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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)

FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 30 JUNE 2020

CHARACTERISTICS OF GEM (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given 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.*

HIGHLIGHTS

- The Group has recorded a revenue of approximately HK\$9.826 million for the three months ended 30 June 2020 as compared with HK\$54.447 million in the corresponding period in 2019, representing a decrease of approximately 81.95%.
- Gross profit margin of the Group was approximately 76.75% for the three months ended 30 June 2020, compared with 73.98% in the corresponding period in year 2019, with the gross profit margin maintained at a similar level.
- The Group has recorded a loss attributable to owners of the Company for the three months ended 30 June 2020 of approximately HK\$5.133 million as compared with a loss of HK\$7.981 million in the corresponding period in 2019.
- The Directors do not recommend the payment of dividend for the three months ended 30 June 2020 (2019: Nil).

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

FIRST QUARTERLY 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 ended 30 June 2020, together with the unaudited comparative figures for the corresponding period in 2019, as follows:

Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income For the three months ended 30 June 2020

		Three months ended	
		30 June	
	Note	2020	2019
		HK\$'000	HK\$'000
		(unaudited)	(unaudited)
Revenue	3	9,826	54,447
Cost of sales		<u>(2,285)</u>	<u>(14,166)</u>
Gross profit		7,541	40,281
Other revenue		1,133	1,627
Selling and distribution expenses		(2,001)	(33,028)
Administrative expenses		<u>(13,947)</u>	<u>(15,779)</u>
Loss from operations		(7,274)	(6,899)
Finance costs		<u>(35)</u>	<u>(183)</u>
Loss before taxation		(7,309)	(7,082)
Taxation	4	<u>–</u>	<u>(601)</u>
Loss for the period		<u>(7,309)</u>	<u>(7,683)</u>
Other comprehensive loss for the period, net of tax:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		<u>3,284</u>	<u>1,327</u>
Total comprehensive loss for the period		<u><u>(4,025)</u></u>	<u><u>(6,356)</u></u>

		Three months ended	
		30 June	
		2020	2019
	<i>Note</i>	HK\$'000	<i>HK\$'000</i>
		(unaudited)	(unaudited)
Loss for the period attributable to:			
Owners of the Company		(5,133)	(7,981)
Non-controlling interests		<u>(2,176)</u>	<u>298</u>
		<u>(7,309)</u>	<u>(7,683)</u>
Total comprehensive loss for the period attributable to:			
Owners of the Company		(867)	(6,803)
Non-controlling interests		<u>(3,158)</u>	<u>447</u>
		<u>(4,025)</u>	<u>(6,356)</u>
Dividends	<i>6</i>	<u>–</u>	<u>–</u>
Loss per share attributable to			
owners of the Company			
– Basic (HK cents)		<u>(0.182)</u>	<u>(0.274)</u>
– Diluted (HK cents)	<i>5</i>	<u>(0.182)</u>	<u>(0.274)</u>

Unaudited Condensed Consolidated Statement of Changes in Equity

For the three months ended 30 June 2020

	Share capital <i>HKS'000</i>	Share premium <i>HKS'000</i>	Capital reserve <i>HKS'000</i>	Other reserve <i>HKS'000</i>	Revaluation reserve <i>HKS'000</i>	Special reserve <i>HKS'000</i>	Translation reserve <i>HKS'000</i>	Share-based payment reserve <i>HKS'000</i>	Statutory reserve <i>HKS'000</i>	Accumulated losses <i>HKS'000</i>	Sub-total <i>HKS'000</i>	Non- controlling interest <i>HKS'000</i>	Total equity <i>HKS'000</i>
At 1 April 2019 (audited)	29,168	440,289	295,610	551	-	(31,315)	1,802	-	4,220	(608,667)	131,658	15,952	147,610
Loss for the period	-	-	-	-	-	-	-	-	-	(7,981)	(7,981)	298	(7,683)
Exchange difference on translating foreign operations	-	-	-	-	-	-	(311)	-	-	1,489	1,178	149	1,327
Total	-	-	-	-	-	-	(311)	-	-	(6,492)	(6,803)	447	(6,356)
Transfer to statutory reserve	-	-	-	-	-	-	-	-	(1,592)	-	(1,592)	-	(1,592)
At 30 June 2019 (unaudited)	<u>29,168</u>	<u>440,289</u>	<u>295,610</u>	<u>551</u>	<u>-</u>	<u>(31,315)</u>	<u>1,491</u>	<u>-</u>	<u>2,628</u>	<u>(615,159)</u>	<u>123,263</u>	<u>16,399</u>	<u>139,662</u>
	Share capital <i>HKS'000</i>	Share premium <i>HKS'000</i>	Capital reserve <i>HKS'000</i>	Other reserve <i>HKS'000</i>	Revaluation reserve <i>HKS'000</i>	Special reserve <i>HKS'000</i>	Translation reserve <i>HKS'000</i>	Share-based payment reserve <i>HKS'000</i>	Statutory reserve <i>HKS'000</i>	Accumulated losses <i>HKS'000</i>	Sub-total <i>HKS'000</i>	Non- controlling interest <i>HKS'000</i>	Total equity <i>HKS'000</i>
At 1 April 2020 (audited)	29,168	440,289	295,610	551	-	(31,315)	(3,081)	-	1,173	(654,970)	77,425	(5,658)	71,767
Equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	(5,133)	(5,133)	(2,176)	(7,309)
Loss for the period	-	-	-	-	-	-	-	-	-	(5,133)	(5,133)	(2,176)	(7,309)
Exchange difference on translating foreign operations	-	-	-	-	-	-	199	-	-	4,067	4,266	(982)	3,284
Total	-	-	-	-	-	-	199	-	-	(1,066)	(867)	(3,158)	(4,025)
Transfer to statutory reserve	-	-	-	-	-	-	-	-	264	-	264	-	264
At 30 June 2020 (unaudited)	<u>29,168</u>	<u>440,289</u>	<u>295,610</u>	<u>551</u>	<u>-</u>	<u>(31,315)</u>	<u>(2,882)</u>	<u>-</u>	<u>1,437</u>	<u>(656,036)</u>	<u>76,822</u>	<u>(8,816)</u>	<u>68,006</u>

NOTES TO THE CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)

For the three months ended 30 June 2020

1. Corporate Information

The Company was incorporated in the Cayman Islands on 28 May 2001 as an exempted company with limited liability. The shares of the Company are listed on GEM. The registered office of the Company is P.O. Box 902, Second Floor, Century Yard, Cricket Square, 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 Directors considered that it is more appropriate to present the condensed consolidated financial statements in HK\$ as the shares of the Company are listed on GEM. 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 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 condensed consolidated financial results for the three months ended 30 June 2020 have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”), which collective term includes all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations (the “**Interpretations**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure requirements of the GEM Listing Rules. The unaudited condensed consolidated financial results have been prepared under the historical cost except for certain financial instruments, which are measured at fair value.

The accounting policies adopted in preparing the unaudited condensed consolidated results for the three months ended 30 June 2020 are consistent with those used in the preparation of the annual financial statements for the year ended 31 March 2020 (the “**2019/20 Financial Statements**”), which have become effective in this period as detailed in notes to the 2019/20 Financial Statements. The Directors believe that the application of the other new and revised standards, amendments or interpretations has no material impact on the condensed consolidated financial results for the period.

Certain comparative amounts have been restated to confirm with the current period’s presentation and accounting treatment.

3. Revenue

Revenue represents 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 30 June	
	2020	2019
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Revenue		
Provision of general hospital services	<u>9,826</u>	<u>54,447</u>
Other Revenue		
Interest income	<u>-</u>	<u>421</u>

4. Taxation

No provision for Hong Kong Profits Tax has been made in the condensed consolidated financial statements as the Group had no assessable profits derived from Hong Kong's operations during the period (2019: Nil).

Corporate income tax of approximately 25% has been provided for the profit generated from the provision of general hospital services in the PRC (2019: approximately 25%).

5. 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

	2020	2019
	HK\$'000	HK\$'000
Loss		
Attributable to holders of ordinary shares of the Company	<u>(5,133)</u>	<u>(7,981)</u>
Weighted average number of ordinary shares in issue	<u>2,818,249,944</u>	<u>2,818,249,944</u>

(b). Diluted loss per share

During the three months ended 30 June 2020, the computation of diluted loss per share did not assume the conversion of the Company's outstanding share option since the effect of such conversion was anti-dilutive.

6. Dividends

The Directors do not recommend the payment of a dividend for the three months ended 30 June 2020 (2019: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

General hospital services

The turnover generated from a general hospital for the three months ended 30 June 2020 amounted to approximately HK\$9.826 million (2019: approximately HK\$54.447 million for three general hospitals), representing a decrease of approximately 81.95% compared with the same period last year. The decrease was mainly related to the disposal of Jiaxing Shuguang Medical Beauty Clinic and Zhuhai Jiulong Hospital.

Expenses

Selling and distribution expenses for the three months ended 30 June 2020 amounted to approximately HK\$2.001 million (2019: approximately HK\$33.028 million), representing a decrease of approximately 93.94% compared with the same period last year. The decrease was due to the disposal of Jiaxing Shuguang Medical Beauty Clinic and Zhuhai Jiulong Hospital.

Administrative expenses for the three months ended 30 June 2020 amounted to approximately HK\$13.947 million (2019: approximately HK\$15.779 million), representing a decrease of approximately 11.61%. The decrease was mainly related to the disposal of Jiaxing Shuguang Medical Beauty Clinic and Zhuhai Jiulong Hospital.

Loss attributable to owners of the Company

The Group has recorded a loss attributable to owners of the Company for the three months ended 30 June 2020 of approximately HK\$5.133 million as compared with a loss of HK\$7.981 million in the corresponding period in 2019.

Business Review and Outlook

General hospital services

During the three months ended 30 June 2020, the Group operated a general hospital in Beijing in the PRC, (2019: three general hospitals in Beijing, Jiaxing and Zhuhai) 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 turnover generated from the provision of general hospital services for the three months ended 30 June 2020 was approximately HK\$9.826 million (2019: approximately HK\$54.447 million), representing a decrease of approximately 81.95% compared with the same period last year.

Future Prospects

The Group will continue to assess the impact of COVID-19 on the Group's operations and financial performance, closely monitor the Group's exposure to the risks and uncertainties in connection with COVID-19 on an ongoing basis, and will strengthen the cost savings initiatives in view of the challenging conditions. There is still an uncertainty about the impact of the outbreak of the Coronavirus Disease 2019 ("COVID 19") on the economy, with believe that the gradual end of the pandemic, economy will return to normal and relevant financial indicators will recover gradually. The Group holds a positive and optimistic attitude about the prospects of the healthcare industry in China. Looking forward, the management is confident in the prospects of the increasing needs and marketing demands for quality and focused medical services. Those will continue to fuel the growing trends to improve the quality and bring more advanced technologies and procedures to the market. While we continue to improve the existing service standard and provide medical services that are required by local communities, we intend to work closely with the leading healthcare providers and educational institutions in the world to ensure we are adequately equipped to take the advantage of the promising market opportunities in China.

The management believes that it is important to keep an open mind for the exploration of newly developed medical technologies and procedures to address the diversified local needs from the communities where our hospitals are. Again, chronic disease treatment and management have become a priority because of the size of the market and the stressed focus by the central government. The management has already planned to get involved in this area and is optimistic about the further development in terms of the fast growth and efficient integration of our resources to accomplish the expected goals.

Facing the rapid change of the healthcare landscapes, the Company has already allocated adequate resources to get ready to meet the new demands for medical services through its strategic positioning and international collaboration with the world leading medical training and educational institutions. The introduction of successful medical treatment of diabetes overseas to the country by the Company has already shown promising results, having further strengthened efforts to help the existing hospitals as well as new businesses. At the same time, the Company will continue to improve the service standard and technology in existing hospitals and provide medical services that are required by local communities according to market demand. The management strongly believes that in 2020, our efforts and strategic planning will help us achieve the goals in the healthcare business.

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 three months ended 30 June 2020.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

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

BUSINESS UPDATE IN RESPECT OF PUTIAN EDINBURGH FRIENDSHIP HOSPITAL

With effect from 17 July 2020, Edinburgh International Hospital had change its name to Putian Edinburgh Friendship Hospital# (莆田愛丁堡友好醫院) (“**Putian Edinburgh Friendship Hospital**”).

On 17 July 2020, Putian Edinburgh Friendship Hospital had successfully obtained the medical licence for its operations, and had commenced business.

For more details, please refer to the announcements of the Company dated 26 September 2018, 12 October 2018, 2 April 2019, 6 August 2019 and 29 July 2020, respectively.

TERMINATION OF MEMORANDUM OF UNDERSTANDING IN RELATION TO THE POSSIBLE ACQUISITION

On 13 March 2020, Ally Health International Limited (a wholly-owned subsidiary of the Company) (the “**Purchaser**”) and Deng Ruibao# (鄧瑞寶) (the “**Vendor**”) entered into the memorandum of understanding (the “**MOU**”), pursuant to which the Purchaser intends to acquire and the Vendor intends to dispose of not less than 70% of the equity interest in Changzhou Shuguang Medical Beauty Hospital Limited# (常州曙光醫療美容醫院有限公司) (the “**Possible Acquisition**”). The MOU provides an exclusivity period of 180 days from the date of MOU, during which the parties shall negotiate in good faith to procure a formal agreement to be entered into.

On 10 August 2020, the Purchaser and the Vendor entered into a termination agreement to terminate the MOU with immediate effect, as after further negotiation and discussion, the Purchaser and the Vendor decided not to proceed with the Possible Acquisition.

Accordingly, pursuant to the MOU, the Vendor has refunded the refundable deposit in the amount of HK\$1,000,000 in full (without interest) to the Purchaser.

For more details, please refer to the announcements of the Company dated 13 March 2020, and 10 August 2020, respectively.

CHANGE OF REGISTERED OFFICE AND ADDRESS OF PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

With effect from 1 April 2020, the registered office and the address of the principal share registrar and transfer office of the Company in the Cayman Islands, Tricor Services (Cayman Islands) Limited have been changed to Second Floor, Century Yard, Cricket Square, P.O. Box 902, Grand Cayman, KY1-1103, Cayman Islands.

The Company's branch share registrar and transfer office in Hong Kong is still maintained by Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.

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 June 2020, 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) (the "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	Personal interest	59,000,000	Long	2.09%
	Corporate interest (Note)	1,680,459,460	Long	59.63%
Dr. Jiang Tao	Personal interest	9,300,000	Long	0.33%
Mr. Zheng Gang	Personal interest	6,044,000	Long	0.21%

Note: Solar Star Global Limited (“**Solar Star**”) is interested in 1,581,959,460 shares and 98,500,000 convertible preference shares of the Company. 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 the shares and the convertible preference shares in which Solar Star 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 June 2020, 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 June 2020, other than the interests of a Director or chief executive of the Company as disclosed under the heading "Directors' interests and short positions in the securities of the Company and its associated corporations" above, the interests and short positions of 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:

Long positions in shares and underlying shares of the Company:

Name of shareholder	Number of shares and underlying shares	Position	Capacity	Approximate percentage of the total issued shares
Solar Star Global Limited ("Solar Star") (Note 1)	1,680,459,460	Long	Beneficial owner	59.63%
Ms. Cheng Wai Yin (Note 2)	1,739,459,460	Long	Interest of spouse	61.72%
New Hope International (Hong Kong) Limited ("New Hope International") (Note 3)	343,217,539	Long	Beneficial owner	12.18%
Southern Hope Enterprise Co., Ltd. [#] (南方希望實業有限公司) (Note 3)	343,217,539	Long	Corporate interest	12.18%
New Hope Group Co., Ltd. [#] (新希望集團有限公司) (Note 3)	343,217,539	Long	Corporate interest	12.18%
Tibet Hengye Feng Industrial Co., Ltd. [#] (西藏恒業峰實業有限公司) (Note 3)	343,217,539	Long	Corporate interest	12.18%
Mr. Liu Yonghao (Note 3)	343,217,539	Long	Corporate interest	12.18%
Ms. Liu Chang (Note 3)	343,217,539	Long	Corporate interest	12.18%
Ms. Li Wei (Note 4)	343,217,539	Long	Interest of spouse	12.18%

Notes:

- (1) Solar Star is interested in 1,581,959,460 shares and 98,500,000 convertible preference shares of the Company. 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 the shares and the convertible preference shares 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 the shares and the convertible preference shares in which Mr. Ng Chi Lung is interested in under Part XV of the SFO.
- (3) New Hope International is interested in 343,217,539 shares of the Company. The issued share capital of New Hope International is owned as to 75% by Southern Hope Enterprise Co., Ltd.# which is in turn owned as to 51% by New Hope Group Co., Ltd.# and as to 49% by Tibet Hengye Feng Industrial Co., Ltd.# Both New Hope Group Co., Ltd.# and Tibet Hengye Feng Industrial Co., Ltd.# are owned as to 62.34% by Mr. Liu Yonghao, as to 36.35% by Ms. Liu Chang and as to 1.31% by Ms. Li Wei. 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 June 2020, 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

Save as disclosed under the heading "Directors' interests and short positions in the securities 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 three months ended 30 June 2020 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 SCHEME

The Company had adopted the share option scheme on 10 August 2011 to enable the Board to grant share options to eligible participants in order to recognise and motivate the contribution of the employees of the Group and to provide incentives and help the Group in retaining its existing employees and recruiting additional employees and to provide them with a direct economics interest in attaining the long term business objectives of the Group. The terms of which are in accordance with the provisions of Chapter 23 of the GEM Listing Rules.

No share option has been granted, exercised, cancelled or lapsed under the share option scheme for the six months ended 30 June 2020. As at 30 June 2020, there was no outstanding share option.

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

During the three months ended 30 June 2020, 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 June 2020, 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 three months ended 30 June 2020.

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 three months ended 30 June 2020.

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. Zheng Gang, and 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 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 five members comprising the chairman, Mr. Ng Chi Lung, the chief executive officer, Dr. Jiang Tao, and three independent non-executive Directors, namely, 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, 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: (i) 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 three months ended 30 June 2020 has not been audited by the auditors of the Company, but were 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, 13 August 2020

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

This announcement will remain on the GEM website at www.hkgem.com on the “Latest Company Announcements” page for at least seven days from the date of its posting and the Company’s website at www.gf-healthcare.com.