



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 2024

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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 2024 is as follows:

- Revenue was approximately HK\$38.962 million (2023: approximately HK\$55.353 million), representing a decrease of approximately 29.61% as compared with last year.
- Gross profit was approximately HK\$18.674 million (2023: approximately HK\$27.009 million), representing a decrease of approximately 30.86% as compared with last year.
- The operating loss from the operation was approximately HK\$16.036 million (2023: approximately HK\$5.237 million). Net loss attributable to owners of the Company was approximately HK\$17.110 million (2023: approximately HK\$5.881 million).
- The Directors do not recommend the payment of a final dividend for the year ended 31 March 2024 (2023: Nil).

RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Good Fellow Healthcare Holdings Limited (the “**Company**”) announces the consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 March 2024 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	<i>Notes</i>	For the year ended 31 March	
		2024	2023
		<i>HK\$’000</i>	<i>HK\$’000</i>
Revenue	<i>4</i>	38,962	55,353
Cost of sales		<u>(20,288)</u>	<u>(28,344)</u>
Gross profit		18,674	27,009
Other revenue	<i>5</i>	149	5,235
Other loss	<i>6</i>	(2,075)	–
Reversal of expected credit losses on other receivables and deposits, net		372	287
Selling and distribution expenses		(8,918)	(13,553)
Administrative expenses		(20,271)	(23,754)
Fair value (loss)/gain on financial assets at fair value through profit or loss		(441)	113
Impairment loss on non-financial assets		<u>(3,526)</u>	<u>(574)</u>
Loss from operations		(16,036)	(5,237)
Finance costs	<i>7</i>	<u>(308)</u>	<u>(414)</u>
Loss before taxation	<i>8</i>	(16,344)	(5,651)
Taxation	<i>9</i>	<u>(1,043)</u>	<u>(26)</u>
Loss for the year		<u>(17,387)</u>	<u>(5,677)</u>

		For the year ended 31 March	
		2024	2023
<i>Notes</i>		<i>HK\$'000</i>	<i>HK\$'000</i>
Other comprehensive expense for the year			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		<u>(581)</u>	<u>(1,315)</u>
Other comprehensive expense for the year		<u>(581)</u>	<u>(1,315)</u>
Total comprehensive expense for the year		<u>(17,968)</u>	<u>(6,992)</u>
Loss for the year attributable to:			
Owners of the Company		(17,110)	(5,881)
Non-controlling interests		<u>(277)</u>	<u>204</u>
		<u>(17,387)</u>	<u>(5,677)</u>
Total comprehensive expense for the year attributable to:			
Owners of the Company		(17,833)	(7,401)
Non-controlling interests		<u>(135)</u>	<u>409</u>
		<u>(17,968)</u>	<u>(6,992)</u>
<i>(Restated)</i>			
Loss per share attributable to owners of the Company			
– Basic and diluted (HK cents per share)	<i>10</i>	<u>(3.04)</u>	<u>(1.04)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	As at 31 March	
		2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		16,035	9,724
Right-of-use assets		4,138	4,910
Rental deposits		268	–
		<u>20,441</u>	<u>14,634</u>
Current assets			
Inventories		1,063	1,664
Trade and other receivables	12	3,761	7,035
Financial assets at fair value through profit or loss		237	678
Cash and bank balances		3,644	17,685
		<u>8,705</u>	<u>27,062</u>
Current liabilities			
Trade and other payables	13	15,510	17,792
Lease liabilities		3,006	2,498
Borrowings		7,099	–
Tax payables		–	35
		<u>25,615</u>	<u>20,325</u>
Net current (liabilities)/assets		<u>(16,910)</u>	<u>6,737</u>
Total assets less current liabilities		<u>3,531</u>	<u>21,371</u>

	As at 31 March	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current liabilities		
Lease liabilities	<u>2,124</u>	<u>1,996</u>
	<u>2,124</u>	<u>1,996</u>
Net assets	<u><u>1,407</u></u>	<u><u>19,375</u></u>
Capital and reserves		
Share capital	29,168	29,168
Reserves	<u>(24,811)</u>	<u>(6,978)</u>
Equity attributable to owners of the Company	4,357	22,190
Non-controlling interests	<u>(2,950)</u>	<u>(2,815)</u>
Total equity	<u><u>1,407</u></u>	<u><u>19,375</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

1. CORPORATE INFORMATION

Good Fellow Healthcare Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands on 28 May 2001 as an exempted company with limited liability. The shares of the Company are listed on GEM (“**GEM**”) of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). Its immediate holding company is Solar Star Global Limited and ultimate controlling party is Mr. Ng Chi Lung, who is also the chairman and Executive Director of the Company. The registered office of the Company is Third Floor, Century Yard, Cricket Square, P.O. Box 902, Grand Cayman, KY1-1103, Cayman Islands. The head office and principal place of business of the Company in Hong Kong is located at Unit 3309, 33rd Floor, West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong.

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

The Company acts as an investment holding company while its subsidiaries (together with the Company, the “**Group**”) are principally engaged in the provision of general hospital services in the People’s Republic of China (the “**PRC**”).

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”)

New and amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) for the first time, which are mandatorily effective for the Group’s annual periods beginning on or after 1 April 2023 for the preparation of the consolidated financial statements:

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

Except as described below, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Impacts on application of Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The Group has applied the amendments for the first time in the current year. The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences – e.g. leases.

The Group has applied the amendments for the first time in the current year. The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of HKAS 12 so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

In accordance with the transition provision:

- (i) the Group has applied the new accounting policy retrospectively to leasing transactions that occurred on or after 1 April 2022;
- (ii) the Group also, as at 1 April 2022, recognised a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary difference associated with right-of-use-assets and lease liabilities.

The application of the amendments has had no material impact on the Group's financial position and performance, except that the Group discloses the related deferred tax assets of approximately HK\$2,311,000 and deferred tax liabilities of approximately HK\$2,311,000 on a gross basis but it has no impact on the retained earnings at the earliest period presented.

Amendments to HKFRSs in issue but not yet effective

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

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ²
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ²
Amendments to HKAS 1	Non-current Liabilities with Covenants ²
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements ²
Amendments to HKAS 21	Lack of Exchangeability ³

¹ *Effective for annual periods beginning on or after a date to be determined.*

² *Effective for annual periods beginning on or after 1 January 2024.*

³ *Effective for annual periods beginning on or after 1 January 2025.*

The directors of the Company anticipate that the application of the amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. SEGMENT INFORMATION

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

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

Geographical information

The Group principally operates in the PRC (place of domicile of the Group’s entities that derived the revenue). All of the Group’s revenue was derived from the PRC based on the location of services delivered and the Group’s property, plant and equipment are mainly located in PRC.

Information about major customers

No information about major customers is presented as no single customer contributed over 10% of total revenue of the Group during the years ended 31 March 2024 and 2023.

4. REVENUE

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

	For the year ended 31 March	
	2024	2023
	<i>HK\$’000</i>	<i>HK\$’000</i>
Revenue from contract with customers recognised at a point in time:		
Provision of general hospital services	38,962	55,353

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.

5. OTHER REVENUE

	For the year ended 31 March	
	2024	2023
	HK\$'000	HK\$'000
Government subsidy (<i>Note</i>)	–	192
Bank interest income	28	93
Bond interest income	–	355
Reversal of provision for legal claims	–	4,557
Sundry income	121	38
	<u>121</u>	<u>38</u>
	<u>149</u>	<u>5,235</u>

Note:

In prior year, the government subsidy represented the wage subsidies provided by the HKSAR Government under the Employment Support Scheme to help businesses tide over financial difficulties during the COVID-19 epidemic.

6. OTHER LOSS

	For the year ended 31 March	
	2024	2023
	HK\$'000	HK\$'000
Loss on disposal of property, plant and equipment	2,075	–
	<u>2,075</u>	<u>–</u>

7. FINANCE COSTS

	For the year ended 31 March	
	2024	2023
	HK\$'000	HK\$'000
Interest on:		
– borrowings	34	–
– lease liabilities	274	414
	<u>274</u>	<u>414</u>
	<u>308</u>	<u>414</u>

8. LOSS BEFORE TAXATION

	For the year ended 31 March	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss before taxation has been arrived at after charging:		
Directors' remuneration	2,249	3,087
Other staff costs:		
– Retirement benefits scheme contributions	2,428	2,269
– Salaries, allowance and benefits in kind	17,992	20,401
Total staff costs	22,669	25,757
Auditors' remuneration		
– Audit services	600	636
Cost of inventories sold recognised as expenses	10,276	12,598
Depreciation of property, plant and equipment	2,782	2,872
Depreciation of right-of-use assets	3,136	4,192
Expenses relating to short-term leases	1,551	929

9. TAXATION

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

	For the year ended 31 March	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
PRC Enterprise Income Tax ("EIT"):		
– Under-provision in prior years	1,043	26

Under the EIT Law and Implementation Regulation of the EIT Law, the PRC subsidiaries are subject to a tax rate of 25% for both years.

Under the two-tiered profits tax rates regime of Hong Kong profits tax, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong profits tax of the qualifying group entity is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

No provision of Hong Kong profits tax, Bermuda and BVI Income Tax has been made, as the Group did not generate any assessable profits in these jurisdictions during the years ended 31 March 2024 and 2023.

10. LOSS PER SHARE

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

(a) Basic

	For the year ended 31 March	
	2024	2023
	HK\$'000	HK\$'000
Loss for the year attributable to holders of ordinary shares of the Company	<u>(17,110)</u>	<u>(5,881)</u>
Weighted average number of ordinary shares in issue ('000)	<u>563,650</u>	<u>563,650</u> <i>(restated)</i>

The weighted average number of ordinary shares for the year ended 31 March 2024 was adjusted for the effect of the share consolidation from 2,818,249,944 to 563,649,988.

(b) Diluted

The diluted loss per share is the same as the basic loss per share as there was no dilutive potential ordinary share in issue during years ended 31 March 2024 and 2023.

11. DIVIDENDS

The Directors do not recommend the payment of a final dividend for the year ended 31 March 2024 (2023: HK\$Nil).

12. 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:

	As at 31 March	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 to 90 days	—	249

13. TRADE PAYABLES

Included in the trade and other payables, as at the end of the reporting year the trade payables were approximately HK\$1,270,000 (2023: approximately HK\$1,709,000).

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

	As at 31 March	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 to 90 days	—	882
91 to 180 days	644	97
181 to 365 days	—	420
Over 365 days	626	310
	<u>1,270</u>	<u>1,709</u>

The average credit period on purchases of certain goods is in range from 30 to 90 days (2023: 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\$38.962 million (2023: approximately HK\$55.353 million) for the year ended 31 March 2024, representing a decrease of approximately 29.61% as compared with last year.

General hospital services

During the year ended 31 March 2024, the Group operated one general hospital in Beijing in the PRC (2023: one general hospital located in 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 that more diversified hospital services will be made available to the public to satisfy various needs in the next few years, from common illness treatments to treatments of special and difficult diseases. Therefore, the Group will continue to allocate resources to develop such services either from its existing hospitals or through collaboration with strategic partners.

Other revenue

Other revenue, primarily including bank interest income and sundry income, amounted to approximately HK\$0.149 million (2023: approximately HK\$5.235 million) for the year ended 31 March 2024.

Other loss

Other loss, primarily loss on disposal of property, plant and equipment amounted to approximately HK\$2.075 million (2023: approximately HK\$0) for the year ended 31 March 2024.

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 2024, selling and distribution expenses amounted to approximately HK\$8.918 million (2023: approximately HK\$13.553 million), representing a decrease of approximately 34.20% as compared with last year. Such decrease was due to the suspension of operation (the “**Suspension**”) of 北京紫荆醫院有限公司 (for transliteration purpose only, Beijing Zijing Hospital Co., Limited[#]) (“**Beijing Zijing**”), since January 2024 and the operations of Beijing Zijing remained suspended as at 31 March 2024 and was only resumed in April 2024. For further details of the suspension of operations of Beijing Zijing, please refer to the announcements of the Company dated 3 January 2024, 31 January 2024 and 22 April 2024.

Administrative expenses

Administrative expenses for the year ended 31 March 2024 amounted to approximately HK\$20.271 million (2023: approximately HK\$23.754 million), representing a decrease of approximately 14.66% as compared with last year. Such decrease was due to the the suspension of operation (the “**Suspension**”) of 北京紫荊醫院有限公司 (for transliteration purpose only, Beijing Zijing Hospital Co., Limited#) (“**Beijing Zijing**”), since January 2024 and the operations of Beijing Zijing remained suspended as at 31 March 2024 and was only resumed in April 2024.

For further details of the suspension of operations of Beijing Zijing, please refer to the announcements of the Company dated 3 January 2024, 31 January 2024 and 22 April 2024.

Finance costs

For the year ended 31 March 2024, the finance costs of the Group were approximately HK\$0.308 million (2023: approximately HK\$0.414 million), representing a decrease of approximately 25.60% as compared with last year. Such decrease in finance costs was due to the decrease in interest expenses on lease liabilities.

Loss before taxation

The Group recorded a net loss before taxation of approximately HK\$16.344 million (2023: approximately HK\$5.651 million), representing an increase of approximately 189.22% as compared with last year.

Dividends

The Directors do not recommend the payment of a final dividend for the year ended 31 March 2024 (2023: Nil).

OUTLOOK AND FUTURE PROSPECTS

Future Prospects

As the Group continues to navigate the complexities of the post-pandemic environment, the Group's commitment to addressing the fundamental drivers of healthcare demand, including an aging population and the universal need for accessible, quality medical care, remains steadfast. In line with the Group's strategic focus, the Group is implementing several key initiatives aimed at enhancing operational efficiency, expanding its service offerings, and fostering sustainable growth, details of which are set out as follows:

Strategic Focus and Market Adaptation

The Group's strategic initiatives are designed to adapt to the evolving healthcare market, ensuring that the Group remains agile and responsive to changing patient needs. The Group is continuously assessing market trends and patient demands to refine its service offerings and ensure that it provides the highest quality of care.

Comprehensive Facility Upgrades

The Group is undertaking a comprehensive upgrade of hospital facilities. This includes the renovation and modernization of existing treatment areas, the addition of new specialized treatment rooms, and the enhancement of patient amenities to improve overall patient experience. These upgrades are designed to meet the highest standards of healthcare delivery and patient comfort.

Investment in Advanced Medical Technologies

The Group is committed to equipping its facilities with state-of-the-art medical technologies. These include advanced diagnostic imaging systems, cutting-edge treatment equipment, and high-tech sterilization units. These investments will significantly enhance the quality and efficiency of the Group's medical services, ensuring that patients receive the best possible care.

Strategic Collaborations and Talent Acquisition

To support the growth of the Group, the Group has established strategic partnerships with leading healthcare institutions and is attracting top-tier professionals and specialists to join the Group. These collaborations and talent acquisitions will strengthen the Group's service capabilities and enhance its reputation in the healthcare industry. The Group is also working with international experts to bring world-class medical practices to its facilities.

Enhanced Patient Experience

The Group's facilities are being upgraded to offer a patient-centric environment with a focus on comfort and convenience. The Group is implementing digital health solutions, streamlining processes, and ensuring exceptional customer service. The goal of the Group is to provide a seamless and efficient patient experience that meets the highest standards of care.

Strengthening Regulatory Compliance and Quality Assurance

The Group is enhancing its regulatory compliance and quality assurance measures to ensure uninterrupted operations. Such measures include rigorous internal audits, continuous staff training on compliance protocols, and the implementation of advanced monitoring systems to ensure adherence to regulatory standards. These measures will help the Group maintain operational continuity and avoid potential issues relating to non-compliance with relevant laws and regulations.

Community Engagement and Social Responsibility

The Group is dedicated to giving back to the community and promoting health awareness. The Group's outreach programs provide education on preventive care and health maintenance. The Group aims to make a positive impact on public health and contribute to the well-being of the community.

Financial Prudence and Sustainability

The Group is maintaining a strong focus on financial prudence and sustainability. The Group's investments are carefully planned and fully funded, ensuring that the Group manages its resources effectively. The Group is committed to maintaining financial stability while pursuing growth opportunities that align with its strategic objectives.

By focusing on the above strategic initiatives, the Group is confident in its ability to foster growth and stability in the coming years. The Group's commitment to quality, innovation, and operational excellence will not only meet the evolving needs of the healthcare market but also deliver consistent value to its shareholders.

LIQUIDITY AND FINANCIAL RESOURCES

The Group had total cash and bank balances of approximately HK\$3.644 million as at 31 March 2024 (2023: approximately HK\$17.685 million).

As at 31 March 2024, the Group's bank balances of approximately RMB1.388 million (equivalent to approximately HK\$1.503 million) (2023: approximately RMB3.626 million (equivalent to approximately HK\$4.144 million)) was restricted due to the Civil Judgment I (defined as below in the section headed "Litigations involving the subsidiaries") (the "**Restricted Sum**").

The Group recorded total current assets of approximately HK\$8.705 million as at 31 March 2024 (2023: approximately HK\$27.062 million) and total current liabilities of approximately HK\$25.615 million as at 31 March 2024 (2023: approximately HK\$20.325 million). The current ratio of the Group, calculated by dividing the current assets by the current liabilities, was approximately 0.34 as at 31 March 2024 (2023: approximately 1.33).

Gearing ratio, defined as total debts (comprising borrowings and lease liabilities) less cash and bank balances, divided by total equity (including all capital and reserves of the Group), maintained at 610.16% as at 31 March 2024 (31 March 2023: N/A).

CAPITAL COMMITMENTS

As at 31 March 2024 and 2023, the Group had no material capital commitment.

CONTINGENT LIABILITIES

Civil Complaint I

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

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

Civil Complaint II

On 13 June 2023, Edinburgh International Diabetes (defined as below in the section headed “Litigations involving the subsidiaries”) received the Civil Complaint II (defined as below in the section headed “Litigations involving the subsidiaries”) filed with Qionghai Court by China Merchants, as plaintiff, against Edinburgh International Diabetes, as defendant, and Edinburgh Hospital Management, as a third party. Pursuant to the Civil Complaint II, China Merchants sought, among other things, the refund of the remaining balance of the investment amount of approximately RMB3.2 million (equivalent to approximately HK\$3.625 million) by Edinburgh International Diabetes.

On 11 September 2023, Edinburgh International Diabetes received the Civil Judgment II (defined as below in the section headed “Litigations involving the subsidiaries”) in respect of the Civil Complaint II. Pursuant to the Civil Judgment II, the Qionghai Court has ordered, among others, that:

- (i) Edinburgh International Diabetes and Edinburgh Hospital Management to jointly return RMB3.2 million (equivalent to approximately HK\$3.625 million) to China Merchants; and
- (ii) Edinburgh International Diabetes to pay to China Merchants costs in relation to the Civil Complaint II in the amount of approximately RMB37,000 (equivalent to approximately HK\$41,914).

As the aggregate amount of the litigation claims of RMB9.547 million (less the Restricted Sum of RMB1.388 million) under the Civil Judgment I and Civil Judgment II had already been fully provided, no further provision in respect of the Civil Judgment I and Civil Judgment II was required to be made for the year ended 31 March 2024.

FINANCING AND TREASURY POLICIES

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

FOREIGN EXCHANGE RISK

Since almost all transactions of the Group are denominated in Renminbi and Hong Kong dollars and most of the bank deposits are being kept in Renminbi and Hong Kong dollars to minimise exposure to foreign exchange risk, the Directors consider the Group’s risk exposure to currency fluctuations to be minimal. Therefore, the Group had not implemented any formal hedging or other alternative policies to deal with such exposure during the year ended 31 March 2024. The Directors will continue to monitor foreign exchange exposure and will consider to implement hedging policies should the need arises.

CHARGES ON GROUP'S ASSETS

As at 31 March 2024 and 2023, the Group had no bank borrowings and had no charges on any assets of the Group.

SEGMENT INFORMATION

During the year ended 31 March 2024, the revenue of the Group was principally generated from provision of general hospital services. Financial information in respect of these operations is presented in Note 4.

CAPITAL STRUCTURE

As at 31 March 2024, the total issued share capital of the Company was approximately HK\$29.168 million (2023: approximately HK\$29.168 million) comprising (i) 563,649,988 ordinary shares of HK\$0.05 each; and (ii) 19,700,000 preference shares of HK\$0.05 each (2023: 563,649,988 ordinary shares (restated) of HK\$0.05 each (restated) and 19,700,000 preference shares (restated) of HK\$0.05 each (restated)).

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2024, the Group had 137 (2023: 139) full time employees (including Directors and senior management) as shown in the following table:

Location	Number of Staff
Hong Kong	8
PRC (Beijing)	129

For the year ended 31 March 2024, staff costs (including Directors emoluments) amounted to approximately HK\$22.669 million (2023: approximately HK\$25.757 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 2024 and 2023, there were no outstanding share options granted under the share option schemes.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

The Group did not have any material acquisitions and disposals of subsidiaries, associates or joint ventures during the year ended 31 March 2024.

LITIGATIONS INVOLVING THE SUBSIDIARIES

Civil Complaint I

On 9 March 2022, Edinburgh International Hospital Management (Shenzhen) Co. Ltd.# (愛丁堡國際醫院管理(深圳)有限公司)(“**Edinburgh Hospital Management**”), an indirect subsidiary of the Company, received a civil complaint (the “**Civil Complaint I**”) filed with the People’s Court of Qianhai Shenzhen City# (深圳前海合作區人民法院) by China Merchants Hainan Development Investment Co. Ltd.# (招商局海南開發投資有限公司)(“**China Merchants**”) as plaintiff against Edinburgh Hospital Management as defendant, and Edinburgh International Diabetes Hospital (Hainan) Co. Ltd.# (愛丁堡國際糖尿病醫院(海南)有限公司)(“**Edinburgh International Diabetes**”), a subsidiary of Edinburgh Hospital Management, as a third party.

Pursuant to the Civil Complaint I, China Merchants sought, among other things, to terminate a cooperation agreement (the “**Cooperation Agreement**”) dated 31 July 2020 entered into between China Merchants and Edinburgh Hospital Management in relation to, among other things, the provision of funds by China Merchants for the establishment and operation of the international diabetes center in Hainan (the “**IDC**”) and the provision of management services by Edinburgh Hospital Management or its subsidiary to the IDC, the refund of approximately RMB12.13 million (equivalent to approximately HK\$14.973 million) by Edinburgh Hospital Management, being the aggregate of funds already advanced by China Merchants pursuant to the Cooperation Agreement, payment of liquidated damages under the Cooperation Agreement and costs in relation to the Civil Complaint I of approximately RMB1.4 million (equivalent to approximately HK\$1.728 million).

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

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

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

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

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

Following the Civil Judgment I, (i) China Merchants has filed an appeal with the Intermediate People's Court of Shenzhen Province# (深圳市中級人民法院) (the "**Shenzhen Intermediate Court**") to sought for full refund of approximately RMB12.13 million (equivalent to approximately HK\$14.973 million) pursuant to the Civil Complaint I; and (ii) Edinburgh Hospital Management has also filed an appeal with the Shenzhen Intermediate Court to rule against the termination of the Cooperation Agreement, the refund of any sum advanced by China Merchants and the payment of liquidated damages. On 31 March 2023, the Shenzhen Intermediate Court has ordered the appeals be rejected and the Civil Judgment I be upheld.

On 11 May 2023, China Merchants applied for compulsory execution of the Civil Judgment I with Qianhai Court. On 20 November 2023, Qianhai Court issued its judgment to enforce the execution procedures in relation to the Civil Judgment I.

As at the date of this announcement, Edinburgh Hospital Management is yet to make payment of approximately RMB5.9 million to China Merchants pursuant to the Civil Judgment I.

Civil Complaint II

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

On 11 September 2023, Edinburgh International Diabetes received the civil judgment# (民事判決書)(the “**Civil Judgment II**”) of the Qionghai Court in respect of the Civil Complaint II. Pursuant to the Civil Judgment II, the Qionghai Court has ordered, among others, that:

- (i) Edinburgh International Diabetes and Edinburgh Hospital Management to jointly return RMB3.2 million (equivalent to approximately HK\$3.625 million) to China Merchants; and
- (ii) Edinburgh International Diabetes to pay to China Merchants costs in relation to the Civil Complaint II in the amount of approximately RMB37,000 (equivalent to approximately HK\$41,914).

On 12 March 2024, China Merchants applied for compulsory execution of the Civil Judgment II with Qionghai Court.

As at the date of this announcement, the compulsory execution of the Civil Judgment II has not been enforced. The Company will keep its shareholders and investors informed of any significant development of the above proceedings and will make further announcement(s) as and when appropriate in accordance with the GEM Listing Rules.

SHARE CONSOLIDATION AND CHANGE IN BOARD LOT SIZE

On 9 August 2023, the Board proposed to implement the Share Consolidation on the basis that (i) every five (5) issued and unissued then existing shares of HK\$0.01 each (the “**Then Existing Shares**”) to be consolidated into one (1) consolidated share of HK\$0.05 each (the “**Consolidated Shares**”); and (ii) every five (5) issued and unissued then existing preference shares of HK\$0.01 each (the “**Then Existing Preference Shares**”) to be consolidated into one (1) consolidated preference share of HK\$0.05 each (the “**Share Consolidation**”).

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

Following the passing of the ordinary resolution approving the Share Consolidation by the shareholders of the Company at the extraordinary general meeting of the Company on 11 September 2023, and the fulfillment of all the conditions precedent of the Share Consolidation, the Share Consolidation and the Change in Board Lot Size became effective on 13 September 2023.

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

CHANGE OF DIRECTORS

During the year ended 31 March 2024 and up to the date of this announcement, the following changes had taken place to the Board:

- (i) Mr. Zheng Gang resigned from his position as an executive Director and a member of the remuneration committee (the “**Remuneration Committee**”) of the Company with effect from 22 August 2023;
- (ii) Mr. Wu Qiyu was appointed as an executive Director and a member of the Remuneration Committee with effect from 22 August 2023;
- (iii) Dr. Lam Huen Sum resigned from his position as an independent non-executive Director, a member each of the Remuneration Committee, the audit committee (the “**Audit Committee**”) and the nomination and corporate governance committee of the Company (the “**Nomination and Corporate Governance Committee**”) with effect from 18 January 2024; and
- (iv) Mr. Lin Yaomin was appointed as an independent non-executive Director and a member of each of the Audit Committee, the Remuneration Committee and the Nomination and Corporate Governance Committee with effect from 17 April 2024.

For further details in relation to the above changes, please refer to the announcements of the Company dated 22 August 2023, 18 January 2024 and 17 April 2024.

DISCLOSEABLE TRANSACTION IN RESPECT OF THE TENANCY AGREEMENT

On 20 March 2024, Good Fellow Development Limited (金威創展有限公司) (an indirect non wholly-owned subsidiary of the Company), as tenant, and Fujian Properties Limited. (華閩物業有限公司), as landlord, entered into the tenancy agreement in respect of the lease of the property located at Unit No. 3309 on the Thirty Third Floor, West Tower, Shun Tak Centre, Nos. 168-200 Connaught Road Central, Hong Kong for a term of two years, commencing from 1 February 2024 and ending on 31 January 2026 (both days inclusive) at a monthly rent of HK\$108,810 for office.

For more details, please refer to the announcement of the Company dated 20 March 2024.

SIGNIFICANT EVENTS AFTER THE YEAR

Save for the Civil Judgment II as disclosed in the section headed “Litigations involving the subsidiaries” and the appointment of Mr. Lin Yaomin as the independent non-executive Director as disclosed in the section headed “Change of Directors” above in this announcement, there are no other significant events after the year ended 31 March 2024 and up to the date of this announcement.

EXTRACT OF INDEPENDENT AUDITOR’S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

The following is the extract of the independent auditor’s report from the external auditor of the Company:

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

MATERIAL UNCERTAINTY RELATED TO THE GOING CONCERN

We draw attention to note 3 to the consolidated financial statements which states that the Group incurred a net loss of HK\$17,387,000 for the year ended 31 March 2024 and as of that date, the Group’s current liabilities exceeded its current assets by approximately HK\$16,910,000. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

During the year ended 31 March 2024, there was no purchase, sale or redemption of the Company’s listed securities (including sale of treasury shares) by the Company or any of its subsidiaries.

CORPORATE GOVERNANCE PRACTICES

The Company acknowledges the need and importance of corporate governance as one of the key elements in creating shareholders' value. The Company is also committed to achieving high standard of corporate governance that can properly protect and promote the interests of all shareholders and to enhance corporate value and accountability of the Company. The Company has adopted the Corporate Governance Code (the "CG Code") as stated in Appendix C1 of the the GEM Listing Rules.

The Company has complied with the applicable code provisions in the CG Code contained in Appendix C1 of the GEM Listing Rules for the year ended 31 March 2024.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a set of code for the required standard of dealings in securities by Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiries, the Directors confirmed that they have fully complied with the required standard with respect to the securities dealings of the Company and there was no event of non-compliance for the year ended 31 March 2024.

SCOPE OF WORK OF HLB HODGSON IMPEY CHENG LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2024 as set out in the announcement have been agreed by the Group's auditors, HLB Hodgson Impey Cheng Limited, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by HLB Hodgson Impey Cheng Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by HLB Hodgson Impey Cheng Limited on the announcement.

Audit Committee

The Company established the Audit Committee on 2 November 2001, with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules and is disclosed on the Company's website. The Audit Committee comprises of three independent non-executive Directors, namely, Ms. Wong Ka Wai, Jeanne, Mr. Lau Tak Kei Arthur and Mr. Lin Yaomin. 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 2024, three meetings were held.

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

- (a) reviewing the Group's audited annual and unaudited interim and quarterly results and reports and considering any significant or unusual items before submission to the Board;
- (b) reviewing the relationship with the external auditors by reference to the work performed by the auditors, their fees and terms of engagement, and make recommendation to the Board on the appointment, re-appointment and removal of external auditors;
- (c) reviewing the adequacy and effectiveness of the Company's financial reporting system, internal control system and risk management system and associated procedures; and
- (d) advising on material event or drawing the attention of the management on related risks.

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

The Group's consolidated financial results for the year ended 31 March 2024 were reviewed by the Audit Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures has been made.

APPRECIATION

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

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

Hong Kong, 28 June 2024

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\$1.083. 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. Wu Qiyou as executive Directors; and Ms. Wong Ka Wai, Jeanne, Mr. Lau Tak Kei Arthur and Mr. Lin Yaomin as independent non-executive Directors.

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