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 2021

## 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 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 2021 is as follows:

- Revenue was approximately HK$53.886 million (2020: approximately HK$144.591 million), representing a decrease of approximately 62.73% as compared with last year.

- Gross profit was approximately HK$26.447 million (2020: approximately HK$60.997 million), representing a decrease of approximately 56.64% as compared with last year.

- The operating loss from the operation was approximately HK$37.053 million (2020: approximately HK$48.579 million). Net loss attributable to owners of the Company was approximately HK$30.183 million (2020: net loss of approximately HK$49.504 million).

- The Directors do not recommend the payment of a final dividend for the year ended 31 March 2021 (2020: Nil).

## RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Good Fellow Healthcare Holdings Limited (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 March 2021 as follows:

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the year ended 31 March 2021*

| | *Notes* | **2021**<br>***HK$'000*** | 2020<br>*HK$'000* |
|---|---|---|---|
| **Revenue** | *5* | **53,886** | 144,591 |
| **Cost of sales** | | **(27,439)** | (83,594) |
| **Gross profit** | | **26,447** | 60,997 |
| Other revenue | *6* | **4,437** | 2,582 |
| Other loss and gain, net | *7* | **129** | (1,440) |
| Reversal/(provision) of allowance for expected credit losses on other receivables and deposits | | **1,273** | (79) |
| Gain on disposal of subsidiaries, net | | **–** | 4,133 |
| Selling and distribution expenses | | **(21,303)** | (31,764) |
| Administrative expenses | | **(47,466)** | (67,667) |
| Fair value loss on financial assets at fair value through profit or loss | | **(570)** | (1,356) |
| Impairment loss on goodwill | | **–** | (13,985) |
| **Loss from operations** | | **(37,053)** | (48,579) |
| Finance costs | *8* | **(2,350)** | (7,137) |
| **Loss before taxation** | *9* | **(39,403)** | (55,716) |
| Taxation | *10* | **–** | (1,088) |
| Loss for the year | | **(39,403)** | (56,804) |
| **Loss for the year attributable to:** | | | |
| Owners of the Company | | **(30,183)** | (49,504) |
| Non-controlling interests | | **(9,220)** | (7,300) |
| **Loss for the year** | | **(39,403)** | (56,804) |

| | Notes | **2021** | 2020 |
|---|---|---|---|
| | | ***HK$'000*** | *HK$'000* |
| **Other comprehensive income/(loss) for the year** | | | |
| Items that may be reclassified subsequently to profit or loss: | | | |
| Exchange differences on translating foreign operations | | **536** | (3,704) |
| Items that were reclassified to profit or loss: | | | |
| Release of exchange differences upon disposal of subsidiaries | | **–** | (2,313) |
| **Other comprehensive income/(loss) for the year, net of tax** | | **536** | (6,017) |
| **Total comprehensive loss for the year** | | **(38,867)** | (62,821) |
| **Total comprehensive loss for the year attributable to:** | | | |
| Owners of the Company | | **(29,188)** | (54,387) |
| Non-controlling interests | | **(9,679)** | (8,434) |
| | | **(38,867)** | (62,821) |
| **Loss per share attributable to owners of the Company** | | | |
| – Basic and diluted (HK cents per share) | *11* | **(1.07)** | (1.76) |

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 31 March 2021*

| | Notes | 2021<br>HK$'000 | 2020<br>HK$'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | | **102,423** | 80,328 |
| Right-of-use assets | | **8,670** | 12,601 |
| Goodwill | | **6,108** | 6,108 |
| Finance lease receivables | | **–** | 3,580 |
| | | **117,201** | 102,617 |
| **Current assets** | | | |
| Inventories | | **3,417** | 2,041 |
| Trade and other receivables and deposits | *13* | **22,289** | 18,336 |
| Finance lease receivables | | **3,580** | 4,020 |
| Financial assets at fair value through profit or loss | | **6,818** | 716 |
| Cash and cash equivalents | | **38,071** | 55,441 |
| | | **74,175** | 80,554 |
| **Current liabilities** | | | |
| Trade and other payables | *14* | **37,863** | 34,449 |
| Lease liabilities | | **7,656** | 6,435 |
| Borrowings | | **5,844** | – |
| Deferred revenue | | **3,956** | – |
| Tax payables | | **11** | 66 |
| | | **55,330** | 40,950 |
| **Net current assets** | | **18,845** | 39,604 |
| **Total assets less current liabilities** | | **136,046** | 142,221 |

| | Notes | **2021** *HK$'000* | 2020 *HK$'000* |
|---|---|---|---|
| **Non-current liabilities** | | | |
| Borrowings | | **8,296** | – |
| Deferred revenue | | **86,915** | 55,699 |
| Lease liabilities | | **7,935** | 14,755 |
| | | **103,146** | 70,454 |
| **Net assets** | | **32,900** | 71,767 |
| **EQUITY** | | | |
| **Capital and reserves** | | | |
| Share capital | | **29,168** | 29,168 |
| Reserves | | **11,061** | 48,257 |
| Equity attributable to owners of the Company | | **40,229** | 77,425 |
| Non-controlling interests | | **(7,329)** | (5,658) |
| **Total equity** | | **32,900** | 71,767 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 March 2021*

## 1. CORPORATE INFORMATION

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

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

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

## 2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

***Amendments to HKFRSs that are mandatorily effective for the current year***

In the current year, the Group has applied the Amendments to References to the Conceptual Framework in HKFRS Standards and 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 2020 for the preparation of the consolidated financial statements.

| | |
|---|---|
| Amendments to HKAS 1 and HKAS 8 | Definition of Material |
| Amendments to HKFRS 3 | Definition of a Business |
| Amendments to HKFRS 9, HKAS 39 and HKFRS 7 | Interest Rate Benchmark Reform |

The application of the Amendments to References to the Conceptual Framework in HKFRS Standards and the amendments to HKFRSs in the current year had no material impact on the Group's financial positions and performance for the current and prior years and/or the disclosures set out in these consolidated financial statements.

***Amendments to HKFRSs issued but not yet effective***

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

| | |
|---|---|
| HKFRS 17 | Insurance Contracts and the related Amendments[1] |
| Amendments to HKFRS 16 | Covid-19 – Related Rent Concessions[4] |
| Amendments to HKFRS 3 | Reference to the Conceptual Framework[2] |
| Amendments to HKFRS 9, HKAS 39 and HKFRS 7, HKFRS 4 and HKFRS 16 | Interest Rate Benchmark Reform – Phase2[5] |
| Amendments to HKFRS 10 | Sale or Contribution of Assets between and Investor And its Associate or Joint Venture[3] |
| Amendments to HKAS 1 | Classification of Liabilities as Current or Non-current And related amendments to Hong Kong Interpretation 5(2020)[1] |
| Amendments to HKAS 16 | Property, Plant and Equipment – Proceeds before Intended Use[2] |
| Amendments to HKAS 37 | Onerous Contracts – Cost of Fulfilling a Contract[2] |
| Amendments to HKFRSs | Annual Improvements to HKFRSs 2018-2020[2] |
| Amendments to HKAS 1 and HKFRS Practice Statement 2 | Disclosure of Accounting[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] |
| Amendments to HKFRS 16 | COVID-19-Related Rent Concessions beyond 30 June 2021[6] |

[1] *Effective for annual periods beginning on or after 1 January 2023*
[2] *Effective for annual periods beginning on or after 1 January 2022*
[3] *Effective for annual periods beginning on or after a date to be determined*
[4] *Effective for annual periods beginning on or after 1 June 2020*
[5] *Effective for annual periods beginning on or after 1 January 2021*
[6] *Effective for annual periods beginnings on or after 1 April 2021*

The directors anticipate that the application of all 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

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

*Going concern assessment*

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

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

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

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

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

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

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

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

## 4. SEGMENT INFORMATION

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

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

***Geographical information***

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

## 5. REVENUE

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

| | **2021** | 2020 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| **Revenue from contract with customers recognised at a point in time:** | | |
| Provision of general hospital services | **53,886** | 144,591 |

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

| | **2021** | 2020 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Government grants | **2,550** | – |
| Government subsidy *(note)* | **576** | – |
| Finance lease interest income | **420** | 702 |
| Bank interest income | **824** | 1,717 |
| Sundry income | **67** | 163 |
| | **4,437** | 2,582 |

*note:*

In 2020, 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 Government**"), 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. OTHER LOSS AND GAIN, NET

| | 2021 | 2020 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Exchange gain, net | **129** | – |
| Loss on disposal of property, plant and equipment | **–** | (337) |
| Loss on written-off of property, plant and equipment | **–** | (1,103) |
| | **129** | (1,440) |

## 8. FINANCE COSTS

| | 2021 | 2020 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Interest on: | | |
| – borrowings | **778** | – |
| – lease liabilities | **1,572** | 7,137 |
| | **2,350** | 7,137 |

## 9. LOSS BEFORE TAXATION

Loss before taxation has been arrived at after charging:

| | 2021 | 2020 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Directors' remuneration | **5,357** | 5,905 |
| Other staff's retirement benefits scheme contributions | **1,060** | 4,983 |
| Other staff costs (including salaries and bonuses) | **23,068** | 57,925 |
| | **29,485** | 68,813 |
| Auditors' remuneration | | |
| – Audit services | **653** | 657 |
| – Non-audit services | **–** | 138 |
| Fair value loss on financial assets at fair value through profit or loss | **570** | 1,356 |
| Impairment loss on goodwill | **–** | 13,985 |
| (Reversal)/provision of allowance for expected credit losses on other receivables and deposit | **(1,273)** | 79 |
| Cost of inventories sold | **8,368** | 38,444 |
| Depreciation of property, plant and equipment | **8,855** | 9,510 |
| Depreciation of right-of-use assets | **4,648** | 16,640 |
| Loss on modification of lease | **–** | 173 |
| Expense relating to short-term lease | **932** | 724 |

## 10. TAXATION

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

| | **2021** | 2020 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Current tax: | | |
| – PRC Enterprise Income Tax | **–** | 1,088 |

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "**Bill**") which introduces the two-tiered profits tax rate regime. The Bill was signed into law on 28 March 2018 and was gazette on the following day. Under the two-tiered profits tax rate regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25% and profits tax 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%.

The directors of the Group considered the amount involved upon implementation of the two-tiered profits tax rate as insignificant to the consolidation financial statement. Hong Kong Profits Tax is calculated at 16.5% for both years. No tax is payable for the year ended 31 March 2021 (2020: HK$Nil) since there were no assessable profit generated in Hong Kong.

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands.

## 11. LOSS PER SHARE

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

### *(a) Basic*

| | **2021** | 2020 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Loss attributable to holders of ordinary shares of the Company | **(30,183)** | (49,504) |
| Weighted average number of ordinary shares in issue *('000)* | **2,818,250** | 2,818,250 |

### *(b) Diluted*

For the year ended 31 March 2021 and 2020, diluted loss per share is the same as the basic loss per share.

## 12. DIVIDENDS

The directors of the Company do not recommend the payment of a final dividend for the year ended 31 March 2021 (2020: HK$Nil).

## 13. TRADE RECEIVABLES

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 gross amount of trade receivables based on invoice date at the end of the reporting period:

| | **2021** | 2020 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| 0 to 90 days | **183** | – |
| | **183** | – |

## 14. TRADE PAYABLES

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

| | **2021** | 2020 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| 0 to 90 days | **4,300** | 3,077 |
| 91 to 180 days | **–** | – |
| 181 to 365 days | **1,030** | 949 |
| Over 365 days | **27** | 27 |
| | **5,357** | 4,053 |

The average credit period on purchases of certain goods is 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$53.886 million (2020: approximately HK$144.591 million) for the year ended 31 March 2021, a decrease of approximately 62.73% as compared with last year.

### General hospital services

During the year ended 31 March 2021, the Group operated two general hospitals in Putian and Beijing respectively in the PRC (2020: three general hospitals in Jiaxing, Zhuhai, and Beijing), and was principally engaged in the provision of general hospital services, including but not limited to medical wards, surgical wards, medical checkup and examination. The management envisaged more diversified hospital services being readily available to satisfy various needs of the public in the next few years, from the common illness treatments to the treatments of special and difficult diseases. Therefore, the Group will continue to allocate resources to develop such services either from our existing hospitals or through collaboration with strategic partners.

### Other revenue

Other revenue, primarily including government grants, government subsidy, finance lease interest income, bank interest income and sundry income amounted to approximately HK$4.437 million (2020: approximately HK$2.582 million) for the year ended 31 March 2021.

### 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 2021, selling and distribution expenses amounted to approximately HK$21.303 million (2020: approximately HK$31.764 million), representing a decrease of approximately 32.94% as compared with last year, which was due to the disposal of Jiaxing Hospital and Zhuhai Hospital.

### Administrative expenses

Administrative expenses for the year ended 31 March 2021 amounted to approximately HK$47.466 million (2020: approximately HK$67.667 million), representing a decrease of approximately 29.85% as compared with last year. It was due to the disposal of Jiaxing Hospital and Zhuhai Hospital.

### Finance costs

For the year ended 31 March 2021, the finance costs of the Group were approximately HK$2.350 million (2020: approximately HK$7.137 million), representing a decrease of approximately 67.07% as compared with last year. It was due to the decrease in interest expenses on lease liabilities on Jiaxing Hospital and Zhuhai Hospital due to disposed last year.

### Loss from operations attributable to owners of the Company

The Group recorded a net loss from the operation before taxation of approximately HK$39.403 million (2020: approximately HK$55.716 million), representing a decrease as compared with last year.

### Dividends

The Directors do not recommend the payment of a dividend for the year ended 31 March 2021 (2020: Nil).

## OUTLOOK AND FUTURE PROSPECTS

The healthcare industry in China has continued to grow despite the severe impact of COVID-19. As compared to the previous year, China has nearly 1200 more new hospitals built up across the country by March 2021, due to the high demand for accessible medical services as increasing longevity and modern lifestyles contribute to increasingly complex and chronic health conditions. According to the "14th Five Year Plan", the healthcare has strategically moved from disease treatment approach to the disease prevention in order to effectively address the problems that more people have been diagnosed with chronic diseases. The fact that heart disease and cerebrovascular disease have become the second and third highest causes of death after cancer places substantial demand on primary care. As a result, the Chinese government envisages a health care system structured with clear pathways between primary, secondary and tertiary care and a social care system based on home services, supported by community services, and supplemented by residential services. It is clear that the aging of the population, increased urbanization rate, change of lifestyles, growth of wealth and promotion of the universal health insurance system are the main reason that the rapid expansion of the medical service market has continued. Looking forward to the financial year ahead, 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 advanced technologies and procedures to the market.

The management strongly believes that bringing in the high quality innovative clinical services to those in need with compassion, care and respect represents the highest value and governance principles that our hospitals have committed to while working closely with local, national, and international partners in the areas of medicine, training, and research to have impact on the healthcare, the society, and the environments. The Group will continue to focus on chronical disease treatment and management as a priority because of the size of the market and the efforts directed by the central government. While the management strives to improve the performance of existing hospitals, more resources will be allocated to support further exploration of more opportunities to strengthen our capabilities and positions in the market for the upcoming financial year.

## LIQUIDITY AND FINANCIAL RESOURCES

The Group had total cash and cash equivalents of approximately HK$38.071 million as at 31 March 2021 (2020: approximately HK$55.441 million).

The Group recorded total current assets of approximately HK$74.175 million as at 31 March 2021 (2020: approximately HK$80.554 million) and total current liabilities of approximately HK$55.330 million as at 31 March 2021 (2020: approximately HK$40,950 million). The current ratio of the Group, calculated by dividing the current assets by the current liabilities, was approximately 1.341 as at 31 March 2021 (2020: approximately 1.967).

As at 31 March 2021, 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) (2020: N/A).

## CAPITAL COMMITMENTS

As at 31 March 2021 and 2020, the Group had no material capital commitment.

## CONTINGENT LIABILITIES

As at 31 March 2021 and 2020, no member of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the directors to be pending or threatened against any member of the Group.

## FINANCING AND TREASURY POLICIES

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

## FOREIGN EXCHANGE RISK

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

## CHARGES ON GROUP'S ASSETS

As at 31 March 2021 and 2020, the Group had no bank borrowings.

## SEGMENT INFORMATION

During the year, the revenue of the Group was principally generated from provision of general hospital services. Financial information in respect of these operations is presented in Note 5.

## CAPITAL STRUCTURE

As at 31 March 2021, the total issued share capital of the Company was approximately HK$29.168 million (2020: approximately HK$29.168 million) divided into 2,818,249,944 ordinary shares and 98,500,000 non-voting convertible preference shares (2020: 2,818,249,944 ordinary shares and 98,500,000 non-voting convertible preference shares) of HK$0.01 (2020: HK$0.01) each.

## EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2021, the Group had 340 (2020: 233) full time employees (including Directors) as shown in the following table:

| Location | Number of Staff |
|---|---|
| Hong Kong | 19 |
| PRC (including cities of Putian, Shenzhen and Beijing) | 321 |

For the year ended 31 March 2021, staff costs (including Directors emoluments) amounted to approximately HK$29.485 million (2020: approximately HK$68.813 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 2021 and 2020, there were no outstanding share options granted under the share option schemes.

## MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

### Subscription of shares in Edinburgh International

On 5 October 2020, Sino Business Investment Development Limited ("**Sino Business**"), an indirect wholly-owned subsidiary of the Company, executed the subscription letter dated 5 October 2020 in favour of Edinburgh International Investments Ltd. ("**Edinburgh International**"), an indirect non wholly-owned subsidiary of the Company, pursuant to which Sino Business subscribed for 96 subscription shares, representing 24% of the issued share capital of Edinburgh International as enlarged by the allotment and issue of the subscription shares, at the subscription price of RMB114,218.75 (equivalent to approximately HK$137,060) per subscription share. The total consideration payable for the subscription was RMB10,965,000 (equivalent to approximately HK$13,158,000).

Completion of the subscription took place on the same date, the shareholding interest of Sino Business in Edinburgh International increased from 51% to 75%.

For more details, please refer to the announcement of the Company dated 5 October 2020.

Save as disclosed, the Group did not have any material acquisitions and disposals of subsidiaries, associates or joint ventures during the year.

## COOPERATION FOR THE OPERATION OF THE INTERNATIONAL DIABETES CENTER IN HAINAN, THE PRC

Reference is made to the annual report of the Company for the year ended 31 March 2020. On 3 November 2019, a PRC investment company (the "**PRC Investor**"), a PRC hospital operator (the "**PRC Hospital**") and Edinburgh International, an indirect non wholly-owned subsidiary of the Company, entered into the letter of intent in relation to the cooperation (the "**Cooperation**") for the establishment of an international diabetes center (the "**International Diabetes Center**") in Hainan, the PRC, being the clinical services pilot project for sino-foreign collaborative International Diabetes Center, which aims to introduce clinical proof diabetes diagnosis and treatment technology from international experience to provide diabetes diagnosis and treatment programme in the PRC, in order to attract patients to the Boao Lecheng International Medical Tourism Pilot Zone# (博鼇樂城國際醫療旅遊先行區) to enjoy medical tourism services.

On 31 July 2020, the PRC Investor and 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**"), a wholly-owned subsidiary of Edinburgh International, entered into a cooperation agreement, pursuant to which, among others, the PRC Investor has agreed to provide funding for the operation of the International Diabetes Center that will be operated by Edinburgh International Diabetes (as defined below) in Hainan, and Edinburgh Hospital Management has agreed to, or procure its wholly-owned subsidiary to, enter into a separate cooperation agreement with the PRC Hospital.

On 5 August 2020, the PRC Hospital 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 wholly-owned subsidiary of Edinburgh Hospital Management, entered into a cooperation agreement, in relation to the operation of the International Diabetes Center.

For more details, please refer to the announcement of the Company dated 18 August 2020.

## BUSINESS UPDATE IN RESPECT OF PUTIAN EDINBURGH FRIENDSHIP HOSPITAL

During the year, Putian Edinburgh Friendship Hospital# (莆田愛丁堡友好醫院) had conducted a trial run. The Group is in the course of assessing its operations, in order to formulate the future plan for Putian Edinburgh Friendship Hospital.

## TERMINATION OF MEMORANDUM OF UNDERSTANDING IN RELATION TO THE POSSIBLE ACQUISITION

On 13 March 2020, Ally Health International Limited ("**Ally Health**"), a wholly-owned subsidiary of the Company, and Deng Ruibao# (鄧瑞寶) ("**Mr. Deng**") entered into the memorandum of understanding (the "**MOU**"), pursuant to which Ally Health intends to acquire and Mr. Deng 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, Ally Health and Mr. Deng entered into a termination agreement to terminate the MOU with immediate effect, as after further negotiation and discussion, Ally Health and Mr. Deng decided not to proceed with the Possible Acquisition.

Accordingly, pursuant to the MOU, Mr. Deng has refunded the refundable deposit in the amount of HK$1,000,000 in full (without interest) to Ally Health.

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.

## SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

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

## RESIGNATION OF EXECUTIVE DIRECTOR AND CHIEF EXECUTIVE OFFICER

On 31 May 2021, Dr. Jiang Tao ("**Dr. Jiang**") has resigned as an executive Director and the chief executive officer of the Company due to his personal reason and family commitment. Following Dr. Jiang's resignation as an executive Director and the chief executive officer, he also ceased to be a member of the nomination and corporate governance committee but Dr. Jiang will remain as a director of a non-wholly-owned subsidiary of the Company.

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

During the year ended 31 March 2021, there were no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries.

## CORPORATE GOVERNANCE PRACTICES

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

Code provision A.5.1 provides that the Company should establish a nomination committee chaired by the chairman of the board or an independent non-executive director. Upon the appointment of Mr. Ng Chi Lung, being the chairman of the Board, as the chairman of the nomination and corporate governance committee of the Company on 21 June 2019, the Company has complied with the code provisions in the CG Code contained in Appendix 15 of the GEM Listing Rules for the year ended 31 March 2021.

## COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a set of code for the required standard of dealings in securities by directors of the Company on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiries of directors of the Company and 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 2021.

### Audit Committee

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

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

During the year ended 31 March 2021, four meetings were held.

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

(a) reviewing the Group's audited annual and unaudited interim and quarterly results and reports and considering any significant or unusual items before submission to the Board;

(b) reviewing the relationship with the external auditors by reference to the work performed by the auditors, their fees and terms of engagement, and make recommendation to the Board on the appointment, re-appointment and removal of external auditors;

(c) reviewing the adequacy and effectiveness of the Company's financial reporting system, internal control system and risk management system and associated procedures; and

(d) advising on material event or drawing the attention of the management on related risks.

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

The Group's audited consolidated financial results for the year ended 31 March 2021 were reviewed by the Audit Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures has been made.

## APPRECIATION

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

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

Hong Kong, 18 June 2021

# *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$1.20. 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; 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 be published on the GEM website at http://www.hkgem.com on the "Latest Company Announcement" page for at least 7 days from the date of publication and on the Company's website at http://www.gf-healthcare.com.*