u>(3,378)</u></u>	<u><u>(2,829)</u></u>	<u><u>(8,215)</u></u>	<u><u>(7,987)</u></u>
Loss for the period attributable to:					
Owners of the Company		<u>(3,309)</u>	<u>(2,756)</u>	<u>(7,161)</u>	<u>(6,710)</u>
Non-controlling interests		<u>2</u>	<u>39</u>	<u>(248)</u>	<u>(285)</u>
		<u><u>(3,307)</u></u>	<u><u>(2,717)</u></u>	<u><u>(7,409)</u></u>	<u><u>(6,995)</u></u>
Total comprehensive expense for the period attributable to:					
Owners of the Company		<u>(3,391)</u>	<u>(2,885)</u>	<u>(8,114)</u>	<u>(7,864)</u>
Non-controlling interests		<u>13</u>	<u>56</u>	<u>(101)</u>	<u>(123)</u>
		<u><u>(3,378)</u></u>	<u><u>(2,829)</u></u>	<u><u>(8,215)</u></u>	<u><u>(7,987)</u></u>
Dividends	13	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Loss per share attributable to owners of the Company					
- Basic (HK cents)	9	<u><u>(0.587)</u></u>	<u><u>(0.489)</u></u>	<u><u>(1.270)</u></u>	<u><u>(1.190)</u></u>
			(Restated)		(Restated)
- Diluted (HK cents)		<u><u>(0.587)</u></u>	<u><u>(0.489)</u></u>	<u><u>(1.270)</u></u>	<u><u>(1.190)</u></u>
			(Restated)		(Restated)

Condensed Consolidated Statement of Financial Position

As at 30 September 2023

	30 September 2023 HK\$'000 (Unaudited)	31 March 2023 HK\$'000 (Audited)
	<i>Notes</i>	
ASSETS		
Non-current assets		
Property, plant and equipment	21,771	9,724
Right-of-use assets	2,698	4,910
	<u>24,469</u>	<u>14,634</u>
Current assets		
Inventories	1,321	1,664
Trade and other receivables	10 2,095	7,035
Financial assets at fair value through profit or loss	403	678
Cash and cash equivalents	4,983	17,685
	<u>8,802</u>	<u>27,062</u>
Total assets	<u><u>33,271</u></u>	<u><u>41,696</u></u>
EQUITY		
Capital and reserves		
Share capital	11 29,168	29,168
Reserves	(15,092)	(6,978)
Equity attributable to owners of the Company	<u>14,076</u>	22,190
Non-controlling interests	<u>(2,916)</u>	(2,815)
Total equity	<u><u>11,160</u></u>	<u>19,375</u>

		30 September	31 March
		2023	2023
		HK\$'000	HK\$'000
	<i>Notes</i>	(Unaudited)	(Audited)
LIABILITIES			
Current liabilities			
Trade and other payables	12	16,916	17,792
Lease liabilities		2,433	2,498
Tax payables		126	35
		<u>19,475</u>	<u>20,325</u>
Non-current liabilities			
Lease liabilities		636	1,996
Borrowing		2,000	–
		<u>2,636</u>	<u>1,996</u>
Total liabilities		<u>22,111</u>	<u>22,321</u>
Total equity and liabilities		<u>33,271</u>	<u>41,696</u>
Net current (liabilities)/assets		<u>(10,673)</u>	<u>6,737</u>
Total assets less current liabilities		<u>13,796</u>	<u>21,371</u>

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2023

	Attributable to the owners of the Company								Non-controlling interests	Total equity	
	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Other reserve HK\$'000 (Note (a))	Special reserve HK\$'000 (Note (b))	Translation reserve HK\$'000 (Note (c))	Statutory reserve HK\$'000 (Note (d))	Accumulated loss HK\$'000			Sub-total HK\$'000
At 1 April 2022 (audited)	29,168	440,289	295,610	(7,457)	(31,315)	(35)	1,608	(698,277)	29,591	(3,224)	26,367
Loss for the period	-	-	-	-	-	-	-	(6,710)	(6,710)	(285)	(6,995)
Exchange difference on translating foreign operations	-	-	-	-	-	(1,154)	-	-	(1,154)	162	(992)
Total comprehensive expense for the period	-	-	-	-	-	(1,154)	-	(6,710)	(7,864)	(123)	(7,987)
At 30 September 2022 (unaudited)	29,168	440,289	295,610	(7,457)	(31,315)	(1,189)	1,608	(704,987)	21,727	(3,347)	18,380
At 1 April 2023 (audited)	29,168	440,289	295,610	(7,457)	(31,315)	(1,555)	1,608	(704,158)	22,190	(2,815)	19,375
Loss for the period	-	-	-	-	-	-	-	(7,161)	(7,161)	(248)	(7,409)
Exchange difference on translating foreign operations	-	-	-	-	-	(953)	-	-	(953)	147	(806)
Total comprehensive expense for the period	-	-	-	-	-	(953)	-	(7,161)	(8,114)	(101)	(8,215)
At 30 September 2023 (unaudited)	29,168	440,289	295,610	(7,457)	(31,315)	(2,508)	1,608	(711,319)	14,076	(2,916)	11,160

Notes:

- Other reserve represents the difference between the consideration paid for additional equity interest in a subsidiary without the overall change in the control in that subsidiary and the carrying amount of share of net liabilities/assets.
- Special reserve represents the difference between the Company's shares of nominal value of the paid-up capital of subsidiaries acquired over the Company's cost of acquisition of the subsidiaries under common control upon change in ownership interests in subsidiaries.
- Translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of operations outside Hong Kong.
- As stipulated by the relevant People's Republic of China ("PRC") laws and regulations, the subsidiaries of the Company established in the PRC shall set aside 10% of its profit after taxation for the statutory surplus reserve fund (except where the reserve balance has reached 50% of the subsidiaries' paid-up capital). The reserve fund can only be used, upon approval by the Board and by the relevant authority, to offset accumulated losses or increase capital.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2023

	Six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash from/(used in) operating activities	909	(604)
Net cash (used in)/from investing activities	(14,521)	159
Net cash from financing activities	575	(2,433)
Net decrease in cash and cash equivalents	(13,038)	(2,878)
Cash and cash equivalents at beginning of the period	17,685	16,795
Effect of foreign currency exchange rate changes	338	(1,291)
Cash and cash equivalents at the end of the period	4,983	12,626

Notes to the Condensed Consolidated Financial Statements (Unaudited)

For the six months ended 30 September 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**”). The registered office of the company is at the offices of Tricor Services (Cayman Islands) Limited, 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 unaudited condensed 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 unaudited condensed 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 (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. Basis of preparation and principal accounting policies

The unaudited condensed consolidated interim financial statements for the six months ended 30 September 2023 (the “**Interim Financial Statements**”) have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) as well as with the applicable disclosure requirements of Chapter 18 of the Rules (the “**GEM Listing Rules**”) Governing the Listing of Securities on GEM of the Stock Exchange.

The Interim Financial Statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

Other than the changes in accounting policies resulting from application of new HKFRSs, in preparing these Interim Financial Statements, the significant judgments made by management in applying the Group’s accounting policies and the key sources of estimate uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 March 2023.

3. Significant Accounting Policies

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2023 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules

The application of these new and amendments to HKFRSs has had no material impact on the Group's financial position and financial performance for the current and/or prior periods and/or on the disclosures set out in the Interim Financial Statements.

The Group has not applied any new and amendments to HKFRSs that have been issued but not yet effective. The application of these new HKFRSs will not have material impact on the condensed consolidated financial statement of the Group.

4. Revenue

Revenue represents those generated from the provision of general hospital services during the period. The analysis of the Group's revenue for the periods is as follows:

	Three months ended		Six months ended	
	30 September		30 September	
	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue				
Provision of general hospital services	<u>12,199</u>	<u>14,342</u>	<u>26,125</u>	<u>28,400</u>

5. 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. The chief operating decision maker has decided to combine the provision of general hospital service and the provision of healthcare and hospital management services into one single operation division in order to manage and review the performance of the hospital related business more efficiently. These divisions are the basis on which the Group reports its segment information.

5. Segment Information – continued

For the six months ended 30 September 2023, the Group only engaged in provision of general hospital services in the PRC. 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 the PRC and all of the Group's assets and liabilities are mainly located in the PRC. Accordingly, no business or geographical segment information is located.

6. Loss from operations

	Three months ended 30 September		Six months ended 30 September	
	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)

Loss from operations has been arrived at after charging:

Depreciation of property, plant and equipment	619	1,507	1,215	2,986
Depreciation of right-of-use assets	653	648	1,193	1,288
Staff costs (including Directors' remuneration)	5,557	5,804	11,214	12,865

7. Finance costs

	Three months ended 30 September		Six months ended 30 September	
	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)

Interest on:

– Lease liabilities	63	114	140	240
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8. Taxation

No provision for Hong Kong Profits Tax has been made in the Interim Financial Statements as the Group had no assessable profits derived from Hong Kong's operations during the period (2022: Nil).

Corporate income tax of approximately 25% has been provided for the profit generated from the general hospital services in the PRC (2022: approximately 25%).

9. Loss per share

Three months ended 30 September 2023		Six months ended 30 September 2023	
2023	2022	2023	2022
HK\$'000	HK\$'000	HK\$'000	HK\$'000
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)

Earnings

Loss for the purpose of basic and diluted earnings/
(loss) per share

– Loss for the period attributable to the owners
of the company

(3,309)	(2,756)	(7,161)	(6,710)
2023	2022	2023	2022
	(Restated)		(Restated)

Number of shares

weighted average number of ordinary shares for
the purpose of basic loss per share

– Ordinary shares in issue
– Preference shares in issue

563,649,988	563,649,988	563,649,988	563,649,988
19,700,000	19,700,000	19,700,000	19,700,000

The calculation of basic loss per share for the three months ended 30 September 2023 was based on the loss for the period attributable to owners of the Company of approximately HK\$3.309 million (2022: loss attributable to owners of the Company of approximately HK\$2.756 million) and on the weighted average number of ordinary shares was adjusted following the effect of the share consolidation from approximately 2,818,249,944 to 563,649,988 shares. 2022 (restated)

The calculation of basic loss per share for the six months ended 30 September 2023 was based on the loss for the period attributable to owners of the Company of approximately HK\$7.161 million (2022: loss attributable to owners of the Company of approximately HK\$6.710 million) and on the weighted average number of ordinary shares was adjusted following the effect of the share consolidation from approximately 2,818,249,944 to 563,649,988 shares. 2022 (restated)

For the three months periods ended 30 September 2023 and 2022, and the six months periods ended 30 September 2023 and 2022, the calculation of diluted loss per share did not assume the exercise of the convertible notes and outstanding share options existed as at 30 September 2023 and 2022, respectively, as the exercise of the convertible notes and share options would decrease the loss per share, and therefore are anti-dilutive.

10. Trade and other receivables

	30 September 2023 HK\$'000 (Unaudited)	31 March 2023 HK\$'000 (Audited)
Trade receivables, net	213	249
Prepayments	23	137
Other receivables and deposits	<u>2,228</u>	<u>7,018</u>
	2,464	7,404
<i>Less: Allowance for expected credit losses on other receivables and deposits</i>	<u>(369)</u>	<u>(369)</u>
	<u>2,095</u>	<u>7,035</u>

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

	30 September 2023 HK\$'000 (Unaudited)	31 March 2023 HK\$'000 (Audited)
0 to 90 days	213	249
91 to 180 days	–	–
181 to 365 days	–	–
Over 365 days	–	–
	<u>213</u>	<u>249</u>

11. Share capital

	Number of shares	Amount HK\$'000
Authorised:		
<i>Ordinary shares of HK\$0.01 each (before share consolidation) and HK\$0.05 each (after share consolidation)</i>		
As at 1 April 2022 (audited), 31 March 2023 (audited) and 1 April 2023 (audited)	110,000,000,000	1,100,000
Share consolidation (Note (ii))	<u>(88,000,000,000)</u>	<u>–</u>
As at 30 September 2023 (unaudited)	<u>22,000,000,000</u>	<u>1,100,000</u>
<i>Non-voting convertible preference shares of HK\$0.01 each (before share consolidation) and HK\$0.05 each (after share consolidation) (Note (i))</i>		
As at 1 April 2022 (audited), 31 March 2023 (audited) and 1 April 2023 (audited)	40,000,000,000	400,000
Share consolidation (Note (ii))	<u>(32,000,000,000)</u>	<u>–</u>
As at 30 September 2023 (unaudited)	<u>8,000,000,000</u>	<u>400,000</u>
Issued and fully paid:		
<i>Ordinary shares of HK\$0.01 each (before share consolidation) and HK\$0.05 each (after share consolidation)</i>		
As at 1 April 2022 (audited), 31 March 2023 (audited), 1 April 2023 (audited)	2,818,249,944	28,183
Share consolidation (Note (ii))	<u>(2,254,599,956)</u>	<u>–</u>
As at 30 September 2023 (unaudited)	<u>563,649,988</u>	<u>28,183</u>
<i>Non-voting convertible preference shares of HK\$0.01 each (before share consolidation) and HK\$0.05 each (after share consolidation) (Note (i))</i>		
As at 1 April 2022 (audited), 31 March 2023 (audited) and 1 April 2023 (audited)	98,500,000	985
Share consolidation (Note (ii))	<u>(78,800,000)</u>	<u>–</u>
As at 30 September 2023 (unaudited)	<u>19,700,000</u>	<u>985</u>

11. Share capital – continued

Notes:

- (i) The convertible preference shares are non-voting shares and non-redeemable. The holders of the convertible preference shares are entitled to receive the same dividends as the holders of ordinary shares. In addition, the holders of the convertible preference shares have the right to convert any convertible preference share into the Company's ordinary shares at any time at the conversion price at the rate of 1 to 1 each. The conversion price will be subject to adjustments only upon occurrence of certain dilutive events.
- (ii) On 9 August 2023, the directors of the Company proposed to implement a share consolidation (the “**Share Consolidation**”) on the basis that (i) every five (5) issued and unissued ordinary shares (the “**Existing Share(s)**”) in the then existing share capital of the Company of HK\$0.01 each into one (1) consolidated ordinary share (the “**Consolidated Share(s)**”) of HK\$0.05 each; and (ii) every five (5) issued and unissued non-voting convertible preference share(s) (the “**Existing Preference Share(s)**”) in the then existing share capital of the Company of HK\$0.01 each into one (1) consolidated convertible preference share (the “**Consolidated Preference Share(s)**”) of HK\$0.05 each.

Following the passing of the ordinary resolution approving the Share Consolidation by the shareholders of the Company and the fulfillment of all the conditions precedent of the Share Consolidation, the Share Consolidation has become effective on 13 September 2023. Further details regarding the Share Consolidation were set out in the Company's circular dated 23 August 2023 and the Company's announcements dated 9 August 2023, 11 September 2023 and 12 September 2023.

12. Trade and other payables

	30 September 2023 HK\$'000 (Unaudited)	31 March 2023 HK\$'000 (Audited)
Trade payables	685	1,709
Accruals and other payables	16,231	16,083
	<u>16,916</u>	<u>17,792</u>

12. Trade and other payables – continued

The average credit period on purchases of certain goods is in range from 30 to 90 days. The following is an aged analysis of trade payables based on invoice date at the end of the reporting period:

	30 September 2023 HK\$'000 (Unaudited)	31 March 2023 HK\$'000 (Audited)
0 to 90 days	–	882
91 to 180 days	–	97
181 to 365 days	13	420
Over 365 days	<u>672</u>	<u>310</u>
	<u>685</u>	<u>1,709</u>

13. Dividends

The Directors do not recommend the payment of a dividend for the six months ended 30 September 2023 (2022: Nil).

14. Related party transactions

During the reporting period, other than those transactions and balances detailed elsewhere in the Interim Financial Statements, the Group had the following significant transactions with related parties which, in the opinion of the directors, were carried out in the ordinary courses of the Group's business:

a) *Key management personnel*

Remuneration for key management personnel, including amount paid to the Company's Directors and other members of key management during the period were as follows:

	Six months ended 30 September 2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Short-term employee benefits	<u>2,079</u>	2,191
Share-based payment expenses	<u>–</u>	<u>–</u>
	<u>2,079</u>	<u>2,191</u>

MANAGEMENT DISCUSSION AND ANALYSIS

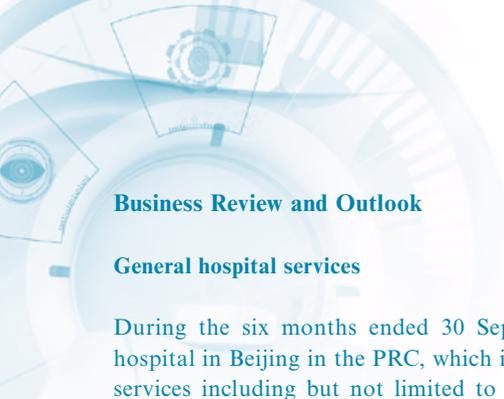
Financial Review

For the six months ended 30 September 2023 (the “**period under review**”), the Group recorded a turnover on business operations of approximately HK\$26.125 million (2022: approximately HK\$28.400 million), representing an decrease of approximately 8.01% as compared with the same period last year.

Selling and distribution expenses for the period under review amounted to approximately HK\$3.519 million (2022: approximately HK\$3.581 million), representing a decrease of approximately 1.73%.

Administrative expenses for the period under review amounted to approximately HK\$21.881 million (2022: approximately HK\$25.503 million), representing a decrease by approximately 14.2%. The decrease was mainly attributable to the decrease of staff costs.

The Group recorded a loss attributable to owners of the Company of approximately HK\$7.161 million for the period under review (2022: loss attributable to owners of the Company of approximately HK\$6.710 million). The increase was mainly attributable to the decrease of revenue and increase cost of sales.



Business Review and Outlook

General hospital services

During the six months ended 30 September 2023, the Group operated one general hospital in Beijing in the PRC, which is principally engaged in the provision of hospital services including but not limited to medical wards, surgical wards, medical checkup and examination. The total turnover contributed by the hospital for the six months ended 30 September 2023 was approximately HK\$26.125 million (2022: approximately HK\$28.400 million), representing a decrease of approximately 8.01% compared with the same period last year.

Future Prospects

As the Group navigates through the complexities of a post-pandemic environment, the Group's focus remains steadfast on the fundamental drivers of healthcare demand – an aging population and the universal need for accessible, quality medical care. The Group is committed to adapting to these enduring trends with agility and foresight.

In the pursuit of excellence, the Group will continue to prioritize operational efficiency and prudent risk management. The Group's strategies are designed to be responsive to the dynamic healthcare landscape, ensuring that the Group remains aligned with industry best practices while fostering sustainable growth.

The Group is poised to explore strategic collaborations that align with its core competencies and enhance its service offerings. These partnerships will be selected with a focus on innovation, quality, and the potential to deliver long-term value to its stakeholders without overextending the Group's commitments.

The Group's future initiatives will be carefully calibrated to maintain a balance between growth and stability, reflecting its commitment to corporate resilience and responsible stewardship.

Capital Structures, Liquidity and Financial Resources

The Group had total cash and cash equivalents of approximately HK\$4.983 million as at 30 September 2023 (31 March 2023: approximately HK\$17.685 million).

As at 30 September 2023, the Group's bank balances of RMB3,612,000 (equivalent to HK\$3,876,500) 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\$8.802 million as at 30 September 2023 (31 March 2023: approximately HK\$27.062 million) and total current liabilities of approximately HK\$19.475 million as at 30 September 2023 (31 March 2023: approximately HK\$20.325 million). The current ratio of the Group, calculated by dividing the current assets by the current liabilities, was approximately 0.45 as at 30 September 2023 (31 March 2023: approximately 1.33).

Gearing Ratio

As at 30 September 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) (31 March 2023: N/A).

Capital Commitment

As at 30 September 2023, the Group had no material capital commitment (31 March 2023: Nil).

Significant Investments Held

As at 30 September 2023, the Group did not hold any significant investment (31 March 2023: Nil).

Contingent Liabilities

On 13 June 2023, Edinburgh International Diabetes received a civil complaint 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 (the “**Civil Complaint II**”). 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.

For details regarding the Civil Complaint II, please refer to the paragraph headed “Litigation Involving a Subsidiary” below.

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.

Dividends

The Directors do not recommend the payment of a dividend for the six months ended 30 September 2023 (2022: Nil).

Foreign Exchange Risk

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. As the fiscal policy of the Central Government of the PRC in relation to Renminbi is stable throughout the period, the Directors believe that the potential foreign exchange exposure to the Group is limited. Therefore, the Group had not implemented any formal hedging or other alternative policies to deal with such exposure during the six months ended 30 September 2023.

Charges on the Group's Assets

As at 30 September 2023, the Group's bank deposits of approximately HK\$Nil (31 March 2023: approximately HK\$Nil) were pledged as collateral to secure general banking facilities granted to the Group.

Employee Information

As at 30 September 2023, the Group had 155 (31 March 2023: 139) full time employees. During the six months ended 30 September 2023, the staff costs, including Directors' remuneration, totalled approximately HK\$11.214 million (2022: approximately HK\$12.865 million). Bonuses are also available to the Group's employees at the discretion of the Board and depending upon the financial performance of the Group. The Group's employment and remuneration policies remained the same as detailed in its annual report for the year ended 31 March 2023.

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 period under review.

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 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 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.

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

On 6 September 2022, Edinburgh Hospital Management received the civil judgement* (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 “**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;

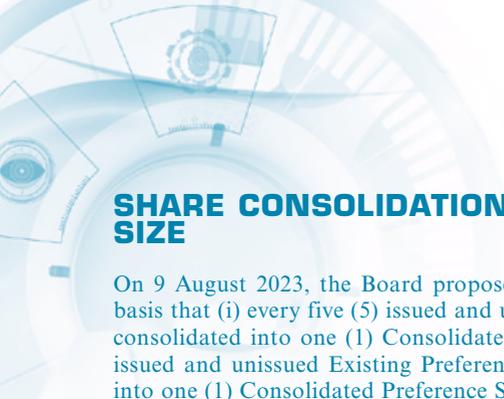
- (ii) Edinburgh Hospital Management to return to China Merchants the sum of approximately RMB4.9 million, being the unutilized funds previously advanced by China Merchants to Edinburgh Hospital Management pursuant to the Cooperation Agreement; and
- (iii) Edinburgh Hospital Management to pay to China Merchants liquidated damages under the Cooperation Agreement and costs in relation to the Civil Complaint I in the amount of approximately RMB1.4 million.

For more details regarding the Civil Judgment, please refer to the announcements 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 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 report, 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.



SHARE CONSOLIDATION AND CHANGE IN BOARD LOT SIZE

On 9 August 2023, the Board proposes to implement the Share Consolidation on the basis that (i) every five (5) issued and unissued Existing Shares of HK\$0.01 each will be consolidated into one (1) Consolidated Share of HK\$0.05 each; and (ii) every five (5) issued and unissued Existing Preference Shares of HK\$0.01 each will be consolidated into one (1) Consolidated Preference Share of HK\$0.05 each.

The Existing Shares were traded on the Stock Exchange in board lot size of 4,000 Existing Shares. The Board also proposed to change the board lot size for trading on the Stock Exchange from 4,000 Existing Shares to 10,000 Consolidated Shares (the “**Change in Board Lot Size**”) subject to and upon the Share Consolidation becoming effective.

Following the passing of the ordinary resolution approving the Share Consolidation by the shareholders of the Company and the fulfillment of all the conditions precedent of the Share Consolidation, the Share Consolidation and the Change in Board Lot Size became effective on 13 September 2023.

For more details concerning the Share Consolidation and the Change in Board Lot Size, please refer to the announcements of the Company dated 9 August 2023, 11 September 2023 and 12 September 2023, and the circular of the Company dated 23 August 2023.

CHANGE OF EXECUTIVE DIRECTOR; CHANGE IN COMPOSITION OF BOARD COMMITTEE; AND CHANGE OF AUTHORISED REPRESENTATIVE UNDER THE GEM LISTING RULES AND AUTHORIZED REPRESENTATIVE UNDER THE COMPANIES ORDINANCE

Mr. Zheng Gang (“**Mr. Zheng**”) has resigned from his position as an executive Director and a member of the remuneration committee (the “**Remuneration Committee**”) of the Company with effect from 22 August 2023 as he would like to devote more time to his personal commitment.

Following the resignation of Mr. Zheng, Mr. Wu Qiyou (“**Mr. Wu**”) has been appointed as an executive Director and a member of the Remuneration Committee with effect from 22 August 2023.

Mr. Lam Williamson, being the company secretary of the Company, has been appointed as an authorised representative of the Company under Rule 5.24 of the GEM Listing Rules and an authorized representative of the Company to accept service of process or notice on behalf of the Company in Hong Kong under Part 16 of the Companies Ordinance.

For more details, please refer to the announcement of the Company dated 22 August 2023.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

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

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

(a) Directors' interests and short positions in the securities of the Company and its associated corporations

As at 30 September 2023, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO")) which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the required standards of dealings by directors of the Company as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

(i) Interests in shares and underlying shares of the Company:

Name of Director	Nature of interest	Number of shares and underlying shares	Position	Approximate percentage of the total issued shares
Mr. Ng Chi Lung	Beneficial Owner	11,800,000	Long	2.09%
	Interest in controlled corporation (<i>Note</i>)	316,391,892	Long	56.13%

Note: The issued share capital of Solar Star Global Limited is owned as to 50% by Mr. Ng Chi Lung, 25% by Ms. Ng Si Wing and 25% by Ms. Ng Yin. Mr. Ng Chi Lung is deemed to be interested in all the shares and the convertible preference shares (if any) in which Solar Star Global Limited is interested in under Part XV of the SFO.

(ii) Interests in the issued share capital of the Company's associated corporation:

Name of Director	Name of associated corporation	Capacity/ Nature of interest	Number of shares	Position	Approximate percentage of shareholdings in the associated corporation's issued share capital
Nil	-	-	-	-	-

(iii) Interests in share options under share option scheme:

Name of Director	Exercise period	Exercise price	Number of share options granted	Position
Nil	-	-	-	-

Save as disclosed above, as at 30 September 2023, none of the Directors nor the chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

(b) Substantial shareholders' interests and short positions in shares and underlying shares of the Company

As at 30 September 2023, other than the interests of Directors or chief executives of the Company as disclosed in the paragraph headed "Directors' interests and short positions in the securities of the Company and its associated corporations" above, the interests and short positions of substantial shareholders and other persons in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name of shareholder	Nature of interest/ Capacity	Number of shares and underlying shares	Position	Approximate percentage of the total issued shares
Solar Star Global Limited ("Solar Star") (Note 1)	Beneficial owner	316,391,892	Long	56.13%
Ms. Cheng Wai Yin (Note 2)	Interest of spouse	328,191,892	Long	58.22%
New Hope International (Hong Kong) Limited ("New Hope International") (Note 3)	Beneficial owner	68,643,507	Long	12.18%
Southern Hope Enterprise Co., Ltd.# (南方希望實業有限公司) ("Southern Hope") (Note 3)	Interest in controlled corporation	68,643,507	Long	12.18%
Ningbo Zhuosheng Investment Co., Ltd.# (寧波卓晟投資有限公司) ("Ningbo Zhuosheng") (Note 3)	Interest in controlled corporation	68,643,507	Long	12.18%
New Hope Group Co., Ltd.# (新希望集團有限公司) ("New Hope Group") (Note 3)	Interest in controlled corporation	68,643,507	Long	12.18%
New Hope Holdings Group Co., Ltd.# (新希望控股集團有限公司) ("New Hope Holdings") (Note 3)	Interest in controlled corporation	68,643,507	Long	12.18%
New Hope Asia Pacific Investment Holdings Co., Ltd.# (新希望亞太投資控股有限公司) ("New Hope Asia Pacific") (Note 3)	Interest in controlled corporation	68,643,507	Long	12.18%

Name of shareholder	Nature of interest/ Capacity	Number of shares and underlying shares	Position	Approximate percentage of the total issued shares
Lhasa Economic Development Zone New Hope Investment Co., Ltd. [#] (拉薩經濟開發區新希望投資有限公司) ("Lhasa Economic") (Note 3)	Interest in controlled corporation	68,643,507	Long	12.18%
Mr. Liu Yonghao (Note 3)	Interest in controlled corporation	68,643,507	Long	12.18%
Ms. Liu Chang (Note 3)	Interest in controlled corporation	68,643,507	Long	12.18%
Ms. Li Wei (Note 4)	Interest of spouse	68,643,507	Long	12.18%

Notes:

- (1) The issued share capital of Solar Star is owned as to 50% by Mr. Ng Chi Lung, 25% by Ms. Ng Si Wing and 25% by Ms. Ng Yin. Mr. Ng Chi Lung is deemed to be interested in all the shares and the convertible preference shares (if any) in which Solar Star is interested in under Part XV of the SFO.
- (2) Ms. Cheng Wai Yin is the spouse of Mr. Ng Chi Lung. Ms. Cheng Wai Yin is deemed to be interested in all the shares and the convertible preference shares (if any) in which Mr. Ng Chi Lung is interested in under Part XV of the SFO.
- (3) New Hope International is interested in 68,643,507 shares of the Company. New Hope International is owned as to 75% by Southern Hope which is in turn owned as to 51% by New Hope Group and as to 49% by Ningbo Zhuosheng. New Hope Group is owned as to 75% by New Hope Holdings, 14.60% by Mr. Liu Yonghao and 9.09% by Ms. Liu Chang, New Hope Holdings is in turn owned as to 100% by New Hope Asia Pacific and New Hope Asia Pacific is owned as to 99% by Lhasa Economic and as to 1% by Mr. Liu Yonghao. Lhasa Economic is then owned as to 100% by Mr. Liu Yonghao. Mr. Liu Yonghao and Ms. Liu Chang are deemed to be interested in the shares in which New Hope International is interested in under Part XV of the SFO.
- (4) Ms. Li Wei is the spouse of Mr. Liu Yonghao. Ms. Li Wei is deemed to be interested in the shares in which Mr. Liu Yonghao is interested in under Part XV of the SFO.

Save as disclosed above, as at 30 September 2023, the Directors were not aware of any other person (other than the Directors and chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO.

DIRECTORS' RIGHTS TO ACQUIRE SECURITIES

Apart from as disclosed under the heading “Directors’ and chief executive’s interests in shares, underlying shares and debentures of the Company and its associated corporations” above, at no time since incorporation of the Company were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company or of any other body corporate granted to any Directors or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company, its holding company or any of its subsidiaries a party to any arrangement to enable the directors, their respective spouse or children under 18 years of age to acquire such rights in any other body corporate.

Save as disclosed above, at no time during the period under review was the Company or any of its subsidiaries, associated companies, fellow subsidiaries or holding companies a party to any arrangements to enable the Directors or the chief executive of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate at any time during the period.

SHARE OPTION SCHEMES

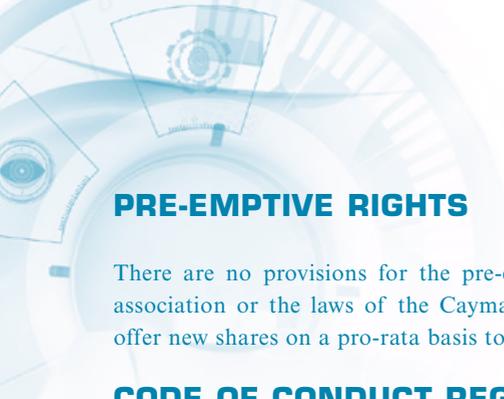
The Company had previously adopted a share option scheme on 10 August 2011, the terms of which are in accordance with the provisions of Chapter 23 of the GEM Listing Rules. The share option scheme expired on 10 August 2021. No share option was outstanding nor granted, exercised, cancelled or lapsed under the share option scheme during the six months ended 30 September 2023.

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

During the six months ended 30 September 2023, there were no purchases, sales or redemptions of the Company’s listed securities by the Company or any of its subsidiaries.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at 30 September 2023, none of the Directors or their respective associates had any business or interests in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.



PRE-EMPTIVE RIGHTS

There are no provisions for the pre-emptive rights under the Company's articles of association or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company had adopted a code of conduct regarding Directors' securities transactions 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 enquiry of all Directors, the Directors have complied with such code of conduct and the required standard of dealings and its code of conduct regarding securities transactions by the Directors throughout the six months ended 30 September 2023.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions in the Code on Corporate Governance Practices contained in Appendix 15 of the GEM Listing Rules for the six months ended 30 September 2023.

REMUNERATION COMMITTEE

The Company established the remuneration committee of the Company (the "Remuneration Committee") on 3 June 2005 in compliance with the code provision. The Remuneration Committee has four members comprising an executive Director, Mr. Wu Qiyu, and three independent non-executive Directors, 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 Remuneration Committee.

The role and function of the Remuneration Committee include the determination of the specific remuneration package of all executive Directors, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and making recommendations to the Board of the remuneration of non-executive Directors. The Remuneration Committee considers factors such as salaries paid by comparable companies, time commitment and responsibilities of the directors, employment conditions elsewhere in the Group and desirability of performance-based remuneration.

NOMINATION AND CORPORATE GOVERNANCE COMMITTEE

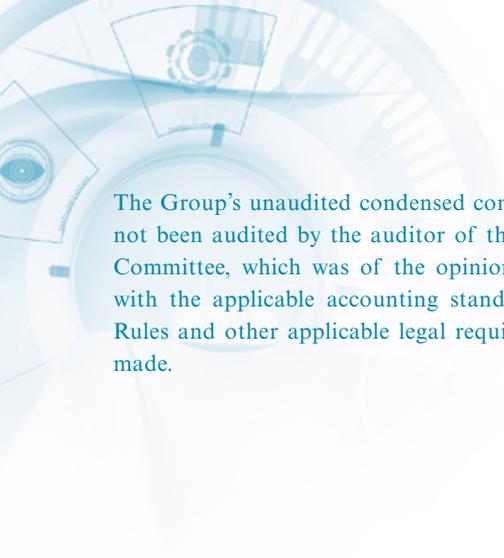
On 11 February 2014, the Board resolved to establish a nomination and corporate governance committee of the Company (the “**Nomination and Corporate Governance Committee**”) in place and stead of the previous nomination committee of the Company, which was established on 27 March 2012 in compliance with the code provision. The Nomination and Corporate Governance Committee has four members comprising the chairman, Mr. Ng Chi Lung, and three independent non-executive Directors, Ms. Wong Ka Wai, Jeanne, Dr. Lam Huen Sum and Mr. Lau Tak Kei Arthur. Mr. Ng Chi Lung is the chairman of the Nomination and Corporate Governance Committee.

The primary duties of the Nomination and Corporate Governance Committee include, but are not limited to: (i) reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board on a regular basis and making recommendations to the Board regarding any proposed changes; (ii) identifying individuals suitably qualified to become members of the Board and selecting or making recommendations to the Board on the selection of, individuals nominated for directorships; (iii) making recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors and succession planning for Directors in particular the chairman of the Board and the chief executive officer of the Company; and (iv) keeping the effectiveness of the corporate governance and system of internal controls of the Group.

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 to 5.29 of the GEM Listing Rules. The Audit Committee has three members comprising all the independent non-executive Directors, 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: (i) to ensure the adequacy and effectiveness of the accounting and financial controls of the Group; (ii) oversee the performance of risk management and internal control systems and financial reporting process; and (iii) monitor the integrity of the financial statements and compliance with statutory and listing requirements and to oversee independence and qualifications of the external auditors.



The Group's unaudited condensed consolidated results for the period under review has not been audited by the auditor of the Company, but has been reviewed by the Audit Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures has been made.

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

Hong Kong, 8 November 2023

The English transliteration of the Chinese name(s) in this report, where indicated, is included for information purpose only, and should not be regarded as the official English name(s) of such Chinese name(s).

As at the date of this report, the Board comprises Mr. Ng Chi Lung and Mr. Wu Qiyong 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 report will remain on the website of the Stock Exchange at www.hkexnews.hk on the "Latest Listed Company Information" Page for at least seven days from the date of its publication and on the website of the Company at www.gf-healthcare.com.