



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
2021/2022**

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

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HIGHLIGHTS

- The Group has recorded a total revenue of approximately HK\$26.364 million for the six months ended 30 September 2021 as compared with approximately HK\$22.537 million in the corresponding period in year 2020, representing an increase of approximately 16.98%.
- Gross profit margin of the Group was approximately 82.51% for the six months ended 30 September 2021, compared with 68.81% in the corresponding period in year 2020, representing an increase of approximately 13.7 percentage points.
- The Group has recorded a profit attributable to owners of the Company for the six months ended 30 September 2021 of approximately HK\$7.206 million (2020: loss attributable to owners of the Company of approximately HK\$9.001 million).
- The Directors do not recommend the payment of a dividend for the six months ended 30 September 2021 (2020: 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 2021, together with the unaudited comparative figures for the corresponding periods in 2020 as follows:

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the three months and six months ended 30 September 2021

	Notes	Three months ended 30 September		Six months ended 30 September	
		2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Revenue	4 & 5	13,092	12,711	26,364	22,537
Cost of sales		(2,234)	(4,744)	(4,612)	(7,029)
Gross profit		10,858	7,967	21,752	15,508
Other revenue		1,075	2,726	2,182	3,859
Reversal of allowance for expected credit losses on other receivables and deposits		82	–	82	–
Gain on disposal of subsidiaries	15	31,683	–	31,683	–
Selling and distribution expenses		(4,745)	(4,165)	(10,208)	(6,166)
Administrative expenses		(15,813)	(11,538)	(32,348)	(24,016)
Profit/(loss) from operations	6	23,140	(5,010)	13,143	(10,815)
Finance costs	7	(753)	(1,570)	(1,312)	(3,074)
Profit/(loss) before taxation		22,387	(6,580)	11,831	(13,889)
Taxation	8	–	–	(43)	–
Profit/(loss) for the period		22,387	(6,580)	11,788	(13,889)

	Notes	Three months ended		Six months ended	
		30 September		30 September	
		2021	2020	2021	2020
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Other comprehensive income					
for the period, net of tax:					
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translating foreign operations		3,555	(362)	3,644	2,922
Items that were reclassified to profit or loss:					
Release of exchange differences upon disposal of subsidiaries		(1,794)	–	(1,794)	–
Total comprehensive profit/(loss) for the period		24,148	(6,942)	13,638	(10,967)
Profit/(loss) for the period attributable to:					
Owners of the Company		15,946	(3,868)	7,206	(9,001)
Non-controlling interests		6,441	(2,712)	4,582	(4,888)
		22,387	(6,580)	11,788	(13,889)
Total comprehensive profit/(loss) for the period attributable to:					
Owners of the Company		17,290	(4,231)	8,724	(5,098)
Non-controlling interests		6,858	(2,711)	4,914	(5,869)
		24,148	(6,942)	13,638	(10,967)
Dividends	13	–	–	–	–
Profit/(loss) per share attributable to owners of the Company					
– Basic (HK cents)	9	0.566	(0.137)	0.256	(0.319)
– Diluted (HK cents)		0.566	(0.137)	0.256	(0.319)

Condensed Consolidated Statement of Financial Position

As at 30 September 2021

	30 September 2021 HK\$'000 (Unaudited)	31 March 2021 HK\$'000 (Audited)
	<i>Notes</i>	
ASSETS		
Non-current assets		
Property, plant and equipment	12,490	102,423
Right-of-use assets	1,367	8,670
Goodwill	6,108	6,108
	<u>19,965</u>	<u>117,201</u>
Current assets		
Inventories	1,097	3,417
Trade and other receivables and deposits	10 17,931	22,289
Finance lease receivables	1,458	3,580
Financial assets at fair value through profit or loss	6,417	6,818
Cash and cash equivalents	26,362	38,071
	<u>53,265</u>	<u>74,175</u>
Total assets	<u>73,230</u>	<u>191,376</u>
EQUITY		
Capital and reserves		
Share capital	11 29,168	29,168
Reserves	19,785	11,061
Equity attributable to owners of the Company	<u>48,953</u>	<u>40,229</u>
Non-controlling interests	<u>(2,415)</u>	<u>(7,329)</u>
Total equity	<u>46,538</u>	<u>32,900</u>

		30 September	31 March
		2021	2021
		HK\$'000	HK\$'000
	<i>Notes</i>	(Unaudited)	(Audited)
LIABILITIES			
Current liabilities			
Trade and other payables	12	9,519	37,863
Lease liabilities		2,489	7,656
Borrowings		–	5,844
Deferred revenue		14,624	3,956
Tax payables		60	11
		<u>26,692</u>	<u>55,330</u>
Non-current liabilities			
Borrowings		–	8,296
Deferred revenue		–	86,915
Lease liabilities		–	7,935
		<u>–</u>	<u>103,146</u>
Total liabilities		<u>26,692</u>	<u>158,476</u>
Total equity and liabilities		<u>73,230</u>	<u>191,376</u>
Net current assets		<u>26,573</u>	<u>18,845</u>
Total assets less current liabilities		<u>46,538</u>	<u>136,046</u>

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2021

	Attributable to the owners of the Company										
	Share capital HK\$'000 (Note (a))	Share premium HK\$'000	Capital reserve HK\$'000	Other reserve HK\$'000	Special reserve HK\$'000	Translation reserve HK\$'000	Statutory reserve HK\$'000 (Note (b))	Accumulated profit/(losses) HK\$'000	Sub-total HK\$'000	Non-controlling interest HK\$'000	Total equity HK\$'000
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
Loss for the period	-	-	-	-	-	-	-	(9,001)	(9,001)	(4,888)	(13,889)
Other comprehensive profit/(loss) for the period net of tax											
Exchange difference on translating foreign operations	-	-	-	-	-	732	-	3,172	3,904	(982)	2,922
Total comprehensive income for the period	-	-	-	-	-	732	-	(5,829)	(5,097)	(5,870)	(10,967)
Transfer to statutory reserve	-	-	-	-	-	-	317	-	317	-	317
At 30 September 2020 (unaudited)	29,168	440,289	295,610	551	(31,315)	(2,349)	1,490	(660,799)	72,645	(11,528)	61,117

Attributable to the owners of the Company

	Share capital	Share premium	Capital reserve	Other reserve	Special reserve	Translation reserve	Statutory reserve	Accumulated profit/(losses)	Sub-total	Non-controlling interest	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	<i>(Note (a))</i>						<i>(Note (b))</i>				
At 1 April 2021 (audited)	29,168	440,289	295,610	(7,457)	(31,315)	(2,086)	1,173	(685,153)	40,229	(7,329)	32,900
Profit for the period	-	-	-	-	-	-	-	7,206	7,206	4,582	11,788
Other comprehensive profit/(loss) for the period net of tax											
Exchange difference on translating foreign operations	-	-	-	-	-	3,312	-	-	3,312	332	3,644
Release of exchange difference upon disposal of subsidiaries	-	-	-	-	-	(1,794)	-	-	(1,794)	-	(1,794)
Total comprehensive income for the period	-	-	-	-	-	1,518	-	7,206	8,724	4,914	13,638
Transfer to statutory reserve	-	-	-	-	-	-	-	-	-	-	-
At 30 September 2021 (unaudited)	29,168	440,289	295,610	(7,457)	(31,315)	(568)	1,173	(677,947)	48,953	(2,415)	46,538

Notes:

- (a) As at 30 September 2021, the total issued share capital of the Company was approximately HK\$29.168 million (31 March 2021: approximately HK\$29.168 million) divided into 2,818,249,944 ordinary shares and 98,500,000 non-voting convertible preference shares (31 March 2021: 2,818,249,944 ordinary shares and 98,500,000 non-voting convertible preference shares) of HK\$0.01 each (31 March 2021: HK\$0.01 each).
- (b) 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 2021

	Six months ended	
	30 September	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash (used in)/generated from operating activities	(11,580)	19,015
Net cash used in investing activities	(2,221)	(6,342)
Net cash generated from financing activities	1,807	76
Net (decrease)/increase in cash and cash equivalents	(11,994)	12,749
Effect of foreign currency exchange rate changes	285	–
Cash and cash equivalents at 1 April	38,071	55,441
Cash and cash equivalents at 30 September, represented by:		
Bank balances and cash	26,362	68,190
Cash and cash equivalents at 30 September	26,362	68,190

Notes to the Condensed Consolidated Financial Statements (Unaudited)

For the six months ended 30 September 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. The registered office of the company is at Second Floor, Century Yard, Cricket Square, P.O. Box 902, Grand Cayman, KY1-1103, Cayman Islands. The head office and principal place of business of the Company in Hong Kong is located at Unit 3309, 33rd Floor, West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong.

The 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 PRC.

2. Basis of preparation and principal accounting policies

The unaudited condensed consolidated interim financial statements for the six months ended 30 September 2021 (the “**Interim Financial Statements**”) have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”), which is a collective term that includes all applicable individual HKFRSs, 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 Interim Financial Statements have been prepared under the historical cost convention except for certain financial instruments (including derivative financial instruments) and investment properties, which are measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange of assets.

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 2021.

3. Significant Accounting Policies

The Group has applied the Amendments to References to the Conceptual Framework in HKFRS Standards and 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 April 2020 for the preparation of the unaudited interim condensed 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 Reference to the Conceptual Framework in HKFRS standards and the amendments to HKFRS in the current period has had no material impact on the Company's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated interim financial statement.

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 30 September		Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Revenue				
Provision of general hospital services	<u>13,092</u>	<u>12,711</u>	<u>26,364</u>	<u>22,537</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 2021, 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 PRC and all of the Group's assets and liabilities are mainly located in PRC. Accordingly, no business or geographical segment information is located.

6. Profit/(loss) from operations

	Three months ended 30 September		Six months ended 30 September	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)

Profit/(loss) from operations has been arrived at after charging:

Depreciation of property, plant and equipment	2,655	915	5,982	1,481
Depreciation of right-of-use assets	1,147	4,160	2,353	8,319
Staff costs (including Directors' remuneration)	9,081	5,700	19,800	12,981

7. Finance costs

	Three months ended 30 September		Six months ended 30 September	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)

Interest on:

– Borrowings	273	–	656	–
– Lease liabilities	480	1,570	656	3,074
	753	1,570	1,312	3,074

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 (2020: Nil).

Corporate income tax of approximately 25% has been provided for the profit generated from the general hospital services in the PRC (2020: approximately 25%).

9. Profit/(loss) per share

The calculation of basic profit per share for the three months ended 30 September 2021 was based on the profit for the period attributable to owners of the Company of approximately HK\$15.946 million (2020: loss attributable to owners of the Company of approximately HK\$3.868 million) and on the weighted average number of ordinary shares of approximately 2,818,249,944 shares (2020: 2,818,249,944 shares).

The calculation of basic profit per share for the six months ended 30 September 2021 was based on the profit for the period attributable to owners of the Company of approximately HK\$7.206 million (2020: loss attributable to owners of the Company of approximately HK\$9.001 million) and on the weighted average number of ordinary shares of approximately 2,818,249,944 shares (2020: 2,818,249,944 shares).

For the three months periods ended 30 September 2021 and 2020, and the six months periods ended 30 September 2021 and 2020, the calculation of diluted profit/(loss) per share did not assume the exercise of the convertible notes and outstanding share options existed as at 30 September 2021 and 2020, respectively, as the exercise of the convertible notes and share options would decrease the profit/(loss) per share, and therefore are anti-dilutive.

10. Trade and other receivables and deposits

	30 September 2021 HK\$'000 (Unaudited)	31 March 2021 HK\$'000 (Audited)
Trade receivables, net	252	183
Prepayments	8,000	7,328
Other receivables and deposits	10,806	15,987
	<u>19,058</u>	<u>23,498</u>
Less: Allowance for expected credit losses on other receivables and deposits	(1,127)	(1,209)
	<u>17,931</u>	<u>22,289</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 2021 HK\$'000 (Unaudited)	31 March 2021 HK\$'000 (Audited)
0 to 90 days	252	183
91 to 180 days	-	-
181 to 365 days	-	-
Over 365 days	-	-
	<u>252</u>	<u>183</u>

11. Share capital

	Number of shares	Amount HK\$'000
<i>Authorised:</i>		
Ordinary shares of HK\$0.01 each at 30 September 2021 and 2020	110,000,000,000	1,100,000
Non-voting convertible preference shares of HK\$0.01 each at 30 September 2021 and 2020	<u>40,000,000,000</u>	<u>400,000</u>
	<u>150,000,000,000</u>	<u>1,500,000</u>
<i>Issued and fully paid:</i>		
Ordinary shares of HK\$0.01 each at 30 September 2021 and 2020	2,818,249,944	28,183
Non-voting convertible preference shares of HK\$0.01 each at 30 September 2021 and 2020	<u>98,500,000</u>	<u>985</u>
	<u>2,916,749,944</u>	<u>29,168</u>

12. Trade and other payables

	30 September 2021 HK\$'000 (Unaudited)	31 March 2021 HK\$'000 (Audited)
Trade payables	1,303	5,357
Accruals and other payables	<u>8,216</u>	<u>32,506</u>
	<u>9,519</u>	<u>37,863</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 2021 HK\$'000 (Unaudited)	31 March 2021 HK\$'000 (Audited)
0 to 90 days	1,234	4,300
91 to 180 days	–	–
181 to 365 days	10	1,030
Over 365 days	59	27
	<u>1,303</u>	<u>5,357</u>

13. Dividends

The Directors do not recommend the payment of a dividend for the six months ended 30 September 2021 (2020: 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 2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Short-term employee benefits	2,931	3,344
Share-based payment expenses	–	–
	<u>2,931</u>	<u>3,344</u>

15. Disposal of subsidiaries

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

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

Summary of the effects of the disposal of the Target Group are as follows:

	At 1 September 2021 HK\$'000
Consideration received in cash and cash equivalents	Nil
Analysis of assets and liabilities over which control was lost:	
Property, plant and equipment	89,612
Right-of-use assets	5,063
Inventories	639
Other receivables	4,506
Cash and cash equivalents	168
Trade and other payables	(48,139)
Deferred revenue	(76,008)
Lease liabilities	(9,318)
	<u>(33,477)</u>
Net liabilities disposed	<u>(33,477)</u>
Gain on disposal of subsidiaries:	
Consideration to be received	–
Add: Net liabilities disposed of	33,477
Release of translation reserve	(1,794)
	<u>31,683</u>
Gain on disposal	<u>31,683</u>
Net cash outflow arising on disposal of the Target Group:	
Cash and cash equivalent balances disposed of	<u>(168)</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

For the six months ended 30 September 2021 (the “**period under review**”), the Group recorded a turnover on business operations of approximately HK\$26.364 million (2020: approximately HK\$22.537 million), representing an increase of approximately 16.98% as compared with the same period last year. The increase was due to the epidemic situation having stabilized and general hospital services being able to resume gradually. The Company had also closely monitored and reviewed the epidemic situation from time to time to reduce its impact on the provision of services while meeting the demand for its services.

Selling and distribution expenses for the period under review amounted to approximately HK\$10.208 million (2020: approximately HK\$6.166 million), representing an increase of approximately 65.55%. The increase was due to the commencement of business of Putian Edinburgh Friendship Hospital after it had successfully obtained the medical license for its operation on 17 July 2020 and conducted a trial run.

Administrative expenses for the period under review amounted to approximately HK\$32.348 million (2020: approximately HK\$24.016 million), representing an increase by approximately 34.69%. The increase was mainly related to the commencement of business of Putian Edinburgh Friendship Hospital after it had successfully obtained the medical license for its operation on 17 July 2020 and conducted a trial run.

The Group recorded a profit attributable to owners of the Company of approximately HK\$7.206 million for the period under review (2020: loss attributable to owners of the Company of approximately HK\$9.001 million). The increase in profit was mainly due to the recognition of a gain of approximately HK\$31.683 million on disposal of subsidiaries for the six months ended 30 September 2021.

Business Review and Outlook

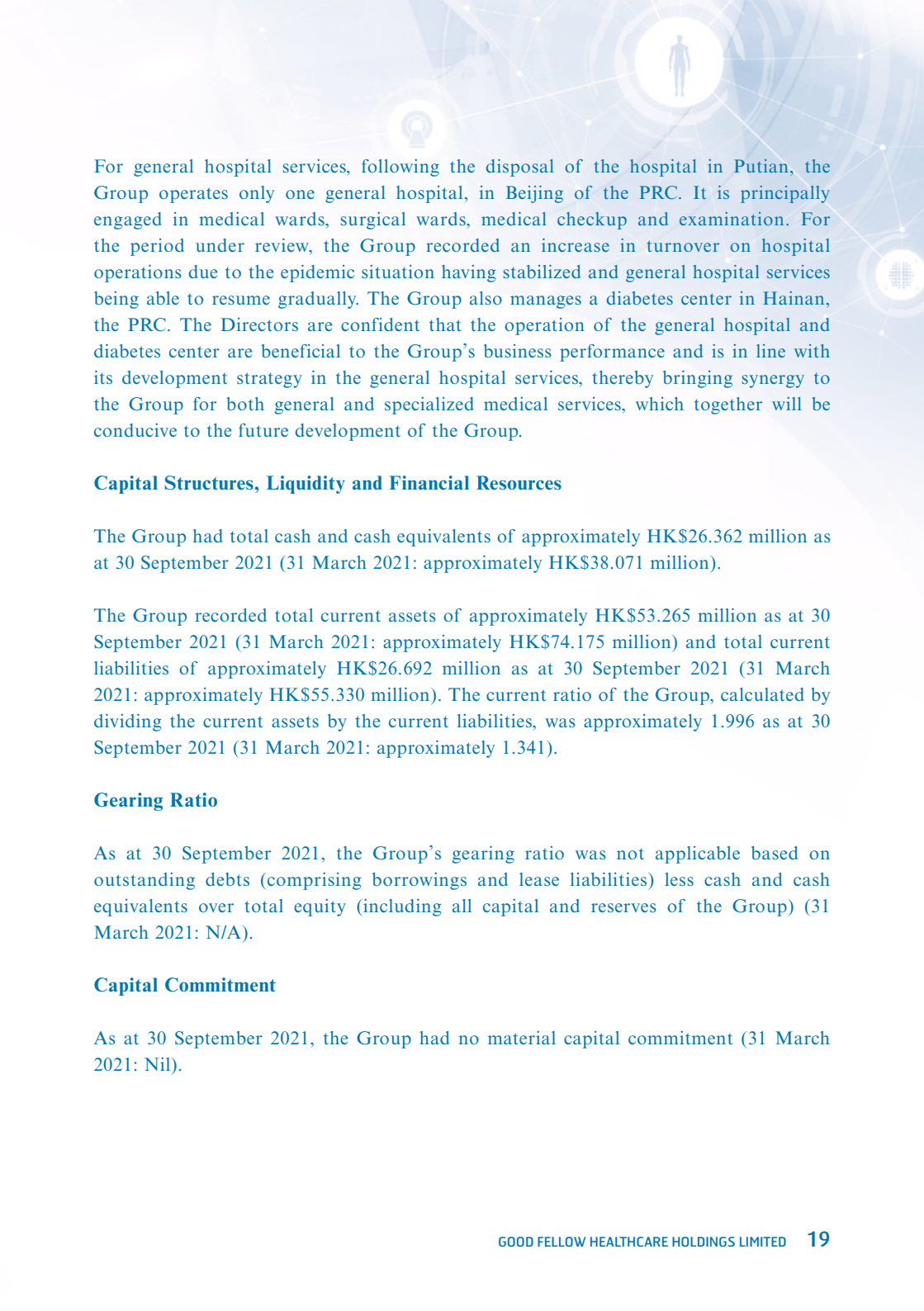
General hospital services

During the six months ended 30 September 2021, the Group operated two general hospitals in Putian and Beijing respectively in the PRC, which are principally engaged in the provision of hospital services including but not limited to medical wards, surgical wards, medical checkup and examination. The Group also manages a diabetes center in Hainan, the PRC. The total turnover contributed by these hospitals for the six months ended 30 September 2021 was approximately HK\$26.364 million (2020: approximately HK\$22.537 million), representing an increase of approximately 16.98% compared with the same period last year.

Future Prospects

The access to the quality and affordable healthcare services to treat some fast-growing chronic diseases is considered as the key to the implementation of Healthy China Plan (2019-2030). China has become one of the largest countries with more than 249 million seniors who depend on accessible and adequate care. Approximately 180 million of them require special medical treatment of chronic diseases. As a result, the increasing demands are the driving forces to improve and to expand the existing healthcare infrastructures, including hospitals, clinics and testing facilities across the PRC.

The management believes that despite the impact of COVID-19, the healthcare industry shows more potential for both financial and technological investments in the PRC. As such, the management foresees more opportunities available to deliver quality services through the general and specialized medical models. The healthcare demands will continue to drive our hospitals and special services to further development and to build reputation and branding working with our international and domestic partners, thus allowing us to be well-poised to take advantage of the favorable situations in the country. In line with the fast-growing market and increasing demands, the management continues to focus on the training of medical staff, the exploration of the new business approaches, the quality and safety of medical services and the optimization of our resources for better outcomes both medically and financially. The Group continues to position its businesses to a long-term development strategy by closely working with the leading medical organizations to bring the new technologies, the well-proved service models, and especially the promising medical informatics to our existing hospitals and new business ventures. The Group is well prepared to demonstrate our efforts to reach the expected outcomes of hospital operation in “14th Five-Year Plan” which began in 2021.



For general hospital services, following the disposal of the hospital in Putian, the Group operates only one general hospital, in Beijing of the PRC. It is principally engaged in medical wards, surgical wards, medical checkup and examination. For the period under review, the Group recorded an increase in turnover on hospital operations due to the epidemic situation having stabilized and general hospital services being able to resume gradually. The Group also manages a diabetes center in Hainan, the PRC. The Directors are confident that the operation of the general hospital and diabetes center are beneficial to the Group's business performance and is in line with its development strategy in the general hospital services, thereby bringing synergy to the Group for both general and specialized medical services, which together will be conducive to the future development of the Group.

Capital Structures, Liquidity and Financial Resources

The Group had total cash and cash equivalents of approximately HK\$26.362 million as at 30 September 2021 (31 March 2021: approximately HK\$38.071 million).

The Group recorded total current assets of approximately HK\$53.265 million as at 30 September 2021 (31 March 2021: approximately HK\$74.175 million) and total current liabilities of approximately HK\$26.692 million as at 30 September 2021 (31 March 2021: approximately HK\$55.330 million). The current ratio of the Group, calculated by dividing the current assets by the current liabilities, was approximately 1.996 as at 30 September 2021 (31 March 2021: approximately 1.341).

Gearing Ratio

As at 30 September 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) (31 March 2021: N/A).

Capital Commitment

As at 30 September 2021, the Group had no material capital commitment (31 March 2021: Nil).

Significant Investments Held

As at 30 September 2021, the Group did not hold any significant investment (31 March 2021: Nil).

Contingent Liabilities

As at 30 September 2021, 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 (31 March 2021: Nil).

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 2021 (2020: 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 2021.

Charges on the Group's Assets

As at 30 September 2021, the Group's bank deposits of approximately HK\$Nil (31 March 2021: approximately HK\$Nil) were pledged as collateral to secure general banking facilities granted to the Group.

Employee Information

As at 30 September 2021, the Group had 160 (31 March 2021: 340) full time employees. During the six months ended 30 September 2021, the staff costs, including Directors' remuneration, totalled approximately HK\$19.800 million (2020: approximately HK\$12.981 million). Share options and 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 2021.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

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

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

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

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

RESIGNATION OF EXECUTIVE DIRECTOR AND CHIEF EXECUTIVE OFFICER

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

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

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 2021, 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	Personal interest	59,000,000	Long	2.09%
	Corporate interest (<i>Note</i>)	1,680,459,460	Long	59.63%
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 September 2021, 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 2021, 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 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	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	1,680,459,460	Long	59.63%
Ms. Cheng Wai Yin (Note 2)	Interest of spouse	1,739,459,460	Long	61.72%
New Hope International (Hong Kong) Limited ("New Hope International") (Note 3)	Beneficial owner	343,217,539	Long	12.18%
Southern Hope Enterprise Co., Ltd. [#] (南方希望實業有限公司) (Note 3)	Corporate interest	343,217,539	Long	12.18%
New Hope Group Co., Ltd. [#] (新希望集團有限公司) (Note 3)	Corporate interest	343,217,539	Long	12.18%
Tibet Hengye Feng Industrial Co., Ltd. [#] (西藏恒業峰實業有限公司) (Note 3)	Corporate interest	343,217,539	Long	12.18%
Mr. Liu Yonghao (Note 3)	Corporate interest	343,217,539	Long	12.18%
Ms. Liu Chang (Note 3)	Corporate interest	343,217,539	Long	12.18%
Ms. Li Wei (Note 4)	Interest of spouse	343,217,539	Long	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 September 2021, 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

No share option has been granted, exercised, cancelled or lapsed under the share option scheme for the six months ended 30 September 2021. As at 30 September 2021, there was no outstanding share options.

The Company had adopted the share option scheme on 10 August 2011 which had subsequently expired on 10 August 2021, and the terms of which are in accordance with the provisions of Chapter 23 of the GEM Listing Rules. The following is a summary of the principal terms of the share option scheme:

(A) Purpose of the share option scheme

The purpose of purpose of the share option scheme is to enable the Company to grant share options to the Eligible Participants (as defined below) 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.

(B) Participants of the share option scheme

The participants (the “**Eligible Participants**”) of the share option scheme shall be any employee of the Company or any of its subsidiaries including any executive and non-executive directors of the Company or any of its subsidiaries, and any suppliers, consultants, agents and advisers or any person who, in the sole discretion of the Board, has contributed or may contribute to the Group.

(C) Total number of shares available for issue under the share option scheme

Under the share option scheme, the total number of shares which may be allotted and issued upon exercise of all share options to be granted under the share option scheme and any other share option scheme of the Company must not in aggregate exceed 10% of the number of the issued shares as at 17 August 2015, being the date of the annual general meeting of the Company refreshing the scheme mandate limit, which allowed the Directors to grant share options to subscribe for up to 169,876,994 shares of the Company, unless the Company obtains a fresh approval from the shareholders of the Company.

As at the date of this report, the total of 169,876,994 shares available for issue under the share option scheme, represents approximately 6.03% of the issued share capital of the Company.

(D) Maximum entitlement of each participant under the share option scheme

The maximum entitlement of each participant under the share option scheme in any 12-month period up to and including the date of grant of the options must not exceed 1% of the total number of shares of the Company in issue.

(E) The period within which the shares must be taken up under a share option

The period during which a share option may be exercised is determined by the Board at its discretion, save that such period shall not be longer than 10 years from the date of grant.

(F) The minimum period for which a share option must be held before it can be exercised

As determined by the Board upon the grant of a share option.

(G) The amount payable on acceptance of a share option and the period within which payments shall be made

A non-refundable nominal consideration of HK\$10.00 is payable by the grantee upon acceptance of a share option, where the grantee should accept or decline the offer of grant of a share option within the date as specified in the offer letter issued by the Company, being a date not later than 28 days from the date upon which it is made.

(H) The basis of determining the exercise price

The exercise price of a share in respect of any particular share option granted under the share option scheme shall be a price determined by the Board in its absolute discretion but in any event will not be less than the highest of: (i) the closing price of the shares as stated in the daily quotations sheet of the Stock Exchange on the date of grant, which must be a business day; (ii) the average closing price of the shares as stated in the daily quotations sheets of the Stock Exchange for the five business days immediately preceding the date of grant; and (iii) the nominal value of the share on the date of grant.

(I) The remaining life of the share option scheme

The share option scheme shall be valid and effective for a period of 10 years from 10 August 2011, being the adoption date, until 9 August 2021.

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

During the six months ended 30 September 2021, 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 2021, 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 2021.

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 2021.

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, 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, 9 November 2021

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. Zheng Gang as executive Directors; Dr. Liu Chenli as a 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 report 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 publication and on the Company's website at www.gf-healthcare.com.