



# SoftMedx Healthcare Limited

京玖醫療健康有限公司

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 648)**



INTERIM REPORT  
**2018**

# CONTENTS

	Pages
Corporate Information	2
Management Discussion and Analysis	3
Other Information	5
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	7
Condensed Consolidated Statement of Financial Position	9
Condensed Consolidated Statement of Changes in Equity	10
Condensed Consolidated Statement of Cash Flows	10
Notes to the Condensed Consolidated Financial Statements	11

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

CHEUNG Wai Kwan  
WANG Jianguo

### Independent Non-executive Directors

HU Xuezhen  
LIN Pinzhuo  
YIU Chun Wing

### AUDIT COMMITTEE

YIU Chun Wing (*Chairperson*)  
HU Xuezhen  
LIN Pinzhuo

### NOMINATION COMMITTEE

LIN Pinzhuo (*Chairperson*)  
HU Xuezhen  
YIU Chun Wing

### REMUNERATION COMMITTEE

HU Xuezhen (*Chairperson*)  
LIN Pinzhuo  
YIU Chun Wing

### RISK MANAGEMENT COMMITTEE

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

### COMPANY SECRETARY

LAM Sung Him, Gaston

## STOCK CODE

648

## REGISTERED OFFICE

Level 38, Ininitus 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

## AUDITORS

CL Partners CPA Limited  
*Certified Public Accountants*

## AUDITORS

CL Partners CPA Limited  
*Certified Public Accountants*

## WEBSITE ADDRESS

[www.648.com.hk](http://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. The Group recorded revenue of HK\$26.5 million for the six months ended 30 June 2018 (2017: HK\$83.7 million) with gross profit of HK\$14.0 million (2017: HK\$27.7 million) and gross profit margin of 52.9% (2017: 33.1%). The Group’s consolidated loss and consolidated loss attributable to the owners of the Company amounted to HK\$40.4 million (2017: HK\$136.4 million) and HK\$40.1 million (2017: HK\$113.6 million) respectively.

## LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 June 2018, the Group’s total assets and net liabilities amounted to HK\$290.3 million (31 December 2017: HK\$311.3 million) and HK\$65.8 million (31 December 2017: HK\$28.5 million) respectively. Its cash and bank balances amounted to HK\$11.2 million (31 December 2017: HK\$36.2 million) and liquidity ratio (calculated based on the Group’s total assets to total liabilities) was 0.8 (31 December 2017: 0.9). The Group’s total borrowings amounted to HK\$301.1 million (31 December 2017: HK\$292.5 million), including borrowings of HK\$281.9 million (31 December 2017: HK\$273.4 million) and bond payable of HK\$19.2 million (31 December 2017: HK\$19.1 million). For the six months ended 30 June 2018, the Group’s net cash outflow from operating activities amounted to HK\$22.6 million (2017: HK\$27.6 million), net cash outflow from investing activities amounted to HK\$0.3 million (2017: HK\$3.3 million) and net cash outflow from financing activities amounted to HK\$2.1 million (2017: inflow of HK\$41.4 million). As a result, the Group recorded a net cash outflow of HK\$25.0 million (2017: inflow of HK\$10.5 million).

## 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.

## FUND RAISING ACTIVITIES

The Company did not conduct any equity fund raising activities during the six months ended 30 June 2018.

## SIGNIFICANT INVESTMENT AND MATERIAL ACQUISITION AND DISPOSAL

There was no significant investment and material acquisition and disposal during the six months ended 30 June 2018.

## CHARGE ON ASSETS OF THE GROUP

No material asset of the Group had been pledged as at 30 June 2018.

## CAPITAL COMMITMENT

There was no significant capital commitment of the Group outstanding as at 30 June 2018.

## EXPOSURE TO FLUCTUATION IN EXCHANGE RATES

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.

## MANAGEMENT DISCUSSION AND ANALYSIS

### EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2018, the total number of employees of the Group was 51. The Group remunerates its employees based on their performance, working experience and the prevailing market rate. Other employee benefits include retirement benefits, insurance and medical coverage, training programs and share option scheme.

### EVENTS AFTER THE REPORTING PERIOD

Details of events after the reporting period are set out in note 14 to the condensed consolidated financial statements.

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

As at 30 June 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 Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules"), were as follows:

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

\* The underlying shares represent the share options granted to the Directors.

<sup>#</sup> 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.

### SUBSTANTIAL SHAREHOLDERS

As at 30 June 2018, so far as being known to the Directors, there was no person 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 general meetings of the Company.

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

During the six months ended 30 June 2018 neither the Company nor any of its subsidiaries purchased, sold or redeemed any shares of the Company.

**SHARE OPTION SCHEME**

The Company's 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 the 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. No share option was granted during the six months ended 30 June 2018. 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 movement of the share options:

Name and category of participant	Date of grant	Exercise Period	Outstanding	Granted	Lapsed/ cancelled	Outstanding	Exercise price
			as at 1 January 2018	during the period	during the period	as at 30 June 2018	at the grant date
Directors							
Mr. Chan Ka Chung	27 October 2017	27 October 2017 to 26 October 2019	3,260,368	-	-	3,260,368	\$0.396
Mr. Cheung Wai Kwan	27 October 2017	27 October 2017 to 26 October 2019	3,260,368	-	-	3,260,368	\$0.396
Mr. Chan Yee Ping, Michael	27 October 2017	27 October 2017 to 26 October 2019	326,036	-	-	326,036	\$0.396
Ms. Hu Xuezheng	27 October 2017	27 October 2017 to 26 October 2019	326,036	-	-	326,036	\$0.396
Mr. Lam Chun Ho	27 October 2017	27 October 2017 to 26 October 2019	326,036	-	-	326,036	\$0.396
Employees	27 October 2017	27 October 2017 to 26 October 2019	16,301,840	-	-	16,301,840	\$0.396
Consultants and co-operators	27 October 2017	27 October 2017 to 26 October 2019	3,260,368	-	-	3,260,368	\$0.396
	8 November 2017	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 30 June 2018, all of the share options outstanding under the previous share option scheme which expired in October 2011 lapsed and there was no share option outstanding under the previous 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 highest 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 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 six months ended 30 June 2018 and there were 20,452,570 Shares held under the scheme as at 30 June 2018.

## OTHER INFORMATION

### **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. Each of the Directors has confirmed that he/she had complied with the required standards during the six months ended 30 June 2018.

### **CODE ON CORPORATE GOVERNANCE PRACTICES**

The Company is committed to achieving and maintaining a high standard of corporate governance. The Company has complied with the provisions of the Corporate Governance Code in Appendix 14 to the Listing Rules during the six months ended 30 June 2018 except that the non-executive director is not appointed for a specific term. However, all the non-executive directors are subject to retirement by rotation at the annual general meetings, 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.

### **AUDIT COMMITTEE**

The principal responsibilities of the audit committee of the Company include: making recommendation to the Board in relation to the appointment, re-appointment and removal of the external auditors; review and monitoring of the external auditors' independence and objectivity; development and implementation of policy on the engagement of external auditors; monitoring integrity of the interim and annual financial statements as well as interim and annual reports and accounts; review of significant financial reporting judgments; ensuring that management has discharged its duty to have an effective internal control system. The audit committee has reviewed the interim results of the Group for the six months ended 30 June 2018.

By order of the Board  
**SoftMedx Healthcare Limited**  
Cheung Wai Kwan  
*Executive Director*

Hong Kong, 19 May 2023

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

	Notes	For the six months ended 30 June	
		2018	2017
		HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
<b>Continuing operations:</b>			
<b>Revenue</b>	2	<b>26,520</b>	83,726
Cost of goods sold and services		<b>(12,495)</b>	(55,989)
Gross profit		<b>14,025</b>	27,737
Other income, gains and losses		<b>8,047</b>	20,686
Selling and distribution expenses		<b>(2,816)</b>	(10,953)
Administrative expenses		<b>(49,031)</b>	(57,879)
Change in fair value of financial assets at fair value through profit or loss ("FVTPL")		-	(38,948)
Loss on disposal of available-for-sale financial assets		-	(17,061)
Impairment loss on disposal of available-for-sale financial assets		-	(51,294)
Net gain on disposal of subsidiaries		-	1,975
Gain disposal of associates		-	25,558
Share of results of associates		<b>40</b>	1,216
Finance costs	4	<b>(10,656)</b>	(16,601)
<b>Loss before taxation</b>	5	<b>(40,391)</b>	(115,564)
Income tax expense	6	-	(257)
<b>Loss for the period from continuing operations</b>		<b>(40,391)</b>	(115,821)
<b>Discontinued operation:</b>			
Loss for the period from discontinued operation		-	(20,554)
<b>Loss for the period</b>		<b>(40,391)</b>	(136,375)
<b>Other comprehensive income for the period</b>			
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Gain on re-valuation of available-for-sale financial assets		<b>3,103</b>	11,337
Exchange differences on translating foreign operations			
– Exchange differences		-	4,952
– Re-classification adjustments for foreign operations disposed of		-	636
<b>Other comprehensive income for the period, net of income tax</b>		<b>3,103</b>	16,925
<b>Total comprehensive loss for the period</b>		<b>(37,288)</b>	(119,450)
<b>Loss for the period attributable to:</b>			
<b>Owners of the Company:</b>			
Continuing operations		<b>(40,126)</b>	(113,623)
Discontinued operation		-	(20,554)
		<b>(40,126)</b>	(134,177)
<b>Non-controlling interests:</b>			
Continuing operations		<b>(265)</b>	(2,198)
Discontinued operation		-	-
		<b>(265)</b>	(2,198)
		<b>(40,391)</b>	(136,375)



CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		For the six months ended 30 June	
		2018	2017
Notes		<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Total comprehensive loss for the period attributable to:</b>			
<b>Owners of the Company:</b>			
		<b>(37,023)</b>	(96,698)
		–	(20,554)
		<b>(37,023)</b>	(117,252)
<b>Non-controlling interests:</b>			
		<b>(265)</b>	(2,198)
		–	–
		<b>(265)</b>	(2,198)
		<b>(37,288)</b>	(119,450)
<b>Loss per share from continuing operations attributable to owners of the Company</b>			
		<b>12.3</b>	34.9
	8	<b>12.3</b>	34.9
<b>Loss per share from continuing operations and discontinued operation attributable to owners of the Company</b>			
		<b>12.3</b>	41.2
	8	<b>12.3</b>	41.2

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	30 June 2018 HK\$'000 (Unaudited)	31 December 2017 HK\$'000 (Audited)
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment		5,299	6,515
Investment in associates		85,644	85,342
Goodwill		12,816	12,816
Equity instruments at fair value through other comprehensive income ("FVTOCI")		94,052	93,323
Long-term prepayment and deposits		1,444	2,151
		<b>199,255</b>	200,147
<b>Current assets</b>			
Inventories		10,447	11,164
Trade receivables	9	1,797	1,936
Other receivables, prepayments and deposits		12,426	8,776
Tax recoverable		–	253
Financial assets at FVTPL		18,131	18,131
Bank balances and cash		11,195	36,207
		<b>53,996</b>	76,467
Assets classified as held for sale		37,086	34,713
		<b>91,082</b>	111,180
<b>Current liabilities</b>			
Trade payables	10	6,314	4,960
Other payables		42,803	36,275
Borrowings	11	207,185	200,322
		<b>256,302</b>	241,557
<b>Net current liabilities</b>		<b>(165,220)</b>	(130,377)
<b>Total assets less current liabilities</b>		<b>34,035</b>	69,770
<b>Non-current liabilities</b>			
Other payables		5,900	5,901
Borrowings	11	74,672	73,042
Bonds payable	12	19,220	19,112
Deferred tax liabilities		6	190
		<b>99,798</b>	98,245
<b>Net liabilities</b>		<b>(65,763)</b>	(28,475)
<b>CAPITAL AND RESERVES</b>			
Share capital	13	3,030,660	3,030,660
Reserves		(3,073,577)	(3,036,554)
Deficit attributable to the owners of the Company		<b>(42,917)</b>	(5,894)
Non-controlling interests		(22,846)	(22,581)
<b>Total deficit</b>		<b>(65,763)</b>	(28,475)

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company										
	Share capital HK\$'000	Share option reserve* HK\$'000	Exchange reserve* HK\$'000	Warrant reserve* HK\$'000	Other reserve* HK\$'000	Shares held for share award scheme* HK\$'000	Investment revaluation reserve* HK\$'000	Accumulated losses* HK\$'000	Subtotal HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
Balance as at 1 January 2018 (Audited)	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 period	-	-	-	-	-	-	-	(40,126)	(40,126)	(265)	(40,391)
Other comprehensive income/(loss) for the period:											
Change in fair value of financial assets at fair value through other comprehensive income	-	-	-	-	-	-	3,103	-	3,103	-	3,103
Exchange differences on translating foreign operations	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income/(loss) for the period	-	-	-	-	-	-	3,103	(40,126)	(37,023)	(265)	(37,288)
Lapse of warrants	-	(5,311)	-	-	-	-	-	5,311	-	-	-
Balance as at 30 June 2018 (Unaudited)	3,030,660	4,189	85	179	(2,751)	(8,538)	10,539	(3,077,280)	(42,917)	(22,846)	(65,763)

	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	Investment revaluation reserve* HK\$'000	Accumulated losses* HK\$'000	Subtotal HK\$'000	Non-controlling interests HK\$'000	Total 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 period	-	-	-	-	-	-	-	(134,177)	(134,177)	(2,198)	(136,375)
Exchange difference on translating foreign operations	-	-	4,952	-	-	-	-	-	4,952	-	4,952
Re-classification adjustment relating to foreign operation disposed of during the period	-	-	636	-	-	-	-	-	636	-	636
Change in fair value of equity investment at FVTOCI	-	-	-	-	-	-	11,337	-	11,337	-	11,337
Total comprehensive income (expense) for the year	-	-	5,588	-	-	-	11,337	(134,177)	(117,192)	(2,198)	(119,450)
Deconsolidation of subsidiary	-	-	(5,243)	-	-	-	-	-	(5,243)	27,046	21,803
Lapse of share options	-	(15,148)	-	-	-	-	-	15,148	-	-	-
Balance as at 30 June 2017	3,030,660	35,415	1,293	67	179	(18,231)	10,742	(2,936,743)	123,382	98,850	222,232

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

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six months ended	
	30 June 2018 HK\$'000	2017 HK\$'000
Net cash used in operating activities	(22,625)	(27,583)
Net cash used in investing activities	(331)	(3,289)
Net cash (used in)/generated from financing activities	(2,056)	41,368
Net (decrease)/increase in cash and cash equivalents	(25,012)	10,496
Effect of foreign exchange rate changes	-	-
Cash and cash equivalents at the beginning of the period	36,207	72,943
Cash and cash equivalents at the end of the period	11,195	83,439

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS

## 1. BASIS OF PREPARATION

The unaudited condensed consolidated interim results have been prepared in accordance with the applicable disclosure requirements of The Rules (“Listing Rules”) Governing the Listing of Securities on the Stock Exchange and Hong Kong Accounting Standard (“HKAS”) 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The unaudited condensed consolidated interim results have been prepared on the historical cost convention (except for financial assets at FVTPL and equity investments at FVTOCI, which have been measured at fair value) and in accordance with the same accounting policies adopted in the consolidated financial statements for the year ended 31 December 2017. During the six months ended 30 June 2018, the Group has adopted the following new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are relevant to its operations and effective for its accounting period beginning on 1 January 2018.

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 adoption of the new and revised HKFRSs in the current period does not have material impact on the Group’s financial performance and positions for the current and prior periods and/or on the disclosures set out in these unaudited condensed consolidated interim results. The financial information relating to the financial year ended 31 December 2017 that is included in this interim results as being previously reported information or as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that financial year but is derived from those financial statements. The Company’s auditor has expressed a disclaimer opinion on the consolidated financial statements for the year ended 31 December 2017 in relation to the limitation of scope on i) accounting books and records of subsidiaries which had been disposed, liquidated and deconsolidated and ii) opening balances, comparative figures and related disclosures. The auditor’s report also made reference to the net liabilities position of the Group as at 31 December 2017.

### Suspension of trading in shares of the Company

Reference is made to the Company’s announcement dated 27 November 2017 and made at the request of 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.

### Deconsolidation of subsidiaries

The consolidated financial statements have been prepared based on the books and records maintained by the Group. However, since the management of the subsidiaries engaged in the operation of sports and healthcare clubhouses in China (“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 considered that the control over the Health Management Subgroup had been lost. Since then, the Directors neither had control over the operating and financial activities, nor any access to the underlying accounting books and records of the subgroup. The Board considered it appropriate to deconsolidate the results, assets, liabilities and cash flows of the Health Management Subgroup as from 1 January 2017.

### Going Concern

The Group incurred a loss of HK\$40.4 million for the six months ended 30 June 2018 and recorded net current liabilities of HK\$165.2 million and net liabilities of HK\$65.8 million as at 30 June 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, debt restructuring and available sources of financing, including 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 consolidated financial statements;

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS

- (b) The Group has in place a loan facility of HK\$8 million 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.

### 2. REVENUE

<i>HK\$'000</i>	<b>For the six months ended 30 June</b>	
	<b>2018</b>	2017
<b>Revenue from contracts with customers</b>		
Medical and well-being business:		
Sale of optical products and provision of eye-care services	<b>22,995</b>	18,552
Provision of obstetric and gynecological services	<b>3,525</b>	5,114
Pharmaceutical manufacturing, medical laboratory test and provision of research and development services	–	60,060
<b>Total</b>	<b>26,520</b>	83,726
<b>Geographical market</b>		
Hong Kong	<b>26,520</b>	83,726
<b>Timing of revenue recognition</b>		
A point in time	<b>26,520</b>	83,726

### 3. SEGMENT INFORMATION

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. During the year, the Group has two (2017: two) reportable operating segments:

- Medical and well-being business – operation of optical products and eye-care services retail shops; and  
 – provision of obstetric and gynecological services
- Asset management business – investment in assets and loan financing

Segment assets exclude unallocated head office and corporate assets that are managed on a group basis. Segment liabilities exclude borrowings, bonds payable, unallocated head office and corporate liabilities that are managed on a group basis.

#### Segment revenue and results

For the six months ended 30 June 2018

<i>HK\$'000</i>	Medical and well-being business	Asset management business	Total
Segment revenue	<u>26,520</u>	<u>–</u>	<u>26,520</u>
Segment results	<u>(1,277)</u>	<u>2,173</u>	896
Unallocated corporate expenses			(32,703)
Unallocated finance costs			(8,584)
Loss before taxation			(40,391)
Taxation			–
Loss for the period			<u>(40,391)</u>

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS

For the six months ended 30 June 2017

	Continuing operations			Discontinued operation	Total <i>HK\$'000</i>
	Medical and well-being business <i>HK\$'000</i>	Asset management business <i>HK\$'000</i>	Subtotal <i>HK\$'000</i>	Health management business <i>HK\$'000</i>	
Segment revenue	83,726	–	83,726	–	83,726
Segment results	(7,334)	(91,233)	(98,567)	(20,554)	(119,121)
Unallocated corporate expenses					(396)
Unallocated finance costs					(16,601)
<i>Loss before taxation</i>					(136,118)
Taxation					(257)
Loss for the period					(136,375)

### Segment assets and liabilities

As at 30 June 2018

<i>HK\$'000</i>	Medical and well-being business	Asset management business	Total
Segment assets	127,524	117,711	245,235
Unallocated assets			45,102
Total assets			290,337
Segment liabilities	27,284	45,679	72,963
Unallocated liabilities			283,137
Total liabilities			356,100

As at 31 December 2017

	Continuing operations			Discontinued operation	Total <i>HK\$'000</i>
	Medical and well-being business <i>HK\$'000</i>	Asset management business <i>HK\$'000</i>	Subtotal <i>HK\$'000</i>	Health management business <i>HK\$'000</i>	
Segment assets	128,654	115,549	244,203	–	244,203
Unallocated assets					67,124
Total assets					311,327
Segment liabilities	29,917	31,327	61,244	–	61,244
Unallocated liabilities					67,124
Total liabilities					128,368

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS

### 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.

#### 4. FINANCE COST

<i>HK\$'000</i>	For the six months ended 30 June	
	2018	2017
Interest expenses on:		
Bank and other borrowings	9,035	7,724
Bonds payable	1,621	6,450
Promissory note and convertible note	-	2,427
	<u>10,656</u>	<u>16,601</u>

#### 5. LOSS FOR THE PERIOD

<i>HK\$'000</i>	For the six months ended 30 June	
	2018	2017
Loss for the period has been arrived at after charging:		
Depreciation of property, plant and equipment	1,547	3,956
Amortisation of land use right	-	114
Amortisation of intangible assets	-	854
Total depreciation and amortisation	<u>1,547</u>	<u>4,924</u>
Cost of inventories recognised as expenses	12,495	55,989
Employee salaries and other benefits	<u>29,474</u>	<u>34,271</u>

#### 6. INCOME TAX EXPENSE

<i>HK\$'000</i>	For the six months ended 30 June	
	2018	2017
Current tax:		
Hong Kong Profits Tax	-	358
	-	358
Deferred tax	-	(101)
	<u>-</u>	<u>257</u>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods.

#### 7. DIVIDEND

The Board does not recommend payment of interim dividend for the six months ended 30 June 2018 (2017: Nil).

**8. 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**

<i>HK\$'000</i>	<b>For the six months ended 30 June</b>	
	<b>2018</b>	2017
Loss for the period from continuing operations and discontinued operation attributable to owners of the Company	<u><b>40,126</b></u>	<u>134,177</u>

*'000*

Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u><b>326,037</b></u>	<u>326,037</u>
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**From continuing operations**

<i>HK\$'000</i>	<b>For the six months ended 30 June</b>	
	<b>2018</b>	2017
Loss for the period from continuing operations attributable to owners of the Company	<u><b>40,126</b></u>	<u>113,623</u>

*'000*

Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u><b>326,037</b></u>	<u>326,037</u>
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Basic loss per share from discontinued operation for the six months ended 30 June 2017 is HK6.3 cents based on the loss of HK\$20,554,000 for the period from discontinued operation attributable to the owners of the Company and the denominators detailed 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 in November 2017. The computation of diluted loss 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 of the shares for 2018 and 2017.

**9. TRADE RECEIVABLES**

<i>HK\$'000</i>	<b>30 June 2018</b>	31 December 2017
Trade receivable	<b>1,797</b>	1,936
Less: Allowance for credit losses	<u>-</u>	<u>-</u>
	<u><b>1,797</b></u>	<u>1,936</u>

**10. TRADE PAYABLES**

<i>HK\$'000</i>	<b>30 June 2018</b>	31 December 2017
Trade payables	<u><b>6,314</b></u>	<u>4,960</u>



## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS

### 11. BORROWINGS

<i>HK\$'000</i>	<b>30 June 2018</b>	31 December 2017
Borrowings	<b>281,857</b>	273,364
Analysed into:		
Repayable within one year or on demand	<b>207,185</b>	200,322
Repayable within a period of more than one year	<b>74,672</b>	73,042
	<b>281,857</b>	273,364

The amount represented loans with aggregate principal amount of HK\$277,213,000 (31 December 2017: HK\$269,855,000), bearing interest rates ranging from 2% to 8.5% (31 December 2017: 2% to 12%).

### 12. BONDS PAYABLE

<i>HK\$'000</i>	<b>30 June 2018</b>	31 December 2017
Bonds payable		
Repayable within a period of more than one year	<b>19,220</b>	19,112

The amount represented bonds with aggregate principal amount of HK\$20,000,000 (31 December 2017: HK\$20,000,000), bearing interest rates ranging from 5% to 6.5% (31 December 2017: 5% to 6.5%) and effective interest rates ranging from 6% to 9% (31 December 2017: 6% to 9%).

### 13. SHARE CAPITAL

	<b>Number of shares</b>	<b>Amount</b>
	<i>'000</i>	<i>HK\$'000</i>
Issued and fully paid:		
At 31 December 2017 and 30 June 2018	<b>326,037</b>	<b>3,030,660</b>

### 14. EVENTS AFTER THE REPORTING PERIOD

The events after the end of the reporting period are as follows:

- (i) In March 2021, a subsidiary of the Company under 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\$16,175,304, together with the unpaid interest and cost thereon.

### 15. APPROVAL OF THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The unaudited condensed consolidated interim financial statements have been approved for issue by the Board on 19 May 2023.