



SoftMedx Healthcare Limited

京玖醫療健康有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 648)

ANNUAL REPORT
2018

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Director

CHEUNG Wai Kwan
WANG Jianguo

Independent Non-executive Directors

HU Xuezheng
LIN Pinzhao *(appointed on 2 February 2023)*
YIU Chun Wing *(appointed on 20 December 2022)*

AUDIT COMMITTEE

HU Xuezheng *(Chairperson)*
LIN Pinzhao
YIU Chun Wing

NOMINATION COMMITTEE

HU Xuezheng *(Chairperson)*
LIN Pinzhao
YIU Chun Wing

REMUNERATION COMMITTEE

HU Xuezheng *(Chairperson)*
LIN Pinzhao
YIU Chun Wing

RISK MANAGEMENT COMMITTEE

YIU Chun Wing *(Chairperson)*
LIN Pinzhao
WANG Jianguo

COMPANY SECRETARY

LAM Sung Him, Gaston

STOCK CODE

648

REGISTERED OFFICE

Level 38, Infinitus Plaza,
199 Des Voeux Road Central
Hong Kong

SHARE REGISTRAR

Tricor Tengis Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
The Hong Kong and Shanghai Bank Corporation Limited

INDEPENDENT AUDITORS

CL Partners CPA Limited
Certified Public Accountants

WEBSITE ADDRESS

www.648.com.hk

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF FINANCIAL RESULTS

SoftMedx Healthcare Limited (the “Company”, together with its subsidiaries, the “Group”) is principally engaged in medical and well-being business. For the year ended 31 December 2018, the Group recorded revenue of HK\$58.2 million (2017: HK\$120.5 million), gross profit of HK\$30.9 million (2017: HK\$46.7million) and gross profit margin of 53.0% (2017: 38.8%). The consolidated loss and consolidated loss attributable to the owners of the Company amounted to HK\$64.7 million (2017: HK\$243.3 million) and HK\$66.1 million (2017: HK\$228.6 million) respectively.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 December 2018, the Group’s total assets and net liabilities amounted to HK\$191.1 million (2017: HK\$311.3 million) and HK\$93.9 million (2017: HK\$28.5 million) respectively. Its cash and bank balances amounted to HK\$11.4 million (2017: HK\$36.2 million) and liquidity ratio (calculated based on the Group’s total assets to total liabilities) was 0.7 (2017: 0.9). The Group’s total borrowings amounted to HK\$217.5 million (2017: HK\$292.5 million), including borrowings of HK\$198.1 (2017: HK\$273.4 million) and bonds payable of HK\$19.3 million (2017: HK\$19.1 million). During the year ended 31 December 2018, the Group’s net cash outflow from operating activities amounted to HK\$20.7 million (2017: HK\$54.5 million), net cash inflow from investing activities amounted to HK\$4.5 million (2017: HK\$99.1 million) and net cash outflow from financing activities amounted to HK\$8.3 million (2017: HK\$78.2 million). As a result, the Group recorded a net cash outflow of HK\$24.8 million (2017: HK\$33.5 million).

As at 31 December 2018, the total number of issued shares and the issued share capital of the Company were 326,036,828 (2017: 326,036,828) and HK\$3,030,660,000 (2019: HK\$3,030,660,000) respectively.

FUND RAISING ACTIVITIES

The Group did not conduct any equity fund raising activities during the year ended 31 December 2018.

CAPITAL COMMITMENT

There was no significant capital commitment of the Group outstanding as at 31 December 2018.

SIGNIFICANT INVESTMENT AND MATERIAL ACQUISITION AND DISPOSAL

There was no significant investment and material acquisition and disposal during the year ended 31 December 2018.

CHARGE ON ASSETS OF THE GROUP

No material asset of the Group had been pledged as at 31 December 2018.

PRINCIPAL RISKS AND UNCERTAINTIES

The Directors knowledge that the Group is exposed to certain risks that could impact the Group and the industries in which the Group operates. As such, the Group has established risk management policies to ensure that significant risks which may adversely affect the Group are identified, reported, monitored and measured on a continuous basis. The followings are the principal risks which the Directors consider significant to the Group and may adversely or materially affect the businesses, financial conditions and operation of the Group for the year ended 31 December 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

Competition

The businesses that the Group operate are highly competitive and challenging, including price competition, customer preferences and products/services offerings from competitors. If the Group cannot respond to the market conditions and implement appropriate strategies, it would affect the financial performance, the consumers' demand of the Group's products and services and even the reputation of the Group.

Credit Risk

The Group has a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults of counter-parties. In order to minimise the credit risk of trade receivables, the management of the Group will monitor the Group's exposure to credit risk on an ongoing basis and periodically reviews the customers' settlement patterns.

Exchange Rate Risk

The Group's cash flow from operations is mainly denominated in Hong Kong dollars. Its assets are mostly denominated in Hong Kong dollars, and liabilities are mainly denominated in Japanese Yen and Hong Kong dollars. The Group currently does not have a foreign currency hedging policy but will monitor the foreign exchange exposure closely and consider hedging if there is significant foreign currency exposure.

Interest Rate Risk

The Group's interest-bearing borrowings are exposed to interest rate risk. The Group currently does not have an interest rate hedging policy. However, the Group monitors interest rate fluctuations and will consider hedging strategies should the interest rate exposure becomes significant.

CORPORATE DEVELOPMENT AND FUTURE PROSPECTS

Since 27 November 2017, trading in the shares of the Company has been suspended under the direction of the Securities and Futures Commission ("SFC"). Trading in the shares of the Company remains suspended pending fulfilment of the resumption conditions imposed by The Stock Exchange of Hong Kong Limited ("Stock Exchange"). The Company has been taking active steps to address the concerns of the SFC and the Stock Exchange. Despite the Company's very limited resources resulted from the long suspension of trading and heavy indebtedness as well as the disruptive impact of the COVID-19 pandemic on the Group's business activities, the Company has been continuously exploring business opportunities to enhance long term shareholders' value. The Company, as a natural extension of its medical and well-being business segment and leveraging on its resources and business connections, has commenced the business of distribution of medical equipment and products in 2021. Notwithstanding the challenges arising from the Sino-United States trade conflict, the war in Ukraine, the disruptive changes in the business environment and disruption of supply chains in the midst of the COVID-19 pandemic as well as the worldwide interest and inflation hikes, the business progressed well in 2022 and 2023. With the opening up of the global, Hong Kong and China economy, the Group is confident that the business will further thrive in 2023 and beyond. Looking ahead, the challenges arising from the above adverse factors will continue to take a hit on the global economy and may inevitably affect the Group's business operations. But the Company is confident that it will be able to survive all these challenges with the support of its stakeholders and its businesses will improve steadily with good prospects. While adopting the newly established policies in ensuring disciplined execution of prudent financial, liquidity and cash flow management, the Company will continue to seek new business opportunities with a view to achieving earning growth and enhancing the long term value of all of its stakeholders.

BIOGRAPHICAL DETAILS OF DIRECTORS

Mr. Cheung Wai Kwan

(Executive Director)

Mr. Cheung, aged 60, has more than 20 years of management experience in manufacturing and distribution of resources, healthcare and related products and has maintained an extensive business network in Asia, particularly Japan and China. Mr. Cheung holds a bachelor's degree in business management and a master's degree in business administration from Asia University, Japan. Mr. Cheung was appointed as an executive Director in 2014.

Mr. Wang Jianguo

(Executive Director)

Mr. Wang, aged 58, is a qualified lawyer in China and, prior to joining the Group, was a practising lawyer at a law firm in China where his legal practice was mainly in the medical sector in China. Mr. Wang was awarded an Advanced Lawyer in Anhui Province. Mr. Wang holds an executive master's degree in business administration from Nanjing University, China. Mr. Wang was appointed as an executive Director in 2011.

Ms. Hu Xuezheng

(Independent Non-executive Director)

Ms. Hu, aged 52, is the chairman and founder of companies engaged in education and manufacturing of household products in China. Ms. Hu has extensive experience in corporate management and business development. Ms. Hu was appointed as an independent non-executive Director in 2014.

Mr. Lin Pinzhao

(Independent Non-executive Director)

Mr. Lin, aged 57, has 30 years of experience in product commercialization, production, business development and marketing. He has held management positions in a number of telecommunications and technology companies in China. Mr. Lin graduated from Shenzhen University with specialization in electronics and computer science. Mr. Lin was appointed as an independent non-executive Director in February 2023.

Mr. Yiu Chun Wing

(Independent Non-executive Director)

Mr. Yiu, aged 40, has 18 years of experience in the areas of audit, financial management and reporting and corporate governance. He is a member of the Hong Kong Institute of Certified Public Accountants. Mr. Yiu had years of audit experience at a number of accounting firms and is currently the company secretary of a telecommunications company in China. Mr. Yiu holds a bachelor's degree of business administration in accounting from The Hong Kong University of Science and Technology. Mr. Yiu was appointed as an independent non-executive Director in 2022.

REPORT OF THE DIRECTORS

The Directors submit this report together with the audited consolidated financial statements of the Group for the year ended 31 December 2018.

GENERAL INFORMATION

The Company is incorporated in Hong Kong and has its registered office situated at Level 38, Infinitus Plaza, 199 Des Voeux Road Central, Sheung Wan, Hong Kong.

PRINCIPAL ACTIVITIES AND SEGMENTAL INFORMATION

The principal activity of the Company is investment holding and the principal activities of its principal subsidiaries are set out in the note to the consolidated financial statements.

An analysis of the Group's revenue and results by reportable segments and geographical locations during the financial year are set out in the note to the consolidated financial statements.

CONSOLIDATED FINANCIAL STATEMENTS

The results of the Group for the year ended 31 December 2018 and the state of the Group's (including the Company's) affairs as at that date are set out in the consolidated financial statements of this report.

RESERVES

As at 31 December 2018, the Company did not have any reserves available for distribution (2017: Nil). Movements in the reserves of the Group are set out in this report and in the note to the consolidated financial statements.

FIVE YEARS SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out in this report.

BUSINESS REVIEW AND PERFORMANCE

Review of the businesses of the Group and discussion and analysis of the Group's performance, financial position and outlook are provided in the section headed "Management and Discussion Analysis". These statements therein form parts of this section.

DIVIDEND POLICY AND DIVIDENDS

The Company has adopted a dividend policy which allows it to distribute dividends to shareholders by way of cash or shares. Any distribution of dividends shall be in accordance with the articles of association of the Company and the distribution shall be targeted to achieve continuity, stability and sustainability. Recommendation of the payment of any dividend is subject to the discretion of the Board, and any declaration of final dividend will be subject to the approval of the shareholders of the Company. In proposing any dividend payout, the Board shall also take into account, inter alia, the earnings per share, the reasonable return to the shareholders in order to provide incentives for them to support the long term development of the Group, the financial conditions and business plan of the Group, and the market sentiment and circumstances. The Company reviews the dividend policy from time to time and there is no assurance that a dividend will be proposed or declared in any specific period. The Board does not recommend payment of any dividend for the year ended 31 December 2018 (2017: Nil).

DONATIONS

The Group made charitable contributions of HK\$147,000 during the year ended 31 December 2018 (2017: HK\$266,000).

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment during the year ended 31 December 2018 are set out in the note to the consolidated financial statements.

BORROWINGS

Particulars of the Group's borrowings as at 31 December 2018 are set out in the notes to the consolidated financial statements.

EVENTS AFTER THE REPORTING PERIOD

Details of events after the reporting period are set out in the note to the consolidated financial statements.

DIRECTORS

The Directors during the year and up to the date of this report were:

Executive Directors:

Mr. Chan Ka Chung
Mr. Cheung Wai Kwan
Mr. Wang Jianguo

Independent Non-executive Directors:

Ms. Hu Xuezhen	
Mr. Lin Pinzhuo	<i>(appointed on 2 February 2023)</i>
Mr. Yiu Chun Wing	<i>(appointed on 20 December 2022)</i>
Mr. Chan Yee Ping, Michael	<i>(resigned on 31 May 2022)</i>
Mr. Lam Chun Ho	<i>(resigned on 30 April 2021)</i>
Mr. Tsang Hung Kei	<i>(appointed on 5 July 2018 and resigned on 31 January 2021)</i>

All Directors (including independent non-executive Directors) are subject to the retirement and rotation at the annual general meeting pursuant to the Company's articles of association. In accordance with the articles of association of the Company, Mr. Lin Pinzhuo and Mr. Yiu Chun Wing shall retire from the Board by rotation at the forthcoming annual general meeting. Mr. Lin and Mr. Yiu are eligible and have offered themselves for re-election.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

Each independent non-executive Director has confirmed his/her independence pursuant to the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules"). The Board considers all the independent non-executive Directors being independent.

BIOGRAPHICAL DETAILS OF DIRECTORS

The biographical details of the directors are set out in this report.

DIRECTORS' EMOLUMENT

The remuneration of the executive Directors and non-executive Directors is director's fee is discussed by the remuneration committee of the Board with reference to the contribution, commitment and responsibilities of such Directors to the Group as well as the prevailing market conditions. Details of the Directors' emoluments for the year ended 31 December 2018 are shown in the note to the consolidated financial statements.

DIRECTORS' SERVICE CONTRACTS

There is no service contract with any Director (including those proposed for re-election at the forthcoming annual general meeting) which is not determinable by the Company within one year without payment of compensation other than statutory compensation.

DIRECTORS' INTEREST IN CONTRACT

No contract, commitment or agreement of significance in relation to the Company's business, to which the Company or any of its subsidiaries was a party and in which any of the Directors had a material interest, either directly or indirectly, subsisted as at 31 December 2018 or during the year ended 31 December 2018.

REPORT OF THE DIRECTORS

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2018, the interest and short position of the directors and chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) that were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have taken under such provisions of the SFO), or were recorded pursuant to Section 352 of the SFO, or were otherwise notified to the Company and the Stock Exchange pursuant to the Listing Rules, were as follows:

Name	Capacity	No. of shares	No. of underlying shares (Note)
Executive Directors			
Mr. Chan Ka Chung	Personal	9,953,052	–
	Personal	–	3,260,368
Mr. Cheung Wai Kwan	Personal	–	3,260,368
Independent Non-executive Directors			
Mr. Chan Yee Ping, Michael*	Personal	–	326,036
Ms. Hu Xuezheng	Personal	–	326,036
Mr. Lam Chun Ho*	Personal	–	326,036

Note: The underlying shares represent the share options granted to the Directors and details are as follows:

Grantee	Date of Grant	Exercisable Period	Exercise Price HK\$	As at 1 January 2018	Granted during the year	Exercise during the year	Lapsed during the year	As at 31 December 2018
Executive Directors								
Mr. Chan Ka Chung	27 October 2017	27 October 2017 to 26 October 2019	0.396	3,260,368	–	–	–	3,260,368
Mr. Cheung Wai Kwan	27 October 2017	27 October 2017 to 26 October 2019	0.396	3,260,368	–	–	–	3,260,368
Independent Non-executive Directors								
Mr. Chan Yee Ping, Michael*	27 October 2017	27 October 2017 to 26 October 2019	0.396	326,036	–	–	–	326,036
Ms. Hu Xuezheng	27 October 2017	27 October 2017 to 26 October 2019	0.396	326,036	–	–	–	326,036
Mr. Lam Chun Ho*	27 October 2017	27 October 2017 to 26 October 2019	0.396	326,036	–	–	–	326,036

* Mr. Lam Chun Ho and Mr. Chan Yee Ping, Michael resigned as independent non-executive Directors on 30 April 2021 and 31 May 2022 respectively.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES

Save for the share options granted to the Directors, at no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable the Directors or the chief executive of the Company or any of their respective associates, including spouses or children under eighteen years of age, to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SHARE OPTION SCHEME

The Company's existing share option scheme was adopted pursuant to a resolution passed on 12 June 2014. The share option scheme has a term of 10 years and is for the purpose of providing incentives to eligible participants for their contribution to the growth of the Group. Under the share option scheme, the Board may grant options to eligible participants to subscribe for shares in the Company. The exercise price is determined by the Board and will not be less than higher of (i) the closing price of the shares on the grant date; (ii) the average closing price of the shares for the five business days immediately preceding the grant date. The total number of shares issued and to be issued upon exercise of the options granted to each eligible participant (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the total number of shares in issue. Any further grant of share option in excess of such limit must be separately approved by the shareholders of the Company in a general meeting.

Set out below is the summary of the movement of the share options during the year and as at 31 December 2018:

Grantee	Exercise Period	Outstanding	Granted	Lapsed/	Outstanding	Exercise price at the grant date
		as at 1 January 2018	during the year	Cancelled during the year	as at 31 December 2018	
Directors	27 October 2017 to 26 October 2019	7,498,844	-	-	7,498,844	\$0.396
Employees	27 October 2017 to 26 October 2019	16,301,840	-	-	16,301,840	\$0.396
Consultants and co-operators	27 October 2017 to 26 October 2019	3,260,368	-	-	3,260,368	\$0.396
	8 November 2017 to 7 November 2019	5,542,625	-	(2,934,331)	2,608,294	\$0.420
		<u>32,603,677</u>	<u>-</u>	<u>(2,934,331)</u>	<u>29,669,346</u>	

As at 31 December 2018, all of the share options outstanding under the share option scheme which expired in October 2011 had been lapsed and there was no share option outstanding under that share option scheme.

SHARE AWARD SCHEME

The Company adopted the share award scheme on 19 June 2015. The scheme has a term of 10 years and is for recognising the contributions of the eligible participants and attracting and retaining them for the continual development of the Group. The share award may be satisfied by (a) issuance of new shares, in which case the issue price of the award shares is determined by the Board at its absolute discretion at the time of grant and shall at least be the higher of (i) the closing price of the shares on the grant date; or (ii) the average closing price of the shares for the five trading days immediately preceding the grant date; and (b) acquiring existing shares from the market, in which case the purchase price will be based on the market value of the shares on the date of acquisition. The Board may at its absolute discretion select and grant share award to eligible participant and determine the terms, composition and conditions of the award. The share award scheme has neither specified the maximum number of securities of the Company that it may hold, the minimum vesting period nor maximum entitlement of each eligible participant. No amount is payable by the eligible participant upon acceptance of the award. The Company did not grant any share award to any person during the year and there were 20,452,570 Shares held under the share award scheme as at 31 December 2018.

REPORT OF THE DIRECTORS

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

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year ended 31 December 2018.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's articles of associations or the laws in Hong Kong which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2018, so far as being known to the Directors, there was no person (other than a Director or the chief executive of the Company) who had interests or short position in the shares or underlying shares of the Company which would be required to be notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO, or which would be required to be recorded in the register required to be kept under Section 336 of the SFO, or who is interested in 5% or more of any class of share capital carrying rights to vote at the general meetings of the Company.

COMPETING INTEREST

None of the directors or substantial shareholders of the Company or their respective associates (as defined in the Listing Rules) had engaged in any business that would compete with the businesses of the Group or had any other conflict of interests with the Group for the year ended 31 December 2018.

RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

Details of the related party transactions of the Group for the year ended 31 December 2018 are set out in the note to the consolidated financial statements and none of them constituted any connected or continuing connected transaction of the Company pursuant to the Listing Rules.

MANAGEMENT CONTRACT

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year ended 31 December 2018.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2018, the Group had 60 employees. The Group remunerates its employees based on their performance, working experience and the prevailing market conditions. Details of the Group's retirement benefits scheme for the year ended 31 December 2018 are set out in the note to the consolidated financial statements.

AUDIT COMMITTEE

The audit committee of the Board has been established with written terms of reference in compliance with the Listing Rules. The audit committee's primary duties include reviewing the annual, interim and quarterly financial reports of the Company and providing advice and comments thereon to the Board. The audit committee is also responsible for reviewing and supervising the Company's financial reporting and internal control procedures. The audit committee currently comprises all of independent non-executive Directors. The audit committee has reviewed the accounting principles and practices adopted by the Group and the consolidated financial statements for the year ended 31 December 2018 and discussed auditing, internal control and financial reporting matters with the Group's auditors. There was no disagreement between the auditors and the audit committee in respect of the accounting policies adopted by the Group.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Board considers good corporate governance a key element in managing the businesses and affairs of the Group. The management of the Group periodically reviews and proposes amendments to its corporate governance practices for compliance with the Corporate Governance Code in Appendix 14 of the Listing Rules. Details of the Group's corporate governance practices are set out in the Corporate Governance Report in this report.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

The Group recognises the importance of compliance with legal and regulatory requirements and the risk of non-compliance with such requirements. The Group conducts on-going reviews of newly enacted/revised laws and regulations affecting its operations. The Company is not aware of any non-compliance in any material respect with the relevant laws and regulations that have a significant impact on the business and operation of the Group for the year ended 31 December 2018.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information publicly available to the Company and to the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public as at the date of this report.

AUDITORS

In 2022, HLB Hodgson Impey Cheng Limited resigned as auditors of the Company. Asian Alliance (HK) CPA Limited was appointed and resigned thereafter. In February 2023, CL Partners CPA Limited was appointed by the Company to fill the casual vacancy so arising. A resolution for reappointment of CL Partners CPA Limited as auditors of the Company will be proposed at the forthcoming annual general meeting.

By order of the Board

Cheung Wai Kwan
Executive Director

Hong Kong, 19 May 2023

CORPORATE GOVERNANCE REPORT

COPORATE GOVERNANCE

The Company is committed to achieving and maintaining a high standard of corporate governance. The Board believes that high corporate governance standards are key to safeguard the interest of shareholders, enhance corporate value through formulating business strategies and policies, and increase transparency and accountability.

The Company's corporate governance practices are based on the principles and the code provisions set out in the Corporate Governance Code in Appendix 14 to the Listing Rules. During the year ended 31 December 2018, the Company has complied with the code provisions except for none of the existing non-executive directors being appointed for a specific term. However, since all the non-executive directors are subject to retirement by rotation at the annual general meetings pursuant to the articles of association of the Company, the Board considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those set out in the code.

BOARD OF DIRECTORS

Responsibilities, Accountabilities and Contribution

The Board assumes the responsibility for leadership and control of the Company and is collectively responsible for promoting the success of the Company through directing and supervising its affairs. The Board leads and supervises the management of the Company and is responsible for making decisions on major matters relating to policy, strategies, risk management, material transactions, financial information, appointment of directors and other significant operational matters of the Company. Responsibilities relating to implementation of the decisions of the Board, execution of the daily operations and management of the Company are delegated to the management of the Company. The Board currently comprises five Directors, who have diversified skills and experience in business, legal, financial, accounting and management. During the year, the Directors have brought a variety and valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.

Roles of Chairperson and Chief Executive

To ensure a balance of power and authority, a clear division of the responsibilities of the chairperson of the Board and the chief executive has been set out such that the chairperson provides leadership and governance to the Board and is responsible for the effective functioning of the Board, whilst the chief executive is responsible for leading the management in the day-to-day operation of the Group's business and implementation of the strategies and policies approved by the Board. During the year, the office of the chief executive was vacated. The Board will continue to identify a suitable candidate with suitable knowledge, skills and experience.

Board Diversity

The Company has adopted a board diversity policy which complies with the provision of the Corporate Governance Code, under which the nomination committee is delegated with the responsibility to review, assess and recommend any appointment, re-election or any succession plan of any Director to the Board after considering factors including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge and length of service to accommodate the Company's business development and specific needs.

Appointment and Re-election

Pursuant to the articles of association of the Company, each Director is subject to retirement by rotation once for every three years at the annual general meetings of the Company and shall then be eligible for re-election. A retiring Director shall retain office until the conclusion at the annual general meeting at which he/she is due to retire. All Directors appointed to fill casual vacancies shall hold office only until the next annual general meeting and shall then be eligible for re-election at the meeting.

Continuing Professional Development

The Board recognises the importance of continuing professional development and knowledge enhancement of the Directors to ensure that their contribution to the Board remains informed and relevant. During the year, the Directors had read material (e.g. newspaper and journals) and attended training courses on topics relating to the markets and regulatory matters. In addition, the Company arranges a formal and comprehensive induction for any newly appointed Director prior to his/her appointment on director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

Board Meetings

The Directors participated the board meetings in person or through electronic means of communication. All Directors have access to the relevant materials and are provided with adequate information which enables him/her to make informed decisions on the matters to be discussed and considered at board meetings. During the year, five board meetings had been convened and all the Directors had attended.

BOARD COMMITTEES

The Board has established four committees, namely the audit committee, the remuneration committee, the nomination committee and the risk management committee, for overseeing different aspects of the Company's affairs. All of these Board committees have their terms of reference which define their authority and duties.

Audit Committee

The audit committee of the Board currently comprises three members, all being independent non-executive Directors. The chairperson is Mr. Yiu Chun Wing and the other members are Ms. Hu Xuezheng and Mr. Lin Pinzhao. The audit committee's primary duties include making recommendations to the Board in relation to the appointment, re-appointment and removal of external auditors, reviewing the Group's annual and interim financial statements, reviewing the Group's financial information and reporting procedures, audit plans, accounting policies and practices. In discharging its responsibilities, the audit committee has reviewed the consolidated financial statements of the Group for the year ended 31 December 2018 prior to approval by the Board; discussed with the Company's auditors relating to the work performed and their findings; reviewed significant financial reporting judgments and accounting policies; reviewed and approved the terms of the audit engagement (including the fee). The audit committee has been provided with resources enabling them to discharge its duties. For the year ended 31 December 2018, two meetings had been convened and all the members had attended.

Remuneration Committee

The remuneration committee of the Board currently comprises three members, all being independent non-executive Directors. The chairperson is Ms. Hu Xuezheng and the other members are Mr. Lin Pinzhao and Mr. Yiu Chun Wing. The primary responsibilities of the remuneration committee include making recommendations to the Board on the remuneration policies and structures relating to the Directors and the senior management, as well as reviewing and making recommendations on matters relating to the Company's share option scheme, bonus structure, provident fund and other compensation-related issues with reference to factors such as size of the Group's operation, duties and responsibilities of the Directors and prevailing market condition. The remuneration committee has reviewed the emoluments of Directors and senior management and considered that they are fair and reasonable. The remuneration committee has been provided with resources enabling them to discharge its duties. For the year ended 31 December 2018, one meeting had been convened and all the members had attended.

Nomination Committee

The nomination committee of the Board currently comprises three members, all being independent non-executive Directors. The chairperson is Mr. Lin Pinzhao and the other members are Ms. Hu Xuezheng and Mr. Yiu Chun Wing. The nomination committee is responsible for establishing nomination policies, reviewing and recommending to the Board the required mix of skills and experiences the Board requires, assessing the effectiveness of the Board and its committees, the independence of the independent non-executive Directors, making recommendation to the Board on nomination and appointment of Director, reviewing Board's succession plan and reviewing the Board diversity policies and targets. In assessing the suitability of a candidate for Director, the nomination committee considers a number of factors including the candidate's skills, knowledge, expertise, experience and integrity, the impact of the proposed appointment on the composition, diversity and structure of the Board, and other perspectives appropriate to the Group's businesses and the Board. The nomination committee had reviewed the policies for the nomination and appointment of Directors, the Board's diversity policies and assessed the independence of the independent non-executive Directors. The nomination committee has been provided with resources enabling them to discharge its duties. For the year ended 31 December 2018, one meeting had been convened and all the members had attended.

CORPORATE GOVERNANCE REPORT

Risk Management Committee

The risk management committee of the Board was established in April 2023 and comprises three members. The chairperson is Mr. Yiu Chun Wing and the other members are Ms. Lin Pinzhuo and Mr. Wang Jianguo. The risk management committee is responsible for considering and monitoring risk exposure of the Group; determining the approach to risk governance; ensuring that the risks relevant to the Company are properly identified and overseeing the adequacy and effectiveness of the risk management and internal control system.

Company Secretary

The Company Secretary of the Company is responsible for advising the Board on governance matters. All Directors have access to the advice and services of the Company Secretary to ensure that board procedures, applicable laws, rules and regulations are followed. The Company Secretary is appointed by the Board. Mr. Lam Sung Him, Gaston is the Company Secretary and has taken no less than 15 hours of relevant training during the year.

MODEL CODE FOR SECURITIES TRANSACTION BY DIRECTORS

The Company has adopted the required standards under the Listing Rules as its own code of conduct regarding securities transactions by the Directors. All the Directors have confirmed that they had complied with the required standards during the year ended 31 December 2018.

FINANCIAL REPORTING

The Directors acknowledge their responsibilities for the preparation of the consolidated financial statements of the Group in accordance with Hong Kong Accounting Standards and the disclosure requirements of the Listing Rules. In preparing the consolidated financial statements for the year ended 31 December 2018, the Board has adopted suitable accounting policies in accordance with Hong Kong accounting principles and applied them consistently. The judgements and estimates made were also prudent, fair and reasonable. A statement by the auditor of the Company about its responsibility for the consolidated financial statements is set out in the Independent Auditor's Report contained in this annual report.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is committed to the maintenance of sound and effective risk management systems of the Group and has established the risk management committee to oversee the effectiveness of the Group's risk management and internal control to ensure that effective risk management in its operation, financial reporting and compliance with applicable laws and regulations. The Board is aware that the Group's risk management and internal control systems are designed to manage but not to eliminate the risks of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. The risk management committee is responsible for evaluating and determining the nature and extent of the risk which the Group can take in achieving the Company's strategic objectives, establishing and maintaining appropriate and effective risk management and internal control systems and setting up risk monitoring and review process for those risks that are considered to be significant. The Board considers that the risk management and internal control systems of the Group are effective and adequate.

AUDITORS' REMUNERATION

The Company's current external auditors are CL Partners CPA Limited. For the year ended 31 December 2018, CL Partners CPA Limited only provided audit service to the Group and the fee payable was HK\$727,000.

INVESTOR RELATIONS AND SHAREHOLDERS' RIGHTS

The Company has established channels to communicate with the shareholders and stakeholders of the Company, including (i) publication of interim and annual reports; (ii) the holding of the annual general meetings and extraordinary general meetings to provide a forum for shareholders of the Company to raise comments and exchange views with the Board; (iii) key information on the Group on the website of the Company; and (iv) the Company's share registrar in Hong Kong serving the shareholders on all share registration matters. The Company aims to provide its shareholders and potential investors with high standard of disclosure and financial transparency. During the year, the Company did not convene any general meeting.

CONSTITUTIONAL DOCUMENTS

There was no change in the Company's constitutional documents during the year.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

This Environmental, Social and Governance Report of the Group contains the environmental and social information for the year ended 31 December 2018 and is summarised as follows:

(A) ENVIRONMENTAL MATTERS

The Group's operation does not materially generate air pollutants, gas emission and regulated discharges. As such, the Air Pollution Control Ordinance and Water Pollution Control Ordinance as well as the related regulations are considered less relevant to the Group's operations. As a socially responsible corporation, the Company is committed to minimizing the adverse impact on and to prevent pollution to the environment and excessive consumption of natural resources.

Emissions and Wastes

The operation of the Group does not general any hazardous gases emission, and only the non-hazardous gas emission of carbon dioxide is generated indirectly from the use of electricity. The Group does not generate hazardous waste in its business operation and domestic waste (such as polluted water from employees' general hygiene usage, paper, packaging materials for goods sold and purchased) is the major non-hazardous waste which is generated at an insubstantial amount. The Group has policies and measures to minimize emissions and waste generation and the adverse impact on the environment and strives to be energy, water and other resources usage efficient. During the year, the Group is not aware of any non-compliance with the relevant laws and regulations that have a material impact on the Group in relation to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous wastes.

Although the Group does not produce much hazardous and non-hazardous emission, the Group is conscious of the effects its operations may have on the environment and strives to maximise energy efficiency and minimise waste to reduce the environmental impact of the Group's daily operations. The Group encourages the economic and efficient use of resources and has adopted the following measures to reduce the emission of greenhouse gas, generation of hazardous and non-hazardous wastes: (i) encourage the practice of recycling used papers and double-sided printing in workplace and utilizing recycled packaging and products; (ii) promote paperless office by disseminating general office documents through electronic means and saving information in electronic format where possible; (iii) reduce unnecessary business trips and promote the use of information technology such as video conference; (iv) utilize efficient energy bulbs and adjust the temperature of office premises appropriately and switch equipment to energy-saving mode; and (v) encourage electricity, water and paper saving habits.

Minimising the Impact on Environment and Natural Resources

The major source of the Group's energy consumption is electricity. As mentioned above, the Group has adopted measures to minimize energy consumption where possible. The Group does not consume significant water in its business activities and its water usage is mainly for general hygiene usage. The Group is committed to conserving resources in order to reduce its impact on the environment as well as saving operational costs. As discussed above, the Group's operations do not generate much environmental hazards nor utilise much natural resources. Since the Group is not an industrial producer, its operations mostly involve the discharge of general domestic non-hazardous waste used by employees such as water, paper and packaging materials which are removed by general waste collectors. As the amounts of these are relatively immaterial, the Group considers it will not result in any significant pollution to air, water or land nor any breach of relevant environmental laws and regulations in Hong Kong including the Air Pollution Control Ordinance, Waste Disposal Ordinance and Water Pollution Control Ordinance. The Group will continue to actively promote energy efficiency, conservation and environmental awareness to its employees and stakeholders. Staff are required to pay attention to the use of air-conditioning and electricity, and implement practices such as turning off lights, air-conditioning and computers when not in use. The Group also encourages regular maintenance of its computers, printers, photocopiers and other common office equipment to minimise replacement.

Climate Change

The Group is aware that climate change can result in extreme conditions such as flooding, seasonal storms and severe rainfall. As Hong Kong's climate is sub-tropical, the significant climate-related issues the Group has identified are typhoons and heavy rainstorms which may hinder the travelling of the Group's employees commuting to office. The Group has procedures to approach typhoon signals and rainstorm warning to protect personal safety of the employees and the safety of the property of the Group. In addition, the Group has work-from-home arrangement to mitigate any adverse effects of any short term disruption of business operation as a result of extreme weather conditions.

(B) SOCIAL MATTERS

The Group strives to build mutually beneficial relationships with its stakeholders, including its employees, customers, suppliers, communities, as well as the public and government authorities. The Group has taken into account its business development goals, considerations and its responsibility to stakeholders.

Employment

The Group recognises that its continued success depends highly on the skills and commitment of its employees. The Group has been mindful and committed to maintaining a safe and equal working environment for its employees, providing development opportunities and promoting employees' health and well-being. The salaries of the employees are determined with reference to individual performance, work experience, qualification and current industry practices. The Group's recruitment and selection process is based on merit, essential and desirable criteria of the job nature and in line with the policy of equal opportunity. The Group also promotes fair competition and prohibits discrimination or harassment against any employee on his/her race, ethnicity, social class, nationality, religion, disability, gender, sexual orientation, marital status, age, membership in trade union, political party or any other status protected by law. In addition, child and forced labour are intolerable to the Group and all potential candidates shall provide identity documents for verification before employment. The employees of the Group are provided with open and fair workplaces to maintain their job satisfaction. During the year, the Group has been in compliance with the relevant employment ordinances and codes including but not limited to the Employment Ordinance, Employees' Compensation Ordinance, Minimum Wage Ordinance, Mandatory Provident Fund Schemes Ordinance, Occupational Safety and Health Ordinance, Family Status Discrimination Ordinance, Race Discrimination Ordinance, Sex Discrimination Ordinance and Disability Discrimination Ordinance.

Health and Safety

The health and well-being of employees are the most critical factors contributing to organisational success. The Group is dedicated to supporting employees by providing a safe workplace and encouraging a healthy work-life balance. In light of the COVID-19 pandemic, the Group aligns with government's disease prevention and control policies and regulations and performed precautionary measures to protect the health and safety of its employees. At the same time, the Group has introduced a series of employee health protection measures such as providing anti-pandemic items, arranging flexible working hours, and frequently performing disinfection procedures in the working environment. During the year, the Group was not aware of any non-compliance with relevant laws and regulations relating to health and safety of workplace.

Development and Training

Improvement of employee's competency is key to the Group's development. The Group believes that cultivating its workforce and supporting employees' long-term career goals are integral to sustaining and strengthening its economic performance. The Group has been providing comprehensive on-the-job coaching programs and encourages its employees to attend outside seminars and training sessions to enrich their knowledge in discharging their duties.

Supply Chain Management

Reliable and quality suppliers are key to the Group's business. The Group selects its suppliers carefully and based on a number of selection criteria, including (i) ability to meet specification and standards; (ii) product and service quality; (iii) pricing of the products and services; (iv) quality control methods and practices, and reliable delivery method; and (v) past performance. During the year, the Group is not aware that the engagement of its suppliers will constitute major environment and social risks. The Group will continue to review and assess the suppliers' performance and qualification regularly.

Product/Service Responsibility

The Group regards services and product quality as the key competitive advantages of its business. All of the Group's service personnel are provided with comprehensive training to ensure they clearly understand the products to ensure that the Group's customers are provided with quality products and services and their satisfaction is kept at a high level. During the course of its business operation, the Group receives a substantial amount of confidential information including the privacy data of its clients and the commercial information of its suppliers. The Group fully understands its obligation to keep this type of information confidential. The Group fully complies with the Personal Data (Privacy) Ordinance and other statutory requirements in privacy law. The Group's customers are assured of high level of data privacy regarding personal information. Employees are prohibited from accessing information without approval and from leaking private and confidential information to third parties. The Group's employees are required to handle and use customer information privately and confidentially.

Anti-corruption

The Company is committed to adhering to the highest possible ethical standards and maintaining a corporate culture of integrity and fairness by preventing, detecting and reporting all types of corrupted and fraudulent practices (such as bribes, kickbacks, favouritisms, money-laundering, etc.) and is committed to complying with the laws and regulations in relation to the prevention of bribery which includes Prevention of Bribery Ordinance and Anti-Money Laundering and Counter Terrorist Financing. The Group encourages its employees to discharge their duties and conduct themselves in compliance with laws and regulations and to do so with integrity and honesty. During the year, the Group did not identify any non-compliance or legal cases in relation to corruption, fraud, money laundering and bribery. The Group has a Whistleblowing Policy to encourage and assist whistleblowers to disclose information relevant to misconduct, malpractices or irregularities through a confidential reporting channel without the fear of recrimination. Suspected misconduct cases will be referred to the Risk Management Committee, which will review the cases and determine the appropriate mode of investigation and any subsequent corrective action. All reported cases will be handled by the Company with care and the concerns will be investigated in a fair and proper manner.

Community

The Group strives to be a socially responsible corporate citizen making contributions to the general communities. The Group supports the employees to provide voluntary services and to participate in charity works as means to contribute to the community in which it operates. During the year, the Group made a charitable donation of HK\$147,000 to charity.

INDEPENDENT AUDITOR'S REPORT

To the members of SoftMedx Healthcare Limited

(Incorporated in Hong Kong with limited liability)

DISCLAIMER OF OPINION

We were engaged to audit the consolidated financial statements of SoftMedx Healthcare Limited (the "Company") and its subsidiaries (collectively refer to as the "Group"), which comprise the consolidated statement of financial position as at 31 December 2018, and the consolidated statement of profit or loss, and comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an opinion on these consolidated financial statements. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR DISCLAIMER OF OPINION

1. Limitation of scope on accounting books and records of subsidiaries which had been disposed, liquidated and deconsolidated

As explained in note 3 to the consolidated financial statements, the directors advised that since the disposal, liquidation and deconsolidation of certain subsidiaries and associates of the Group before our appointment as the auditors of the Group in February 2023 ("Disposed and Liquidated companies"), the Company has retained the basic business records of these Disposed and Liquidated companies, including but not limited to management accounts, ledgers and sub-ledgers accounts, certain vouchers, bank statements, certain agreements and documentation (collectively referred to as the "Basic Records"), that were left behind by the former management and accounting departments of these Disposed and Liquidated companies as far as possible. The Basic Records were not considered to be of a sufficient level for our audit purposes. More specific business records and supporting explanations of the accounting records were needed for our audit, including but not limited to, (i) certain supporting documents of certain business transactions, such as invoices, receipts and purchase orders; and (ii) detailed explanation of the accounting entries made (collectively, the "Specific Records"). In the absence of the Specific Records of these Disposed and Liquidated companies following the disposal/liquidation, the directors considered that they were unable to determine whether these Specific Records were complete in the first place, and they had no other access to such Specific Records despite they have taken all reasonable steps and have used their best endeavor to locate such Specific Records.

As a result of the above matters, we have not been able to obtain sufficient appropriate audit evidence to ascertain whether the income and expenses for the year ended 31 December 2018 and the assets and liabilities as at 31 December 2018 and other related disclosure notes in relation to these Disposed and Liquidated subsidiaries, as included in the consolidated financial statements of the Group have been accurately recorded and properly accounted for in the consolidated financial statements. Accordingly, we were unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded transactions and the elements making up the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended 31 December 2018.

2. Limitation of scope on opening balances, comparative figures and related disclosures

As described in the preceding paragraphs, due to the absence of sufficient supporting documents and more detailed explanations in relation to the accounting records in connection to the opening balances and comparative information made available to the directors in respect of the Disposed and Liquidated companies, we were unable to obtain sufficient appropriate audit evidence over the account balances as at 31 December 2017 and the transactions and notes to consolidated financial statements of the Group and Company for the year then ended. Any adjustments that might have been found necessary to the Group's consolidated statement of financial position as at 31 December 2017 and 1 January 2018 would have a consequential effect on the Group's consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended 31 December 2017.

3. Non-compliance with HKFRSs and omission of disclosures

As described in the preceding paragraphs, as the consolidated financial statements of the Group have been prepared based on incomplete books and records. Consequently, the directors of the Company were unable to confirm that the consolidated financial statements comply with Hong Kong Financial Reporting Standards (the "HKFRSs") or the disclosure requirements of the Hong Kong Companies Ordinance. Given these circumstances, which are more fully described in note 3 to the consolidated financial statements, there were no practicable audit procedures that we could perform to quantify the extent of adjustments that might be necessary in respect of the Group's consolidated financial statements.

MATERIAL UNCERTAINTY RELATING TO GOING CONCERN

We draw attention to note 3 to the consolidated financial statements, the Group incurred a net loss attributable to owners of the Company of HK\$66.1 million for the year ended 31 December 2018, and as at 31 December 2018, the Group had net current liabilities and net liabilities of HK\$106.1 million and HK\$93.9 million respectively, which included borrowings of HK\$123.1 million that would be repayable within one year, while the Group's cash and cash equivalent balance was HK\$11.4 million. The Group did not have sufficient cash and cash equivalents for immediate settlement of borrowings as mentioned above.

These factors, together with other matters disclosed in note 3, indicated the existence of material uncertainties that may cast significant doubt on Group's ability to continue as a going concern. However, our opinion is not modified in respect of this matter.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our responsibility is to conduct an audit of the Group's consolidated financial statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA and to issue an auditor's report. We report our opinion solely to you, as a body, in accordance with the terms of our engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. However, because of the matter described in the "Basis for Disclaimer of Opinion" section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. We are independent of the Group in accordance with the HKICPA's "Code of Ethics for Professional Accountants" (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

CL Partners CPA Limited
Certified Public Accountants

Chan Kin Wai
Practising Certificate Number: P07749

Hong Kong, 19 May 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2018

	Notes	2018 HK\$'000	2017 HK\$'000
Continuing operations:			
Revenue	7	58,229	120,522
Cost of goods sold		<u>(27,372)</u>	<u>(73,808)</u>
Gross profit		30,857	46,714
Other income, gains and losses	8	8,874	10,541
Selling and distribution expenses		(5,773)	(15,615)
Administrative expenses		(77,722)	(113,873)
Gain/(loss) on disposal of financial assets at fair value through profit or loss ("FVTPL")		294	(28,036)
Loss arising from change in fair value of financial assets at FVTPL		-	(189,046)
Impairment loss on other receivable		(1,631)	(2,994)
Impairment loss on intangible assets		-	(41)
Gain on disposal of subsidiaries		540	74,356
Gain on disposal of associates		-	25,558
Share of results of associates		(118)	2,852
Finance costs	9	<u>(20,093)</u>	<u>(32,831)</u>
Loss before taxation	10	<u>(64,772)</u>	<u>(222,235)</u>
Income tax credit (expense)	11	<u>117</u>	<u>(510)</u>
Loss for the year from continuing operations		<u>(64,655)</u>	<u>(222,745)</u>
Discontinued operation:			
Loss for the year from discontinued operation		-	(20,554)
Loss for the year		<u>(64,655)</u>	<u>(243,299)</u>
Other comprehensive (expense) income for the year			
Items that may be reclassified subsequently to profit or loss			
Change in fair value of equity instrument at fair value through other comprehensive income ("FVTOCI")		(3,188)	8,031
Exchange differences on translating foreign operations		-	6,133
Other comprehensive (expense) income of the year, net of income tax		<u>(3,188)</u>	<u>14,164</u>
Total comprehensive expense for the year		<u>(67,843)</u>	<u>(229,135)</u>
Loss for the year attributable to			
Owners of the Company:			
Continuing operations		(66,078)	(208,040)
Discontinued operation		-	(20,554)
		<u>(66,078)</u>	<u>(228,594)</u>
Non-controlling interests			
Continuing operations		1,423	(14,705)
Discontinued operation		-	-
		<u>1,423</u>	<u>(14,705)</u>
		<u>(64,655)</u>	<u>(243,299)</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2018

	Notes	2018 HK\$'000	2017 HK\$'000
Total comprehensive expense for the year attributable to			
Owners of the Company:			
Continuing operations		(69,266)	(193,876)
Discontinued operation		–	(20,554)
		<u>(69,266)</u>	<u>(214,430)</u>
Non-controlling interests:			
Continuing operations		1,423	(14,705)
Discontinued operation		–	–
		<u>1,423</u>	<u>(14,705)</u>
		<u>(67,843)</u>	<u>(229,135)</u>
Loss per share from continuing operations attributable to owners of the Company			
Basic and diluted	13	<u>HK(20.3) cents</u>	<u>HK(63.8) cents</u>
Loss per share from continuing operations and discontinued operation attributable to owners of the Company			
Basic and diluted	13	<u>HK(20.3) cents</u>	<u>HK(70.1) cent</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

	Notes	2018 HK\$'000	2017 HK\$'000
Non-current assets			
Property, plant and equipment	16	4,200	6,515
Goodwill	17	12,816	12,816
Investments in associates		–	85,342
Equity instruments at FVTOCI	18	94,559	93,323
Long-term prepayments and deposits	22	944	2,151
		<u>112,519</u>	<u>200,147</u>
Current assets			
Inventories	20	11,162	11,164
Trade receivables	21	3,364	1,936
Other receivables, prepayments and deposits	22	15,125	8,776
Tax recoverable		–	253
Financial assets at FVTPL	19	37,578	18,131
Bank balances and cash		11,429	36,207
		<u>78,658</u>	<u>76,467</u>
Assets classified as held for sale		–	34,713
		<u>78,658</u>	<u>111,180</u>
Current liabilities			
Trade payables	23	8,570	4,960
Other payables	24	53,046	36,275
Borrowings	25	123,109	200,322
		<u>184,725</u>	<u>241,557</u>
Net current liabilities		<u>(106,067)</u>	<u>(130,377)</u>
Total assets less current liabilities		<u>6,452</u>	<u>69,770</u>
Non-current liabilities			
Other payables	24	5,900	5,901
Borrowings	25	75,008	73,042
Bonds payable	26	19,345	19,112
Deferred tax liabilities		91	190
		<u>100,344</u>	<u>98,245</u>
NET LIABILITIES		<u>(93,892)</u>	<u>(28,475)</u>
Capital and reserves			
Share capital	27	3,030,660	3,030,660
Reserves		(3,104,308)	(3,036,554)
Deficit attributable to owners of the Company		(73,648)	(5,894)
Non-controlling interests		(20,244)	(22,581)
Total deficit		<u>(93,892)</u>	<u>(28,475)</u>

The consolidated financial statements were approved and authorised for issue by the board of directors on 19 May 2023 and are signed on its behalf by:

Cheung Wai Kwan
Director

Wang Jianguo
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2018

Attributable to owners of the Company

	Share capital HK\$'000	Share premium* HK\$'000	Share option reserve* HK\$'000	Exchange reserve* HK\$'000	Warrant reserve* HK\$'000	Other Reserve* HK\$'000	Shares held for share award			Subtotal HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
							Investment Revaluation Reserve* HK\$'000	Accumulated losses* HK\$'000	Investment Reserve* HK\$'000			
Balance as at 1 January 2018	3,030,660	-	9,500	85	179	(2,751)	(8,538)	7,436	(3,042,465)	(5,894)	(22,581)	(28,475)
Loss for the year	-	-	-	-	-	-	-	-	(66,078)	(66,078)	1,423	(64,655)
Change in fair value of equity investment at FVTOCI	-	-	-	-	-	-	-	(3,188)	-	(3,188)	-	(3,188)
Total comprehensive income for the year	-	-	-	-	-	-	-	(3,188)	(66,078)	(69,266)	1,423	(67,843)
Disposal of subsidiaries	-	-	-	-	-	-	-	(15,494)	15,494	-	-	-
Change of ownership of subsidiaries	-	1,467	-	-	-	-	-	40	5	1,512	914	2,426
Cancellation of share options	-	-	(5,311)	-	-	-	-	5,311	-	-	-	-
Release of reserve upon disposal of equity investment at FVTOCI	-	-	-	-	-	-	-	799	(799)	-	-	-
Balance as at 31 December 2018	<u>3,030,660</u>	<u>1,467</u>	<u>4,189</u>	<u>85</u>	<u>179</u>	<u>(2,751)</u>	<u>(8,538)</u>	<u>(10,407)</u>	<u>(3,088,532)</u>	<u>(73,648)</u>	<u>(20,244)</u>	<u>(93,892)</u>

Attributable to owners of the Company

	Share capital HK\$'000	Share option reserve* HK\$'000	Exchange reserve* HK\$'000	Equity component of convertible bond* HK\$'000	Warrant reserve* HK\$'000	Other Reserve* HK\$'000	Shares held for share award			Subtotal HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
							Investment Revaluation Reserve* HK\$'000	Accumulated losses* HK\$'000	Investment Reserve* HK\$'000			
Balance as at 1 January 2017	3,030,660	50,563	948	67	179	(18,231)	-	(595)	(2,817,714)	245,877	74,002	319,879
Loss for the year	-	-	-	-	-	-	-	-	(228,594)	(228,594)	(14,705)	(243,299)
Exchange difference on translating foreign operations	-	-	6,133	-	-	-	-	-	-	6,133	-	6,133
Change in fair value of equity investment at FVTOCI	-	-	-	-	-	-	-	8,031	-	8,031	-	8,031
Total comprehensive income for the year	-	-	6,133	-	-	-	-	8,031	(228,594)	(214,430)	(14,705)	(229,135)
Deconsolidation of subsidiary	-	-	(5,243)	-	-	-	-	-	-	(5,243)	27,046	21,803
Disposal of subsidiaries	-	-	(1,753)	-	-	23,983	-	-	(49,152)	(26,922)	(66,771)	(93,693)
Change in ownership of subsidiaries	-	-	-	-	-	-	-	-	-	-	(52,700)	(52,700)
Shares held for share award scheme	-	-	-	-	-	386	6,643	-	-	7,029	-	7,029
Grant of share award	-	-	-	-	-	-	(15,181)	-	-	(15,181)	-	(15,181)
Grant of share option	-	4,694	-	-	-	-	-	-	-	4,694	-	4,694
Lapse of share options	-	(45,757)	-	-	-	-	-	-	45,757	-	-	-
Release of reserves	-	-	-	-	-	(8,889)	-	-	7,171	(1,718)	10,547	8,829
Release of reserve upon settlement of convertible bond	-	-	-	(67)	-	-	-	-	67	-	-	-
Balance as at 31 December 2017	<u>3,030,660</u>	<u>9,500</u>	<u>85</u>	<u>-</u>	<u>179</u>	<u>(2,751)</u>	<u>(8,538)</u>	<u>7,436</u>	<u>(3,042,465)</u>	<u>(5,894)</u>	<u>(22,581)</u>	<u>(28,475)</u>

* The total of these accounts as at the reporting dates represents "Reserves" in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2018

	Notes	2018 HK\$'000	2017 HK\$'000
Cash flows from operating activities			
Loss before income tax from continuing operations		(64,772)	(222,235)
Loss before income tax from discontinued operation		–	(20,554)
		(64,772)	(242,789)
Adjustments for:			
Depreciation of property, plant and equipment	10	2,616	5,205
Amortisation of intangible assets		–	975
Exchange loss		–	3,148
Interest income		(2)	(149)
Dividend income		–	(967)
Gain on disposal of subsidiaries		(540)	(74,536)
Gain on disposal of associates		(780)	(25,558)
Loss on deconsolidation of a subsidiary		–	20,554
Loss on disposal of financial assets at FVTPL		–	28,036
Loss on disposal of listed securities		(294)	–
Impairment loss on intangible assets		–	41
Impairment loss on other receivables	21	1,631	2,994
Impairment loss on financial assets at FVPL		–	189,046
Written off of property, plant and equipment		26	
Share of results of associates		118	(2,852)
Finance costs	9	20,092	32,831
Operating cash outflow before working capital changes		(41,905)	(64,021)
Decrease in inventories		2	(1,610)
(Increase)/Decrease in trade receivables		(1,428)	(822)
(Increase)/Decrease in prepayments and other receivables		(1,942)	31,218
Decrease/(Increase) in long term prepayment and deposits		1,207	(207)
Increase/(Decrease) in trade payables and other payables		23,110	(18,616)
Cash used in operating activities		(20,956)	(54,058)
Hong Kong Profits Tax Paid		272	(490)
Net cash used in operating activities		(20,684)	(54,548)
Cash flows from investing activities			
Purchase of property, plant and equipment		(523)	(6,373)
Purchase of financial assets at FVPL		–	(81,824)
Proceed from disposal of financial assets at FVPL		2,388	18,792
Proceeds from disposal of associates		–	37,892
Proceeds from disposal of subsidiaries		247	104,782
Net cash outflow on deconsolidation of subsidiary		–	(8,424)
Net cash inflow from change in ownership of subsidiary		2,426	33,329
Dividend received		–	967
Interest received		2	149
Net cash generated from investing activities		4,540	99,290
Cash flows from financing activities			
Inceptions of loans	35	24,226	231,641
Repayment of loan		(17,122)	(130,900)
Repayment of promissory note		–	(65,000)
Repayment of bonds payable		–	(89,900)
Repayment of convertible bond		–	(1,990)
Revaluation of bonds payable		(499)	–
Interest paid		(15,239)	(22,002)
Net cash used in from financing activities		(8,634)	(78,151)
Net decrease in cash and cash equivalents		(24,778)	(33,409)
Effect of exchange rate changes on cash and cash equivalent		–	(3,327)
Cash and cash equivalents at the beginning of the year		36,207	72,943
Cash and cash equivalents at the end of the year		11,429	36,207

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company is a public limited company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the registered office of the Company are set out in the section headed "Corporate Information" of the annual report. The Company acts as an investment holding company. The activities of the Company's principal subsidiaries are set out in Note 46.

The Group, comprising the Company and its subsidiaries, is principally engaged in the medical and well-being business.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

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

New and revised HKFRSs in issue but not yet effective

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

HKFRS 16	Leases ¹
HKFRS 17	Insurance Contracts ³
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments ¹
Amendments to HKFRS 9	Prepayment Features with Negative Compensation ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures ¹
Amendments to HKFRSs	Annual improvement on HKFRSs 2015–2017 Cycle ¹
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle ¹
Amendment to HKFRS 3	Definition of a Business ⁴
Amendments to HKAS 1 and HKAS 8	Definition of Material ⁵
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform ⁵
Amendments to HKFRS 16	Covid-19-Related Rent Concessions ⁸
Amendments to HKFRS 3	Reference to the Conceptual Framework ⁷
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2 ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ⁶
Amendments to HKAs 16	Property, Plant and Equipment – Proceeds before Intended Use ⁷
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ⁷
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020 ⁷
Amendments to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 ⁹
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ⁶
Amendments to HKAS 8	Definition of Accounting Estimates ⁶
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ⁶
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ¹⁰

¹ Effective for annual periods beginning on or after 1 January 2019.

² Effective for annual periods beginning on or after a date to be determined.

³ Effective for annual periods beginning on or after 1 January 2021.

⁴ Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.

⁵ Effective for annual periods beginning on or after 1 January 2020.

⁶ Effective for annual periods beginning on or after 1 January 2023.

⁷ Effective for annual periods beginning on or after 1 January 2022.

⁸ Effective for annual periods beginning on or after 1 June 2020.

⁹ Effective for annual periods beginning on or after 1 April 2021.

¹⁰ Effective for annual periods beginning on or after 1 April 2024.

Except for the new and amendments to HKFRSs and interpretations mentioned below, the Board anticipate that the application of all other new and amendments to HKFRSs and interpretations will have no material impact on the consolidated financial statements in the foreseeable future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

HKFRS 16 Leases

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 Leases and the related interpretations when it becomes effective. HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets. The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents operating lease payments as operating cash flows. Upon application of HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing/operating cash flows by the Group.

Under HKAS 17, the Group has already recognised an asset and a related finance lease liability for finance lease arrangement where the Group is a lessee. The application of HKFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned. In contrast to lessee accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease. Furthermore, extensive disclosures are required by HKFRS 16.

Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

HKAS 1 is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information. HKFRS Practice Statement 2 Making Materiality Judgements (the “Practice Statement”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement. The application of the amendments is not expected to have significant impact on the financial position or performance of the Group but may affect the disclosures of the Group’s significant accounting policies. The impacts of application, if any, will be disclosed in the Group’s future consolidated financial statements.

Amendments to HKAS 8 Definition of Accounting Estimates

The amendments define accounting estimates as “monetary amounts in financial statements that are subject to measurement uncertainty”. An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty – that is, the accounting policy may require such items to be measured at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. Developing accounting estimates involves the use of judgements or assumptions based on the latest available, reliable information. In addition, the concept of changes in accounting estimates in HKAS 8 is retained with additional clarifications. The application of the amendments is not expected to have significant impact on the Group’s consolidated financial statements.

3. BASIS OF PREPARATION

3.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with all HKFRSs, Hong Kong Accounting Standards (“HKASs”) and Interpretations (hereinafter collectively referred to as the “HKFRS”) and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

3.2 Basis of measurement and going concern assumption

These consolidated financial statements have been prepared under the historical cost basis, except for certain financial instruments that are measured at fair values at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. The consolidated financial statements are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand except when otherwise indicated. These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”) and the Hong Kong Companies Ordinance. These consolidated financial statements also include applicable disclosures required by the Listing Rules.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Suspension of trading in shares of the Company

Reference is made to the Company's announcement dated 27 November 2017 made at the request of the SFC under section 8(1) of the Securities and Futures (Stock Market Listing) Rules (Cap. 571V) to suspend trading in shares of the Company on the Stock Exchange with effect from 27 November 2017.

Insufficient records for audit purpose

Since the disposal, liquidation and deconsolidation of the Disposed and Liquidated companies, the Company has retained only the Basic Records left behind by the former management and accounting departments of these companies which were insufficient for audit purposes. Although all reasonable steps have been taken to locate such Specific Records, there was no access to such Specific Records. As a result, there were not sufficient and appropriate audit evidence to ascertain whether the income and expenses, the assets and liabilities and other related disclosure notes in relation to the above-mentioned companies included in the consolidated financial statements of the Group have been accurately recorded and properly accounted for in the consolidated financial statements. It is therefore unable to determine whether any adjustment might have been found necessary in respect of recorded or unrecorded transactions and the elements making up the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended 31 December 2018.

Going concern

The Group incurred a loss of HK\$66,078,000 for the year ended 31 December 2018, and recorded net current liabilities of HK\$106,067,000 and net liabilities of HK\$93,892,000 as at 31 December 2018. In assessing the appropriateness of the use of the going concern in the preparation of these consolidated financial statements, the Board has given careful consideration to the Group's future liquidity and performance, the debt restructuring of and the Group's available sources of financing, but not limited to the following:

- (a) The Company is exploring a scheme. The Directors assess that it is probable that the Company would obtain the necessary approvals, considering the Group's financial position published in its most recent audited consolidated financial statements;
- (b) The Group has in place a loan facility of HK\$8,000,000 to finance its operating costs and a loan facility of HK\$12 million to finance its business operation from a financier; and
- (c) The Group has been continuing to develop its medical and well-being business to improve its cashflow from operations.

The Directors are of the opinion that the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within the next twelve months from the date of approval for issue of these consolidated financial statements. Accordingly, the Directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis. However, a material uncertainty relating to the above conditions exists and may cast significant doubt about the Group's ability to continue as a going concern.

3.3 Functional and presentation currency

The consolidated financial statements are presented in Hong Kong dollar ("HK\$"), which is the same as the functional currency of the Company.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss. Changes in the Group's interests in a subsidiary that do not result in a loss of control of the subsidiary are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and comprehensive income from dates of acquisition or up to the dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

When the Group loses control of a subsidiary, the gain or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for on the same basis as would be required if the relevant assets or liabilities were disposed of.

4.2 Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: (i) power over the investee, (ii) exposure, or rights, to variable returns from the investee, and (iii) the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

4.3 Property, plant and equipment

Property, plant and equipment including plants, machinery and equipment and leasehold improvements, are stated at cost less accumulated depreciation and accumulated impairment losses, if any. The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as an expense in profit or loss during the financial period in which they are incurred.

Property, plant and equipment are depreciated so as to write off their costs net of estimated residual values over their estimated useful lives on straight-line method. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The useful lives are as follows:

Leasehold improvements	20%–33.3% or over the shorter of the term of the lease
Furniture, fixtures and equipment	10%–33.3%
Motor vehicles	10%–33.3%
Computer equipment	10%–33.3%

The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in profit or loss on disposal.

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount. The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in profit or loss on disposal.

4.4 Government grant

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets (including property, plant and equipment) are recognised as deferred income in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable and are recognised as other income, rather than reducing the related expense.

4.5 Leases

The Group as a lessee

All leases are required to be capitalised in the statement of financial position as right-of-use assets and lease liabilities, but accounting policy choices exist for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for low-value assets and leases for which at the commencement date have a lease term of 12 months or less and do not contain purchases option. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Right-of-use asset

The right-of-use asset is initially recognised at cost and would comprise:

- (i) The amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability);
- (ii) Any lease payments made at or before the commencement date, less any lease incentives received;
- (iii) Any initial direct costs incurred by the lessee; and
- (iv) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

The Group measures the right-of-use assets applying a cost model. Under the cost model, the Group measures the right-of-use assets at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability.

Lease liability

The lease liability is recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

The following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments:

- (i) Fixed lease payments less any lease incentives receivable;
- (ii) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date;
- (iii) Amounts expected to be payable by the lessee under residual value guarantees;
- (iv) Exercise price of a purchase option, if the lessee is reasonably certain to exercise that option; and
- (v) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent to the commencement date, the Group measures the lease liability by:

- (i) Increasing the carrying amount to reflect interest on the lease liability;
- (ii) Reducing the carrying amount to reflect the lease payments made; and
- (iii) Remeasuring the carrying amount to reflect any reassessment or lease modification, or to reflect revised in-substance fixed lease payments.

When the Group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except the discount rate remains unchanged. In both cases, an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognised in profit or loss.

When the Group renegotiates the contractual terms of a lease with the lessor, if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease, in all other cases, where the renegotiated increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount. With the exception to which the practical expedient for COVID-19-Related Rent Concessions applies, if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference recognised in profit or loss.

The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date and the right-of-use asset is adjusted by the same amount.

4.6 Financial Instruments

(i) *Financial assets*

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at FVTPL (as defined below), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price. All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Fair value through other comprehensive income ("FVTOCI"): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Debt investments at FVTOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Fair value through profit or loss ("FVTPL"): Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at FVTPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVTPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVTOCI, as described above, debt instruments may be designated at FVTPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Equity instruments

On initial recognition of an equity investment that is not held for trading, the Group could irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Equity investments at FVTOCI are measured at fair value. Dividend income is recognised in profit or loss unless the dividend income clearly represents a recovery of part of the cost of the investments. Other net gains and losses are recognised in other comprehensive income and are not reclassified to profit or loss. All other equity instruments are classified as FVTPL, whereby changes in fair value, dividends and interest income are recognised in profit or loss.

(ii) *Impairment loss on financial assets*

The Group recognises loss allowances for expected credit loss ("ECL") on trade receivables and financial assets measured at amortised cost. The ECLs are measured on either of the following bases: (1) 12-month ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate. The Group measures loss allowances for trade receivables using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. Trade receivables with significant balances and/or credit-impaired are assessed for ECLs individually. The Group calculates the lifetime ECLs on these receivables based on lifetime probability of default, loss given default and adjusted for forward-looking factors specific to the debtors and the economic environment. Lifetime ECLs for trade receivables which are not assessed individually are estimated by establishing a provision matrix that is based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For other debt financial assets, the ECLs are based on the lifetime ECLs except when there has not been a significant increase in credit risk since initial recognition, in which case the allowance will be based on the 12-month ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information. The Group considers a financial asset to be credit-impaired when: (1) significant financial difficulty of the debtor; (2) a breach of contract, such as a default or being more than 90 days past due; (3) the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise; (4) it is probable that the debtor will enter bankruptcy or other financial reorganisation; or (5) the disappearance of an active market for security because of financial difficulties.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account except for debt instruments measured at FVTOCI, whose loss allowance shall be recognised in other comprehensive income. The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss. Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non credit-impaired financial assets, interest income is calculated based on the gross carrying amount.

(iii) Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at FVTPL are initially measured at fair value and financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL. Financial liabilities are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in profit or loss. Where a contract contains one or more embedded derivatives, the entire hybrid contract may be designated as a financial liability at FVTPL, except where the embedded derivative does not significantly modify the cash flows or it is clear that separation of the embedded derivative is prohibited.

Financial liabilities may be designated upon initial recognition as at FVTPL if the following criteria are met: (i) the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the liabilities or recognising gains or losses on them on a different basis; (ii) the liabilities are part of a group of financial liabilities which are managed and their performance are evaluated on a fair value basis, in accordance with a documented risk management strategy; or (iii) the financial liability contains an embedded derivative that would need to be separately recorded.

Subsequent to initial recognition, financial liabilities at FVTPL are measured at fair value, with changes in fair value recognised in profit or loss in the period in which they arise, except for the gains and losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities at amortised cost

Financial liabilities at amortised cost including trade and other payables, bond payables and borrowings, are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss. Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(iv) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(v) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(vi) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract issued by the Group and not designated as at FVTPL is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of the loss allowance, being the ECL provision measured in accordance with principles of the accounting policy set out in 4.6(ii); and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the principles of HKFRS 15.

(vii) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKFRS 9. Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. Where the Group issues its own equity instruments to a creditor to settle a financial liability in whole or in part as a result of renegotiating the terms of that liability, the equity instruments issued are the consideration paid and are recognised initially and measured at their fair value on the date the financial liability or part thereof is extinguished. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments are measured to reflect the fair value of the financial liability extinguished. The difference between the carrying amount of the financial liability or part thereof extinguished and the consideration paid is recognised in profit or loss for the year.

4.7 Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is calculated using the first-in first out method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

4.8 Revenue recognition

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, excluding those amounts collected on behalf of third parties. Revenue excludes value added taxes or other sales taxes and is after deduction of any trade discounts.

Depending on the terms of the contract and the laws that apply to the contract, control of the goods or service may be transferred over time or at a point in time. Control of the goods or service is transferred over time if the Group's performance: (i) provides all of the benefits received and consumed simultaneously by the customer; (ii) creates or enhances an asset that the customer controls as the Group performs; or (iii) does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods or services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods or service.

When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amounts receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. For contracts where the period between the payment and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

Performance obligations for contracts with customers

For distribution of medical equipment and products to customers and sale of optical products and provision of eye-care services to customers, revenue is recognised when control of the goods has transferred to the customer, being at the point the goods are delivered to the customer. Delivery occurs when the goods have been shipped to a customer's specific location. When a customer initially purchases the goods, the transaction price received by the Group is recognised as a contract liability until the goods have been delivered to the customer.

Transaction price allocated to the remaining performance obligation for contracts with customers

The distribution of medical equipment and products and the sale of optical products and provision of eye-care services are for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

Contract liabilities

A contract liability represents the Group's obligation to transfer services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

Contract costs

The Group recognises an asset from the costs incurred to fulfil a contract when those costs meet all of the following criteria:

- the costs relate directly to a contract or to an anticipated contract that the entity can specifically identify;
- the costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- the costs are expected to be recovered.

The asset recognised is subsequently amortised to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the cost relate. The asset is subject to impairment review.

4.9 Income taxes

Income taxes for the year comprise current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for goodwill and initial recognition of assets and liabilities that do not form part of the business combination that affect neither accounting nor taxable profits, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realised or settled and that has been enacted or substantively enacted at the end of reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income tax levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income or when they relate to items recognised directly in equity in which case the taxes are also recognised directly in equity.

4.10 Foreign currency

Transactions entered into by group entities in currencies other than the currency of the primary economic environment in which it/they operate(s) (the "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income, in which case, the exchange differences are also recognised in other comprehensive income.

On consolidation, income and expense items of foreign operations are translated into the presentation currency of the Company (i.e. Hong Kong dollars) at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the rates approximating to those ruling when the transactions took place are used. All assets and liabilities of foreign operations are translated at the rate ruling at the end of reporting period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity as foreign exchange reserve (attributed to non-controlling interests as appropriate). Exchange differences recognised in profit or loss of group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the foreign operation concerned are reclassified to other comprehensive income and accumulated in equity as foreign exchange reserve.

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On disposal of a foreign operation, the cumulative exchange differences recognised in the foreign exchange reserve relating to that operation up to the date of disposal are reclassified to profit or loss as part of the profit or loss on disposal.

4.11 Employee benefits

(i) Short term employee benefit

Short term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short term employee benefits are recognised in the year when the employees render the related service.

(ii) Defined contribution retirement plans

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for all of its employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the consolidated statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund.

The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme, except for the Group's employer voluntary contributions, which are refunded to the Group when the employee leaves employment prior to the contributions vesting fully, in accordance with the rules of the MPF Scheme.

Under the above scheme, retirement benefits of existing and retired employees are payable by the relevant scheme administrators and the Group has no further obligations beyond the annual contributions.

(iii) Termination benefits

Termination benefits are recognised on the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

4.12 Impairment of assets (other than financial assets)

At the end of each reporting period, the Group reviews the carrying amounts of the property, plant and equipment and right-of-use assets to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased.

If the recoverable amount (i.e. the greater of the fair value less costs of disposal and value in use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount under another HKFRS, in which case the impairment loss is treated as a revaluation decrease under that HKFRS.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount under another HKFRS, in which case the reversal of the impairment loss is treated as a revaluation increase under that HKFRS.

Value in use is based on the estimated future cash flows expected to be derived from the asset, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

4.13 Borrowing costs

Borrowing costs attributable directly to the acquisition, construction or production of qualifying assets which require a substantial period of time to be ready for their intended use or sale, are capitalised as part of the cost of those assets. Income earned on temporary investments of specific borrowings pending their expenditure on those assets is deducted from borrowing costs capitalised. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

4.14 Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which it is probable will result in an outflow of economic benefits that can be reliably estimated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

4.15 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits and highly liquid investments with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their value, and are used by the Group in the management of its short-term commitments. For the purpose of the statement of cash flows, bank overdrafts that are repayable on demand and that form an integral part of the Group's cash management are included in cash and cash equivalents.

4.16 Related parties

- (a) A person or a close member of that person's family is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of key management personnel of the Group or the Company's parent.
- (b) An entity is related to the Group if any of the following condition applies:
 - (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Company's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include (i) that person's children and spouse or domestic partner; (ii) children of that person's spouse or domestic partner; and (iii) dependents of that person or that person's spouse or domestic partner.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. Critical accounting judgements and key sources of estimation uncertainty are as follows:

(i) Income taxes

Significant judgements on the future tax treatment of certain transactions are required in determining income tax provisions. The Group carefully evaluates tax implications of transactions and tax provision are recorded accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislation.

(ii) Useful lives and residual values of property, plant and equipment

The management of the Group determines the residual values, estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual residual value and useful lives of the property, plant and equipment of similar nature and functions. Management will change the depreciation charge where residual values and useful lives are different from the previous estimates. It will also write-off or write down technically obsolete or non-strategic assets that have been abandoned or sold.

(iii) Impairment of property, plant and equipment

In assessing impairment of property, plant and equipment, the Group's management uses all readily available information in determining an amount that is reasonable approximation of the recoverable amount, including estimates based on reasonable and supportable information from similar comparable products in the market. Changes in these estimates could have a significant impact on the carrying value of the assets and could result in additional impairment charge or reversal of impairment in future periods.

(iv) Provision for ECL on trade receivables

The Group uses a probability of default to assess ECLs for trade receivables with significant balances and/or credit-impaired individually. The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

For trade receivables which are not assessed individually, the Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for grouping of various customer segments that have similar loss patterns (e.g. by geography, product type, and customer type and rating, etc.). The provision matrix is initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e. gross domestic products) are expected to deteriorate over the next year which can lead to an increase number of defaults, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast in economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's default in the future. The information about ECLs on the Group's trade receivables and related credit risk is disclosed in notes 20 and 38(c), respectively.

(v) Fair value measurement

The fair value measurement of the Group's financial assets at FVTOCI and at FVTPL utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the "fair value hierarchy"):

- Level 1: Quoted prices in active markets for identical items (unadjusted);
- Level 2: Observable direct or indirect inputs other than Level 1 inputs;
- Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

(vi) ECLs on other receivables

The ECLs for financial assets including other receivables are based on assumptions about risk of default and expected credit loss rates. The Group adopts judgement in making these assumption and selecting inputs for computing such ECLs, broadly based on the available historical data, existing market conditions including forward looking estimates at the end of the reporting period.

(vii) Deconsolidation of subsidiaries

Since the management of the Health Management Subgroup did not facilitate the Company's auditors to conduct the necessary audit procedures (including field audit) and to access the books and records of the business, the directors of the Company considered that the control over the Health Management Subgroup had been lost. Since then, the directors of the Company neither had control over the operating and financial activities, nor any access to the underlying accounting books and records of the Health Management Subgroup. The directors of the Company considered it appropriate to deconsolidate the results, assets, liabilities and cash flows of the Health Management Subgroup as from 1 January 2017.

6. SEGMENT REPORTING

The Group's reportable and operating segments under HKFRS 8 are based on the information reported to the executive Directors, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. The management of the Company monitors the results of the operating segments separately for purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment results, which is measure of adjusted profit or loss before income tax. Since suspension in trading the shares of the Company, the management of the Company reviewed and made adjustment to its business portfolio and development plans as appropriate from time to time. In accordance with the streamlined reportable segments and the way in which information is reported internally to the chief operating decision maker for the purpose of resource allocation and performance assessment, the Group operates two reportable segments (2017: two) of medical and well-being business (i.e. operation of optical products and eye-care services retail shops and provision of obstetric and gynecological services) and asset management business (investment in assets and loan financing). The adjusted profit or loss before income tax is measured consistently with the Group's profit or loss before income tax except that unallocated finance costs and corporate expenses are excluded from such measurement. Segment assets exclude unallocated head office and corporate assets that are managed on a group basis. Segment liabilities exclude borrowings, bonds payable and unallocated head office and corporate liabilities that are managed on a group basis.

(i) The following summary describes the operations in each of the Group's reportable segments:

Continuing operations

For the year ended 31 December 2018

	Medical and well-being business HK\$'000	Asset management business HK\$'000	Total HK\$'000
Reportable segment revenue	58,229	–	58,229
Reportable segment results	250	1,623	1,873
Unallocated corporate expenses			(49,644)
Unallocated finance costs			(17,001)
Loss before taxation			(64,772)
Reportable segment assets	130,895	23,049	154,034
Unallocated assets			37,143
Total assets			191,177
Reportable segment liabilities	28,505	3,467	31,972
Unallocated liabilities			254,097
Total liabilities			285,069

For the year ended 31 December 2017

	Continuing operations			Discontinued operation	Total HK\$'000
	Medical and well-being business HK\$'000	Asset management business HK\$'000	Subtotal HK\$'000	Health management business HK\$'000	
Reportable segment revenue	120,522	–	120,522	–	120,522
Reportable segment results	(60,140)	(72,066)	(132,206)	(20,554)	(152,760)
Unallocated corporate expenses					(61,198)
Unallocated finance costs					(28,831)
Loss before taxation					(242,789)
Reportable segment assets	128,654	115,549	244,203	–	244,203
Unallocated assets					67,124
Total assets					311,327
Reportable segment liabilities	29,917	31,327	61,244	–	61,244
Unallocated liabilities					278,558
Total liabilities					339,802

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(ii) Geographical information

The Group's operation is located in Hong Kong. The Group's revenue from external customers is all from Hong Kong and non-current assets are located in Hong Kong.

7. REVENUE

An analysis of revenue as follows:

(i) Disaggregation of revenue from contracts with customers

	2018 HK\$'000	2017 HK\$'000
Types of goods or service		
Medical and well-being business:		
– Sale of optical products and provision of eye-care services	51,104	42,225
– Provision of obstetric and gynecological services	7,125	9,898
– Pharmaceutical manufacturing, medical laboratory test and provision of research and development services		68,399
Total	58,229	120,522
Geographical market		
Hong Kong	58,229	120,522
Time of revenue recognition		
A point in time	58,229	120,522

(ii) Performance obligations for contracts with customers

For sale of optical products and provision of eye-care services, the provision of obstetric and gynecological services to customers, revenue is recognised when control of the goods has transferred to the customer and pharmaceutical manufacturing, medical laboratory test and provision of research and development services, being at the point the goods are delivered to the customer. Delivery occurs when the goods have been shipped to the customer's specific location. When the customer initially purchases the goods, the transaction price received by the Group is recognised as a contract liability until the goods have been delivered to the customer.

(iii) Transaction price allocated to the remaining performance obligation for contracts with customers

The sale of optical products and provision of eye-care services, the provision of obstetric and gynecological services and pharmaceutical manufacturing, medical laboratory test and provision of research and development services are for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

8. OTHER INCOME, GAINS AND LOSSES

	2018 HK\$'000	2017 HK\$'000
Continuing operations		
Interest income on bank balances	2	149
Dividend income	–	267
Others	8,872	10,125
	8,874	10,541

9. FINANCE COSTS

	2018 HK\$'000	2017 HK\$'000
Continuing operations		
Interest expenses on:		
Bank and other borrowings	16,825	17,346
Bonds payable	3,268	10,099
Promissory note and convertible notes	–	5,386
	20,093	32,831

10. LOSS BEFORE INCOME TAX

Continuing operations

Loss before income tax is arrived at after charging:

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Depreciation of property, plant and equipment (<i>Note 16</i>)	2,619	5,205
Amortisation of intangible assets included in cost of services	–	975
	<u>2,619</u>	<u>6,180</u>
Auditors' remuneration	727	1,467
Cost of inventories recognised as expenses	27,372	73,808
Employee salaries and other benefits	29,868	47,220
	<u>29,868</u>	<u>47,220</u>

11. INCOME TAX (CREDIT) EXPENSE

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Continuing operations		
Current tax:		
Hong Kong Profit Tax	(117)	544
PRC Enterprise Income Tax	–	84
	<u>(117)</u>	<u>628</u>
Deferred tax	–	(118)
	<u>(117)</u>	<u>510</u>

The income tax for the year can be reconciled to the loss before income tax per the consolidated statement of profit or loss as follows:

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Loss before income tax	<u>(64,772)</u>	<u>(222,235)</u>
Tax calculated at the applicable tax rate of 16.5% (2017: 16.5%)	(10,687)	(36,669)
Tax effect of income not taxable for tax purpose	(1,586)	(27,170)
Tax effect of expenses not deductible for tax purposes	586	46,040
Tax effect of temporary differences not recognised	242	(177)
Deferred tax recognised	(99)	66
Tax concession	–	(12)
Overprovision in prior years	(18)	(2)
Effect of tax losses not recognised	11,445	18,434
Income tax	<u>(117)</u>	<u>510</u>

Hong Kong Profits Tax has been provided at the rate of 16.5% of the estimated assessable profits arising in Hong Kong during the year (2017: 16.5%).

12. DIVIDENDS

The Directors do not recommend any dividend for the year ended 31 December 2018 (2017: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13. 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:

From continuing operations and discontinued operation

	2018 HK\$'000	2017 HK\$'000
Loss for the year attributable to owners of the Company from continuing and discontinued operations	<u>(66,078)</u>	<u>(228,594)</u>
	'000	'000
Weighted average number of ordinary shares for the purpose of basic loss per share	<u>326,037</u>	<u>326,037</u>

From continuing operations

	2018 HK\$'000	2017 HK\$'000
Loss for the year attributable to owners of the Company from continuing operations	<u>(66,078)</u>	<u>(208,040)</u>
	'000	'000
Weighted average number of ordinary shares for the purpose of basic loss per share	<u>326,037</u>	<u>326,037</u>

Basic loss per share from discontinued operation is HK\$Nil (2017: HK\$6.3 cents), based on the loss for the year from discontinued operation attributable to owners of the Company of HK\$Nil (2017 HK\$20,554,000) and the demonstrators detached above for basic loss per share.

The weighted average number of ordinary shares for the purpose of basic and diluted loss per share has been adjusted for the share consolidation on 20 November 2017. The computation of diluted earnings per share does not assume the exercise of the Company's options because the exercise price of those options was higher than the average market price for shares for both 2018 and 2017.

14. DIRECTORS' EMOLUMENTS

The emoluments paid or payable to each of the Directors were as follows:

	Fees HK\$'000	Salaries, allowance and other benefits HK\$'000	Defined contribution scheme HK\$'000	Total HK\$'000
For the year ended 31 December 2018				
<i>Executive directors</i>				
Mr. Chan Ka Chung	22,000	–	–	22,000
Mr. Cheung Wai Kwan	144	–	–	144
Mr. Wang Jianguo	360	–	–	360
<i>Independent non-executive directors</i>				
Mr. Chan Yee Ping, Michael	120	–	–	120
Ms. Hu Xuezheng	120	–	–	120
Mr. Lam Chun Ho	120	–	–	120
Mr. Tsang Hung Kei	60	–	–	60
	<u>22,924</u>	<u>–</u>	<u>–</u>	<u>22,924</u>
<i>For the year ended 31 December 2017</i>				
<i>Executive directors</i>				
Mr. Chan Ka Chung	11,862	–	–	12,000
Mr. Cheung Wai Kwan	144	–	–	144
Mr. Wang Jianguo	360	–	–	360
<i>Independent non-executive directors</i>				
Mr. Chan Yee Ping, Michael	120	–	–	120
Ms. Hu Xuezheng	120	–	–	120
Mr. Lam Chun Ho	120	–	–	120
	<u>12,864</u>	<u>–</u>	<u>–</u>	<u>12,864</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The executive directors' emoluments shown above were for their services as directors with executive roles of the Company and the Group. The independent non-executive directors' emoluments shown above were for their services as directors of the Company. No emolument has been paid to the Directors as an inducement to join or upon joining the Group or as compensation for loss of office (2017: Nil).

15. THE FIVE HIGHEST PAID INDIVIDUALS

The five individuals with the highest emoluments in the Group, two (2019: two) were Directors whose emoluments are included in the disclosures in Note 14 above. The emoluments of the remaining three (2019: three) individuals were as follows:

	2018 HK\$'000	2017 HK\$'000
Salaries and other emoluments	2,514	2,764
Defined contribution scheme	96	36
	2,610	2,800

The number of the highest paid non-Directors fell within the following emolument band:

	2018 Number of individuals	2017 Number of Individuals
Nil to HK\$1,000,000		
HK\$1,000,001 to HK\$2,000,000	2	2
	1	1

16. PROPERTY, PLANT AND EQUIPMENT

	Land and building HK\$'000	Leasehold improvements HK\$'000	Plant HK\$'000	Medical & operating equipment HK\$'000	Furniture, fixtures and equipment HK\$'000	Motor vehicles HK\$'000	Computer equipment HK\$'000	Construction in progress HK\$'000	Total HK\$'000
Cost									
At 1 January 2017	23,839	21,094	21,151	28,742	10,010	3,343	2,264	1,765	112,208
Addition	-	796	-	3,653	1,470	879	-	2,120	8,918
Deconsolidation of subsidiary	-	(8,570)	-	(28,026)	-	-	-	-	(36,596)
Disposal of subsidiary	(23,839)	(8,551)	(21,151)	-	(6,277)	(3,343)	-	(3,885)	(67,046)
Disposed/written off	-	-	-	-	(1,151)	-	-	-	(1,151)
At 31 December 2017 and 1 January 2018	-	4,769	-	4,369	4,052	879	2,264	-	16,333
Addition	-	-	-	-	523	-	-	-	523
Disposed/written off	-	(1,022)	-	-	(876)	-	-	-	(1,898)
At 31 December 2018	-	3,747	-	4,369	3,699	879	2,264	-	14,958
Accumulated depreciation and impairment									
At 1 January 2017	1,583	13,174	11,335	18,566	6,088	2,859	1,141	-	54,746
Depreciation provided for the year	156	1,623	1,108	454	869	426	569	-	5,205
Deconsolidation of subsidiary	-	(6,476)	-	(18,096)	-	-	-	-	(24,572)
Disposal of subsidiary	(1,739)	(4,371)	(12,443)	-	(2,719)	(3,138)	-	-	(24,410)
Disposed/written off	-	-	-	-	(1,151)	-	-	-	(1,151)
At 31 December 2017 and 1 January 2018	-	3,950	-	924	3,087	147	1,710	-	9,818
Depreciation provided for the year	-	792	-	822	439	257	309	-	2,619
Disposed/written off	-	(1,022)	-	-	(657)	-	-	-	(1,679)
At 31 December 2018	-	3,720	-	1,746	2,869	404	2,019	-	10,758
Carrying amount									
As at 31 December 2018	-	27	-	2,623	830	475	245	-	4,200
As at 31 December 2017	-	819	-	3,445	965	732	554	-	6,515

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17. GOODWILL

	<i>HK\$'000</i>
At 1 January 2017	69,010
Disposal of subsidiaries	(56,194)
At 31 December 2017, 1 January 2018 and 31 December 2018	<u>12,816</u>

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Unlisted investments:		
Equity securities	<u>94,559</u>	<u>93,323</u>

As at 31 December 2018, the above unlisted equity investments represent the Group's equity interest in (i) 18% (2017:18%) equity interest in a PRC company engaged in medical/healthcare business; and (ii) 0% (2017: 4%) equity interest in a company engaged in ophthalmic business. The Directors have elected to designate these investments in equity instruments as at FVTOCI as it is the Group's strategy to hold these investments for long-term purposes.

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Listed shares	<u>37,578</u>	<u>18,131</u>

During the year ended 31 December 2018, the Group recognized a gain of HK\$294,000 in profit or loss in relation to the listed shares (2017: loss of HK\$28,036,000).

20. INVENTORIES

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Finished goods	<u>11,162</u>	<u>11,164</u>

No inventory was written off during the year ended 31 December 2018.

21. TRADE RECEIVABLES

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Trade receivables	3,364	1,936
Less: Impairment allowances	–	–
	<u>3,364</u>	<u>1,936</u>

The Group's trading terms with its customers are mainly on credit. The credit period is generally 30 days (2017: 30 days). Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The following is an aged analysis of the trade receivable based on the invoice date, or otherwise, delivery date, at the end of the reporting period, which approximated the respective revenue recognition dates:

	2018	2017
	HK\$'000	HK\$'000
0-30 days	3,132	1,695
31-60 days	63	177
61-90 days	50	43
90 days-180 days	109	21
	3,364	1,936
	3,364	1,936

22. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2018	2017
	HK\$'000	HK\$'000
Prepayments	1,869	2,341
Deposits and other receivables	14,200	11,580
	16,069	13,921
Less: Impairment allowances*	-	(2,994)
	16,069	10,927
	16,069	10,927
Analysed into:		
Non current	15,125	8,776
Current	944	2,151
	16,069	10,927
	16,069	10,927

* As at 31 December 2018, the Group has provided HK\$Nil impairment allowances (2017: HK\$2,994,000) against other receivables.

23. TRADE PAYABLES

	2018	2017
	HK\$'000	HK\$'000
Trade payables	8,570	4,960
	8,570	4,960

The following is an aged analysis of the trade payables based on the invoice date. at the end of the reporting period is as follows:

	2018	2017
	HK\$'000	HK\$'000
0-30 days	3,392	2,062
31-60 days	3,162	1,544
61-90 days	1,275	1,072
Over 90 days	741	282
	8,570	4,960
	8,570	4,960

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24. OTHER PAYABLES

	2018 HK\$'000	2017 HK\$'000
Accrual wages and staff benefit	12,325	1,275
Other payables and accruals	46,621	40,901
	<u>58,946</u>	<u>42,176</u>
Analysed into:		
Current	53,046	36,275
Non-current	5,900	5,901
	<u>58,946</u>	<u>42,176</u>

25. BORROWINGS

	2018 HK\$'000	2017 HK\$'000
Loans from financial institutions (note (a))	121,779	174,590
Loans from independent third parties (note (b))	76,338	98,744
	<u>198,117</u>	<u>273,364</u>
Analysed into:		
Repayable within one year or on demand	123,109	200,322
Repayable within a period of more than one year	75,008	73,042
	<u>198,117</u>	<u>273,364</u>

Notes:

(a) The amount represented loans with aggregate principle of HK\$120,189,000 (2017: HK\$172,855,000) bearing interest rates ranging from 8% to 8.5%.

(b) The amount represented loans with aggregate principal of HK\$76,101,000 (2017: HK\$97,000,000) bearing interest rates ranging from 2% to 8%.

26. BONDS PAYABLE

	2018 HK\$'000	2017 HK\$'000
Bonds payable		
– Repayable within a period of more than one year	<u>19,345</u>	<u>19,112</u>

The amount represented bonds with aggregate principal amount of HK\$20,000,000 (2017: HK\$20,000,000), bearing interest rates ranging from 5% to 6.5% (2017: 5% to 6.5%) and effective interest rates ranging from 6% to 9% (2017: 6% to 9%).

27. SHARE CAPITAL

	Number of shares '000	Amount HK\$'000
Issued and fully paid:		
At 1 January 2017	6,520,737	3,030,660
Share consolidation (note)	(6,194,700)	–
As at 31 December 2017, 1 January 2018 and 31 December 2018	<u>326,037</u>	<u>3,030,660</u>

Note: Pursuant to an ordinary resolution passed in the extraordinary general meeting held on 17 November 2017, 20 then existing shares were consolidated into 1 share of the Company.

28. SHARE SCHEMES
Share option scheme

The Company's existing share option scheme was adopted pursuant to a resolution passed on 12 June 2014. The share option scheme has a term of 10 years and is for the purpose of providing incentives to eligible participants for their contribution to the growth of the Group. The Board may grant options to eligible participants to subscribe for shares in the Company. The exercise price is determined by the Board and will not be less than higher of (i) the closing price of the shares on the grant date; (ii) the average closing price of the shares for the five business days immediately preceding the grant date.

Set out below is the summary of the movement of the share options during the years ended 31 December 2018:

Name and category of participant	Exercise Period	Outstanding as at 1 January 2018	Granted during the year	Lapsed/ cancelled during the year	Outstanding as at 31 December 2018	Exercise price at the grant date
Directors						
Mr. Chan Ka Chung	27 October 2017 to 26 October 2019	3,260,368	-	-	3,260,368	\$0.396
Mr. Cheung Wai Kwan	27 October 2017 to 26 October 2019	3,260,368	-	-	3,260,368	\$0.396
Mr. Chan Yee Ping, Michael	27 October 2017 to 26 October 2019	326,036	-	-	326,036	\$0.396
Ms. Hu Xuezheng	27 October 2017 to 26 October 2019	326,036	-	-	326,036	\$0.396
Mr. Lam Chun Ho	27 October 2017 to 26 October 2019	326,036	-	-	326,036	\$0.396
Employees	27 October 2017 to 26 October 2019	16,301,840	-	-	16,301,840	\$0.396
Consultants and co-operators	27 October 2017 to 26 October 2019	3,260,368	-	-	3,260,368	\$0.396
	8 November 2017 to 7 November 2019	5,542,625	-	(2,934,331)	2,608,294	\$0.420
		<u>32,603,677</u>	<u>-</u>	<u>(2,934,331)</u>	<u>29,669,346</u>	

* HK\$5,311,000 was directly transferred from share option reserve to accumulated losses as a result of the cancellation.

Set out below is the summary of the movement of the share options during the years ended 31 December 2017:

Name and category of participant	Exercise Period	Outstanding as at 1 January 2017	Granted during the year (Note)	Lapsed/ cancelled during the year	Outstanding as at 31 December 2017	Exercise price at the grant date
Directors						
Mr. Chan Ka Chung	27 October 2017 to 26 October 2019	-	3,260,368	-	3,260,368	\$0.396
Mr. Cheung Wai Kwan	27 October 2017 to 26 October 2019	-	3,260,368	-	3,260,368	\$0.396
Mr. Chan Yee Ping, Michael	27 October 2017 to 26 October 2019	-	326,036	-	326,036	\$0.396
Ms. Hu Xuezheng	27 October 2017 to 26 October 2019	-	326,036	-	326,036	\$0.396
Mr. Lam Chun Ho	27 October 2017 to 26 October 2019	-	326,036	-	326,036	\$0.396
Employees	27 October 2017 to 26 October 2019	-	16,301,840	-	16,301,840	\$0.396
Consultants and co-operators	27 October 2017 to 26 October 2019	-	3,260,368	-	3,260,368	\$0.396
	8 November 2017 to 7 November 2019	-	5,542,625	-	5,542,625	\$0.420
		<u>-</u>	<u>32,603,677</u>	<u>-</u>	<u>32,603,677</u>	

Note: The figures in the above tables are adjusted by the share consolidation of the Company effective on 17 November 2017.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2018, all of the share options outstanding under the share option scheme which expired in October 2011 had been lapsed and there was no share option outstanding under that share option scheme.

Share award scheme

The Company adopted the share award scheme on 19 June 2015. The scheme has a term of 10 years and is for recognising contributions of the eligible participants and attracting and retaining them for the continual development of the Group. The share award may be satisfied by (a) issuance of new shares, in which case the issue price of the award shares is determined by the Board at its absolute discretion at the time of grant and shall at least be the higher of (i) the closing price of the shares on the grant date; or (ii) the average closing price of the shares for the five trading days immediately preceding the grant date; and (b) acquiring existing shares from the market, in which case the purchase price will be based on the market value of the shares on the date of acquisition. The Board may at its absolute discretion select and grant share award to any eligible participant and determine the terms, composition and conditions of the award. The scheme has neither specified the maximum number of securities of the Company that it may hold, the minimum vesting period nor maximum entitlement of each eligible participant. No amount is payable by the eligible participant upon acceptance of the award. The Company did not grant any share award to any person during the year and there were 20,452,570 Shares held under the scheme as at 31 December 2018.

29. RESERVES

(i) Shares held for share award scheme

	2018 Number	Amount HK\$'000	2017 Number	Amount HK\$'000
At 1 January	20,045,570	8,538	–	–
Shares acquired	–	–	36,428,372	15,181
Share vested	–	–	(15,975,802)	(6,643)
At 31 December	<u>20,045,570</u>	<u>8,538</u>	<u>20,045,570</u>	<u>8,538</u>

(ii) Share option reserve

The share option reserve comprises the portion of grant date fair value of unexercised Share Options granted to employees of the Company recognised in accordance with the accounting policy adopted for share-based payments.

(iii) Investment revaluation reserve

The investment revaluation reserve comprises the cumulative net changes in the fair value of equity instruments designated as measured at fair value through other comprehensive income in accordance with the accounting policy adopted for equity instruments designated at fair value through other comprehensive income.

(iv) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policy adopted for foreign currencies.

30. HOLDING COMPANY STATEMENT OF FINANCIAL POSITION

	2018 HK\$'000	2017 HK\$'000
ASSETS AND LIABILITIES		
Non-current assets		
Property, plant and equipment	760	681
Investment in subsidiaries	–	22
Long term prepayments and deposits	944	1,444
	<u>1,704</u>	<u>2,147</u>
Current assets		
Other receivables, prepayments and deposits	4,213	1,520
Financial assets at FVTPL	24,179	23,398
Amounts due from subsidiaries	94,494	333,131
Bank balances and cash	6,587	31,559
	<u>129,473</u>	<u>389,608</u>
Current liabilities		
Other payables	25,803	5,225
Borrowings	119,644	169,591
Amounts due to subsidiaries	11,427	24,622
	<u>156,874</u>	<u>199,438</u>
Net current (liabilities) assets	<u>(27,401)</u>	190,170
Total assets less current liabilities	<u>(25,697)</u>	192,317
Non-current liabilities		
Borrowings	75,008	73,042
Bonds payable	19,345	19,112
Deferred tax liabilities	6	6
	<u>94,359</u>	<u>92,160</u>
Net (liabilities) assets	<u>(120,056)</u>	<u>100,157</u>
CAPITAL AND RESERVES		
Share capital	3,030,660	3,030,660
Reserves*	(3,150,716)	(2,930,503)
Total (deficit) equity	<u>(120,056)</u>	<u>100,157</u>

On behalf of the Directors

Cheung Wai Kwan
Director

Wang Jianguo
Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

* A summary of the Company's movement in reserves is as follows:

	Other reserve HK\$'000	Equity component of convertible Bond HK\$'000	Warrant reserve HK\$'000	Share option reserve HK\$'000	Shares held for share award scheme HK\$'000	Investment revaluation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 January 2017	-	67	179	50,563	-	661	(2,840,198)	(2,788,728)
Loss for the year	-	-	-	-	-	-	(138,318)	(138,318)
Total comprehensive expense for the year	-	-	-	-	-	-	(138,318)	(138,318)
Grant of share options	-	-	-	4,694	-	-	-	4,694
Lapse of share options	-	-	-	(45,757)	-	-	45,757	-
Shares held for share award scheme	387	-	-	-	6,643	-	-	7,030
Grant of share awards	-	-	-	-	(15,181)	-	-	(15,181)
Release of reserve upon settlement of convertible bond	-	(67)	-	-	-	-	67	-
At 31 December 2017 and 1 January 2018	387	-	179	9,500	(8,538)	661	(2,932,692)	(2,930,503)
Loss for the year	-	-	-	-	-	-	(218,622)	(218,622)
Change in fair value of equity investment at FVTOCI	-	-	-	-	-	1,591	-	(1,591)
Total comprehensive expense for the year	-	-	-	-	-	(1,591)	(218,622)	(220,213)
Release of reserve upon disposal of financial assets at FVOCI	-	-	-	-	-	799	(799)	-
Lapse of share options	-	-	-	(5,311)	-	-	5,311	-
At 31 December 2018	387	-	179	4,189	(8,538)	(131)	(3,146,802)	(3,150,716)

31. SUBSIDIARIES

Details of the principal subsidiaries held directly or indirectly by the Company as at 31 December 2018 are as follows:

Name of subsidiary	Place of incorporation and operations	Normal value of issued and fully paid share capital/paid-up capital	Percentage of equity attributable to the Company		Principal activities
			2018	2017	
Hong Kong Optical Company Limited ("HKO")	Hong Kong	HK\$11,180,000	62%	62.0%	Sale of optical products and provision of eye-care services
Women's Health and Reproductive Medicine Centre Limited ("WHARM")	Hong Kong	HK\$1	100%	100%	Provision of obstetric and gynecological services

32. DISPOSAL OF SUBSIDIARIES

During the year ended 31 December 2018, the Group disposed of certain subsidiaries, the net liabilities of which attributable to the Group and the gain on disposal is as follows:

	HK\$'000
Net liabilities disposed of (net of non-controlling interest)	(239)
Gain on disposal of subsidiaries included in loss for the year in the consolidated statement of profit or loss	540
Total consideration	<u>301</u>
Net cash inflow arising on disposal:	
Cash consideration	301
Bank balances and cash disposed of	(53)
	<u>248</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

In January 2017, the Company disposed of 87,700,000 Rui Kang share, which representing approximately 11.0% of issued shares in Rui Kang at a consideration of HK\$33,329,000. This resulted in a decrease in the Group's equity interest in Rui Kang from 62.5% to 51.5%. Approximately HK\$3,002,000 representing the amounts of the interest disposed of Rui Kang was recognised in other reserve as follows:

	<i>HK\$'000</i>
Carrying amount of the interest disposed	29,691
Exchange reserves	636
Less: Consideration paid by non-controlling interests	(33,329)
Difference recognised in other reserves	(3,002)
Cash consideration received	33,329

In July 2017, the Company disposed of 406,023,891 Rui Kang shares, which representing approximately 51.5% of issued shares in Rui Kang at a consideration of HK\$207,072,000. The net assets attributable to the Group at the date of disposal and the respective loss for the year is as follows:

	<i>HK\$'000</i>
Net assets disposed of (net of controlling interest)	135,546
Gain on disposal of subsidiaries included in loss for the year in the consolidated statement of profit or loss	71,526
Total consideration	207,072

33. PARTIALLY OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

	Percentage of equity interest held by non-controlling interests:		Profit/(loss) for the year ended 31 December allocated to non- controlling interest	
	2018	2017	2018	2017
			<i>HK\$'000</i>	<i>HK\$'000</i>
New Health Elite International Limited and subsidiary ("New Health Elite Subgroup")	22.6%	22.6%	(396)	(2,787)
HKO	38.0%	38.0%	548	(2,045)

The following table illustrates the financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations:

(i) New Health Elite Subgroup

	<i>2018 HK\$'000</i>	<i>2017 HK\$'000</i>
Total income	-	389
Total expenses	(1,723)	(20,581)
Loss for the year	(1,723)	(20,192)
Total comprehensive expenses for the year	(1,723)	(20,192)
Assets	4,839	4,849
Liabilities	(36,436)	(34,719)
	(31,597)	(29,870)

(ii) HKO

	<i>2018 HK\$'000</i>	<i>2017 HK\$'000</i>
Total income	56,914	48,909
Total expenses	(55,471)	(54,291)
Profit/(loss) for the year	1,443	(5,382)
Total comprehensive income for the year	1,443	(5,382)
Assets	25,121	20,357
Liabilities	(45,229)	(41,908)
	(20,108)	(21,551)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34. RELATED PARTY TRANSACTIONS

The key management personnel are the Directors and the five highest paid individuals of the Company. The details of the emoluments paid to them are set out in notes 14 and 15 respectively. Except as disclosed above, no transactions, arrangements or contracts of significance in relation to the Group's business to which the Company was a party and in which a Director of the Company or an entity connected with a Director had a material interest, whether directly or indirectly, subsisted during or at the end of the financial year.

35. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Changes in liabilities arising from financing activities

The table below details changes in Group's liabilities arising from financing activities.

	Borrowings <i>(Note 25)</i> <i>HK\$'000</i>	Bonds payable <i>(Note 26)</i> <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2018	273,364	19,112	292,476
Change from financing cash flows:			
– Inception of loans	24,226	–	24,226
– Repayment of loans	(67,026)	–	(67,026)
– Repayment of bonds	–	(2,535)	(2,535)
– Disposal of subsidiaries	(49,272)	–	(49,272)
	<u>(92,072)</u>	<u>(2,535)</u>	<u>(94,607)</u>
Non-cash flows:			
– Interest expense (Note 9)	16,825	3,267	20,092
– Revaluation of bonds payable	–	(499)	(499)
	<u>16,825</u>	<u>2,768</u>	<u>19,593</u>
At 31 December 2018	<u><u>198,117</u></u>	<u><u>19,345</u></u>	<u><u>217,462</u></u>

36. LITIGATION

In April 2023, a creditor of the Company filed a winding up petition against the Company relating to its claim for an outstanding debt of HK\$16,175,304, together with the unpaid interest and cost thereon. The Directors have exercised their due care in defending the Group in the litigation, assessing the financial impact in respect of the legal costs and claims, if any, of the litigation. The Directors would continue to exercise their due care in monitoring the progress of the litigation and would assess the financial impact of the Group as and when appropriate.

37. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Group manages its capital to ensure that the entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of net debt, net of cash and cash equivalents and equity/deficit attributable to owners of the Company, comprising issued share capital, reserves and accumulated losses, respectively.

The Directors review the capital structure on a continuous basis taking into account the loss of capital and the risk associated with the capital. The Group will balance its overall capital structure through issue of new shares and share buy-back as well as the issue of new debts or debts restructuring, if necessary.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Trade payables	8,570	4,960
Other payables	58,946	36,275
Borrowings	198,117	273,364
Bonds payable	19,345	19,112
Less: Cash and cash equivalents	<u>(11,429)</u>	<u>(36,207)</u>
Net debt	<u>273,549</u>	<u>297,504</u>
Deficit attributable to owners of the Company	<u>(73,648)</u>	<u>(5,894)</u>
Gearing ratio	<u>(371%)</u>	<u>(5,047%)</u>

38. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

The following table shows the carrying amount of financial assets:

	2018		2017	
	Carrying Amount <i>HK\$'000</i>	Fair value <i>HK\$'000</i>	Carrying Amount <i>HK\$'000</i>	Fair value <i>HK\$'000</i>
Financial assets				
FVTPL/FVTOCI:				
Financial assets at FVTOCI	94,559	94,559	93,323	93,323
Financial assets at FVTPL	37,578	37,578	18,131	18,131
Amortised cost:				
Trade receivables	3,364	3,364	1,936	1,936
Deposits and other receivables	16,096	16,096	10,927	10,927
Bank balances and cash	11,429	11,429	36,207	36,207
	<u>163,026</u>	<u>163,026</u>	<u>160,524</u>	<u>160,524</u>

The following table shows the carrying amount of financial liabilities:

	2018		2017	
	Carrying Amount <i>HK\$'000</i>	Fair value <i>HK\$'000</i>	Carrying Amount <i>HK\$'000</i>	Fair value <i>HK\$'000</i>
Financial liabilities				
Amortised cost:				
Trade payables	8,570	8,570	4,960	4,960
Other payables	58,946	58,946	42,176	42,176
Borrowings	198,117	198,117	273,364	273,364
Bonds payable	19,345	19,345	19,112	19,112
	<u>284,978</u>	<u>284,978</u>	<u>339,612</u>	<u>339,612</u>

a. Financial instruments not measured at fair value

Financial instruments not measured at fair value include trade receivables, deposits and other receivables, bank balances and cash, trade payables, other payables and accruals, borrowings, bonds payable and lease liabilities. Due to their short term nature, their carrying value approximates their fair value. The carrying values of borrowings and bonds payable as at 31 December 2018 approximate their fair values as the effective interest rates of these financial instruments were close to market rates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

b. Financial instruments measured at fair value

The following table provides an analysis of financial instruments carried at fair value by level of fair value hierarchy.

	Level 1 <i>HK\$'000</i>	Level 2 <i>HK\$'000</i>	Level 3 <i>HK\$'000</i>	Total <i>HK'000</i>
At 31 December 2018				
Equity instruments at FVTOCI	–	–	94,559	94,559
Financial assets at FVTPL	–	–	37,578	37,578
At 31 December 2017				
Equity instruments at FVTOCI	–	–	93,323	93,323
Financial assets at FVTPL	–	–	18,131	18,131

There was no transfer between levels during the current and prior years.

39. FINANCIAL RISK MANAGEMENT

Details of the Group's major financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (interest rate risk and other price risk), foreign currency risk, credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The Directors manage and monitor these risk exposures to ensure appropriate measures are implemented on a timely and effective manner.

(a) Interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rate. The Group's interest rate risk mainly arises from bank deposits and bond payable. Borrowings arranged at variable rates and fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively.

The Group's bank balances also expose it to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on bank balances. The Directors consider the Group's exposure to interest rate risk in respect of bank balances is not significant due to low level of deposit interest rate.

The Group currently does not have an interest rate hedging policy. However, the management closely monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

(b) Foreign currency risk

The Group mainly operates in Hong Kong with most of the sales transactions and purchase transactions are settled in HK\$ and thus foreign exchange exposure is considered to be minimal.

(c) Credit risk

The credit risk of the Group mainly arises from trade and retention receivables, contract assets, deposits and other receivables and bank balances.

Bank balances

To manage the risk arising from bank balances, the Group only transacts with reputable banks which are all high credit-quality financial institutions. There has no recent history of default in relation to these financial institutions. The expected credit loss is insignificant.

Deposits and other receivables

For deposits and other receivables, management makes periodic collective assessments as well as individual assessment on the recoverability of deposits and other receivables based on historical settlement records and past experience, as well as quantitative and qualitative information that is reasonable and supportive forward-looking information. The management believes that the expected credit loss is insignificant.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Trade receivables

For trade receivables, management makes periodic collective assessments as well as individual assessment on the recoverability with no significant credit risk identified. At 31 December 2018, none (2017: none) of the total trade receivables were due from the Group's top five largest customers. Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. The Group generally requires customers to settle progress billings in accordance with contracted terms and other debts in accordance with agreements. Trade receivables and contract assets for contract work are considered past due once billings have been made and revenue has been recognised, respectively. Normally, the Group does not obtain collateral from customers.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. To measure expected credit losses, the Group categorises its trade receivables based on the nature of customer accounts and shared credit risk characteristics. The expected loss rates are based on the payment profiles of customers and the corresponding historical credit losses experienced. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

(d) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Directors who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and banking facilities. The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from current interest rate at the end of each reporting period.

	Carrying amount HK\$'000	Total contractual undiscounted cash flows HK\$'000	Within one year or on demand HK\$'000	More than 1 year HK\$'000
At 31 December 2018				
Trade payables	8,570	8,570	8,570	–
Other payables	58,946	58,946	53,046	5,900
Borrowings	198,117	198,117	123,109	75,008
Bonds payable	19,345	19,345	–	19,345
	<u>284,978</u>	<u>284,978</u>	<u>184,725</u>	<u>100,253</u>
At 31 December 2017				
Trade payables	4,960	4,960	4,960	–
Other payables	42,176	42,176	36,275	5,901
Borrowings	273,364	273,364	200,322	73,042
Bonds payable	19,112	19,112	–	19,112
	<u>339,612</u>	<u>339,612</u>	<u>241,557</u>	<u>98,055</u>

40. EVENTS AFTER THE REPORTING DATE

- (i) In March 2021, a subsidiary of the Company under the medical and well-being business filed a winding-up petition to the High Court of Hong Kong. In July 2021, the subsidiary was wound up by the High Court of Hong Kong.
- (ii) In April 2023, a creditor of the Company filed a winding up petition against the Company relating to its claim for an outstanding debt of HK\$16,200,000, together with the unpaid interest and cost thereon.

41. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of Directors on 19 May 2023.

FIVE YEARS FINANCIAL SUMMARY

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the published consolidated financial statements and restated/reclassified as appropriate, is set out below.

	Year ended 31 December				
	2018 HK\$'000	2017 HK\$'000	2016 HK\$'000	2015 HK\$'000	2014 HK\$'000
RESULTS					
CONTINUING OPERATIONS					
REVENUE	58,229	120,522	101,781	127,236	85,385
Cost of goods sold	(27,372)	(73,808)	(66,515)	(98,817)	(18,245)
Gross profit	<u>30,857</u>	<u>46,714</u>	<u>35,266</u>	<u>28,419</u>	<u>67,140</u>
Other income and gains	8,874	10,541	18,427	4,104	11,573
Selling and distribution expenses	(5,773)	(15,615)	(17,777)	(11,756)	—
Administrative expenses	(77,722)	(113,873)	(111,845)	(179,752)	(66,244)
Loss arising from change in fair value of financial assets at FVTPL	—	(189,046)	(41,804)	—	—
Gain/(loss) on disposal of property, plant and equipment and other intangible assets	—	—	—	(119)	16,898
Gain/(loss) on disposal of financial assets at FVTPL	294	(28,036)	(5,432)	—	—
Loss arising from change in fair value of investment properties	—	—	(12,901)	—	—
Impairment loss on available-for-sale financial assets	—	—	(183,372)	(40,734)	—
Impairment loss on other receivables	(1,631)	(2,994)	—	—	—
Impairment loss on intangible assets	—	(41)	—	—	—
Impairment loss on property, plant and equipment and other intangible assets	—	—	—	(18,532)	—
Impairment loss on trade receivables	—	—	(5,075)	(17,172)	—
Fair value change on investment properties	—	—	—	(44,110)	3,535
Loss arising on extinguishment of convertible bonds	—	—	—	(69,410)	—
Gain/(loss) on disposal of subsidiaries	540	74,536	(40,475)	—	—
Gain on bargain purchase of subsidiaries	—	—	49,318	—	—
Gain/(loss) on disposal of associates	—	25,558	—	—	(60,960)
Share of results of associates	(118)	2,852	8,741	—	(1,971)
Share of results of joint ventures	—	—	(3,902)	6,891	(476)
Finance costs	(20,093)	(32,831)	(29,445)	(16,655)	(8,995)
LOSS BEFORE INCOME TAX	<u>(64,772)</u>	<u>(222,235)</u>	<u>(340,276)</u>	<u>(358,826)</u>	<u>(39,500)</u>
Income tax expenses/(credit)	117	(510)	(807)	(5,847)	(2,320)
LOSS FOR THE YEAR FROM CONTINUING OPERATION	<u><u>(64,655)</u></u>	<u><u>(222,745)</u></u>	<u><u>(341,083)</u></u>	<u><u>(364,673)</u></u>	<u><u>(41,820)</u></u>
DISCONTINUED OPERATION					
(Loss)/profit for the year from discontinued operation	—	(20,554)	2,452	—	—
LOSS FOR THE YEAR	<u><u>(64,655)</u></u>	<u><u>(243,299)</u></u>	<u><u>(338,631)</u></u>	<u><u>(364,673)</u></u>	<u><u>(41,820)</u></u>
Loss for the year attributable to:					
Owners of the Company	(66,078)	(228,594)	(311,388)	(436,503)	(61,138)
Non-controlling interests	1,423	(14,705)	(27,243)	71,830	19,318
	<u><u>(64,655)</u></u>	<u><u>(243,299)</u></u>	<u><u>(338,631)</u></u>	<u><u>(364,673)</u></u>	<u><u>(41,820)</u></u>
TOTAL ASSETS	191,177	311,327	874,078	1,094,006	903,489
TOTAL LIABILITIES	(285,069)	(339,802)	(554,199)	(542,392)	(316,272)
NON-CONTROLLING INTERESTS	20,244	22,581	(74,002)	(173,424)	(134,764)
TOTAL (DEFICIT)/EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	<u><u>(73,648)</u></u>	<u><u>(5,894)</u></u>	<u><u>245,877</u></u>	<u><u>378,190</u></u>	<u><u>452,453</u></u>