



# 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  
**2019**

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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

CHEUNG Wai Kwan  
WANG Jianguo

### Independent Non-executive Directors

HU Xuezheng  
LIN Pinzhuo  
YIU Chun Wing

### AUDIT COMMITTEE

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

### NOMINATION COMMITTEE

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

### REMUNERATION COMMITTEE

HU Xuezheng (*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, 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

## 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\$23.9 million for the six months ended 30 June 2019 (2018: HK\$26.5 million) with gross profit of HK\$12.6 million (2018: HK\$14.0 million) and gross profit margin of 52.8% (2018: 52.9%). The Group’s consolidated loss and consolidated loss attributable to the owners of the Company amounted to HK\$25.0 million (2018: HK\$40.4 million) and HK\$24.8 million (2018: HK\$40.1 million) respectively.

## LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 June 2019, the Group’s total assets and net liabilities amounted to HK\$178.3 million (31 December 2018: HK\$191.2 million) and HK\$118.1 million (31 December 2018: HK\$93.9 million) respectively. Its cash and bank balances amounted to HK\$3.2 million (31 December 2018: HK\$11.4 million) and liquidity ratio (calculated based on the Group’s total assets to total liabilities) was 0.6 (31 December 2018: 0.7). The Group’s total borrowings amounted to HK\$229.9 million (31 December 2018: HK\$217.5 million), including borrowings of HK\$210.4 million (31 December 2018: HK\$198.1 million) and bond payable of HK\$19.5 million (31 December 2018: HK\$19.3 million). For the six months ended 30 June 2019, the Group’s net cash outflow from operating activities amounted to HK\$13.0 million (2018: HK\$22.6 million), net cash outflows from investing activities amounted to HK\$ Nil (2018: HK\$0.3 million) and net cash inflow from financing activities amounted to HK\$4.8 million (2018: outflow of HK\$2.1 million). As a result, the Group recorded a net cash outflow of HK\$8.2 million (2018: HK\$25.0 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 2019.

## SIGNIFICANT INVESTMENT AND MATERIAL ACQUISITION AND DISPOSAL

There was no significant investment and material acquisition and disposal during the six months ended 30 June 2019.

## CHARGE ON ASSETS OF THE GROUP

No material asset of the Group had been pledged as at 30 June 2019.

## CAPITAL COMMITMENT

There was no significant capital commitment of the Group outstanding as at 30 June 2019.

## 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 2019, 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 2019, 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 2019, so far as being known to the Directors, there was no person 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 2019, neither the Company nor any of its subsidiaries purchased, sold or redeemed any share 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 2019. 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:

Name and category of participant	Date of grant	Exercise Period	Outstanding as at 1 January 2019	Granted during the period	Lapsed during the period	Outstanding as at 30 June 2019	Exercise price 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	2,608,294	–	–	2,608,294	\$0.420
			29,669,346	–	–	29,669,346	

**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 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 2019 and there were 20,452,570 Shares held under the scheme as at 30 June 2019.

## 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 2019.

### **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 2019 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 2019.

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

		<b>For the six months ended 30 June</b>	
		<b>2019</b>	<b>2018</b>
		<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<i>Notes</i>		
<b>Revenue</b>	2	<b>23,911</b>	26,520
Cost of goods sold and services		<b>(11,294)</b>	(12,495)
Gross profit		<b>12,617</b>	14,025
Other income, gains and losses	4	<b>6,438</b>	8,047
Selling and distribution expenses		<b>(2,296)</b>	(2,816)
Administrative expenses		<b>(28,568)</b>	(49,031)
Loss arising from change in fair value of financial assets at fair value through profit or loss ("FVTPL")		<b>(4,920)</b>	–
Share of results of associates		–	40
Finance costs	5	<b>(8,245)</b>	(10,656)
<b>Loss before taxation</b>		<b>(24,974)</b>	(40,391)
Income tax expense	6	–	–
<b>Loss for the period</b>		<b>(24,974)</b>	(40,391)
<b>Other comprehensive (loss)/income for the period</b>			
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Change in fair value of financial assets at fair value through other comprehensive income ("FVTOCI")		<b>(432)</b>	3,103
Exchange differences on translating foreign operations		–	–
<b>Other comprehensive (loss)/income for the period, net of income tax</b>		<b>(432)</b>	3,103
<b>Total comprehensive loss for the period</b>		<b>(25,406)</b>	(37,288)
<b>Loss for the period attributable to:</b>			
Owners of the Company		<b>(24,751)</b>	(40,126)
Non-controlling interests		<b>(223)</b>	(265)
		<b>(24,974)</b>	(40,391)
<b>Total comprehensive loss for the period attributable to:</b>			
Owners of the Company		<b>(25,183)</b>	(37,023)
Non-controlling interests		<b>(223)</b>	(265)
		<b>(25,406)</b>	(37,288)
<b>Loss per share attributable to the owners of the Company</b>			
– Basic and diluted (HK cents)	8	<b>7.6</b>	12.3

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 30 June 2019 HK\$'000 (Unaudited)	As at 31 December 2018 HK\$'000 (Audited)
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment		3,412	4,200
Goodwill		12,816	12,816
Equity instruments at FVTOCI		95,709	94,559
Right-of-use assets		2,244	–
Long-term prepayment and deposits		944	944
		<b>115,125</b>	112,519
<b>Current assets</b>			
Inventories		12,072	11,162
Trade receivables	9	1,234	3,364
Other receivables, prepayments and deposits		15,542	15,125
Financial assets at FVTPL		31,108	37,578
Bank balances and cash		3,182	11,429
		<b>63,138</b>	78,658
<b>Current liabilities</b>			
Trade payables	10	7,663	8,570
Other payables		50,557	53,046
Borrowings	10	134,355	123,109
Lease liabilities		2,268	–
		<b>194,843</b>	184,725
Net current liabilities		<b>(131,705)</b>	(106,067)
Total assets less current liabilities		<b>(16,580)</b>	6,452
<b>Non-current liabilities</b>			
Other payables		5,900	5,900
Borrowings	10	76,066	75,008
Bonds payable	11	19,461	19,345
Deferred tax liabilities		91	91
		<b>101,518</b>	100,344
<b>Net liabilities</b>		<b>(118,098)</b>	(93,892)
<b>CAPITAL AND RESERVES</b>			
Share capital	12	3,030,660	3,030,660
Reserves		(3,129,491)	(3,104,308)
Deficit attributable to the owners of the Company		<b>(98,831)</b>	(73,648)
Non-controlling interests		<b>(19,267)</b>	(20,244)
<b>Total deficit</b>		<b>(118,098)</b>	(93,892)

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Attributable to owners of the Company

	Share capital <i>HK\$'000</i>	Share premium* <i>HK\$'000</i>	Share option reserve* <i>HK\$'000</i>	Exchange reserve* <i>HK\$'000</i>	Warrant reserve* <i>HK\$'000</i>	Other reserve* <i>HK\$'000</i>	Shares held for share award scheme* <i>HK\$'000</i>	Investment revaluation reserve* <i>HK\$'000</i>	Accumulated losses* <i>HK\$'000</i>	Subtotal <i>HK\$'000</i>	Non-controlling interests <i>HK\$'000</i>	Total <i>HK\$'000</i>
Balance as at 1 January 2019 (Audited)	3,030,660	1,467	4,189	85	179	(2,751)	(8,538)	(10,407)	(3,088,532)	(73,648)	(20,244)	(93,892)
Loss for the period	-	-	-	-	-	-	-	-	(24,751)	(24,751)	(223)	(24,974)
Other comprehensive loss for the period:												
Change in fair value of financial assets at FVTOCI	-	-	-	-	-	-	-	(432)	-	(432)	-	(432)
Exchange differences on translating foreign operations	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	-	-	-	(432)	(24,751)	(25,183)	(223)	(25,406)
Partial disposal of a subsidiary	-	-	-	-	-	-	-	-	-	-	1,200	1,200
Lapse of warrants	-	-	-	-	(179)	-	-	-	179	-	-	-
Balance as at 30 June 2019 (Unaudited)	<u>3,030,660</u>	<u>1,467</u>	<u>4,189</u>	<u>85</u>	<u>-</u>	<u>(2,751)</u>	<u>(8,538)</u>	<u>(10,839)</u>	<u>(3,113,104)</u>	<u>(98,831)</u>	<u>(19,267)</u>	<u>(118,098)</u>

Attributable to owners of the Company

	Share capital <i>HK\$'000</i>	Share option reserve* <i>HK\$'000</i>	Exchange reserve* <i>HK\$'000</i>	Warrant reserve* <i>HK\$'000</i>	Other reserve* <i>HK\$'000</i>	Shares held for share award scheme* <i>HK\$'000</i>	Investment revaluation reserve* <i>HK\$'000</i>	Accumulated losses* <i>HK\$'000</i>	Subtotal <i>HK\$'000</i>	Non-controlling interests <i>HK\$'000</i>	Total <i>HK\$'000</i>
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 FVTOCI	-	-	-	-	-	-	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)	<u>3,030,660</u>	<u>4,189</u>	<u>85</u>	<u>179</u>	<u>(2,751)</u>	<u>(8,538)</u>	<u>10,539</u>	<u>(3,077,280)</u>	<u>(42,917)</u>	<u>(22,846)</u>	<u>(65,763)</u>

\* 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

	Six months ended 30 June	
	2019 <i>HK\$'000</i> <i>(Unaudited)</i>	2018 <i>HK\$'000</i> <i>(Unaudited)</i>
Net cash used in operating activities	(13,039)	(22,625)
Net cash used in investing activities	(18)	(331)
Net cash generated from/(used in) financing activities	4,810	(2,056)
Net decrease in cash and cash equivalents	(8,247)	(25,012)
Cash and cash equivalents at the beginning of the period	11,429	36,207
Cash and cash equivalents at the end of the period	<u>3,182</u>	<u>11,195</u>

# 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. The unaudited condensed consolidated interim results have been prepared in accordance with the same accounting policies adopted in the annual consolidated financial statements for the year ended 31 December 2018, except for 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 2019:

HKFRS 16	Lease
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycles

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 2018 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 2018 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 2018.

### 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.

### Going Concern

The Group incurred a loss of HK\$25.0 million for the six months ended 30 June 2019 and recorded net current liabilities of HK\$131.7 million and net liabilities of HK\$118.1 million as at 30 June 2019. 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 of 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;
- (b) The Group had 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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS

2. REVENUE

<i>HK\$'000</i>	<b>For the six months ended 30 June</b>	
	<b>2019</b>	<b>2018</b>
<b>Revenue from contracts with customers</b>		
Medical and well-being business:		
Sale of optical products and provision of eye-care services	<b>21,205</b>	22,995
Provision of obstetric and gynecological services	<b>2,706</b>	3,525
	<b>23,911</b>	26,520
<b>Geographical market</b>		
Hong Kong	<b>23,911</b>	26,520
<b>Timing of revenue recognition</b>		
A point in time	<b>23,911</b>	26,520

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 (2018: two) reportable 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 2019

<i>HK\$'000</i>	Medical and well-being business	Asset management business	Total
Segment revenue	23,911	–	23,911
Segment results	(955)	(4,643)	(5,598)
Unallocated corporate expenses			(11,361)
Unallocated finance costs			(8,015)
Loss before taxation			(24,974)
Taxation			–
Loss for the period			(24,974)

For the six months ended 30 June 2018

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

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS

### Segment assets and liabilities

As at 30 June 2019

<i>HK\$'000</i>	Medical and well-being business	Asset management business	Total
Segment assets	126,231	26,734	152,965
Unallocated assets			25,298
Total assets			<u>178,263</u>
Segment liabilities	26,673	14,887	41,560
Unallocated liabilities			254,801
Total liabilities			<u>296,361</u>

As at 31 December 2018

<i>HK\$'000</i>	Medical and well-being business	Asset management business	Total
Segment assets	130,985	23,049	154,034
Unallocated assets			37,143
Total assets			<u>191,177</u>
Segment liabilities	28,505	3,467	31,972
Unallocated liabilities			253,097
Total liabilities			<u>285,069</u>

### 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. OTHER INCOME, GAINS AND LOSSES

<i>HK\$'000</i>	For the six months ended 30 June	
	2019	2018
Interest income	1	1
Dividend income	600	–
Management fee	85	19
Others	5,752	8,027
	<u>6,438</u>	<u>8,047</u>

#### 5. FINANCE COST

<i>HK\$'000</i>	For the six months ended 30 June	
	2019	2018
Interest expenses on:		
Bank and other borrowings	6,563	9,035
Bonds payable	1,629	1,621
Lease liabilities	53	–
	<u>8,245</u>	<u>10,656</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS

**6. LOSS FOR THE PERIOD**

<i>HK\$'000</i>	For the six months ended 30 June	
	2019	2018
Loss for the period has been arrived at after charging:		
Depreciation of property, plant and equipment	806	1,547
Depreciation of right-of-use assets	591	–
Total depreciation	1,397	1,547
Cost of inventories recognised as expenses	11,294	12,495
Employee salaries and other benefits	14,956	29,474

**7. DIVIDEND**

The Board does not recommend payment of interim dividend for the six months ended 30 June 2019 (2018: 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:

<i>HK\$'000</i>	For the six months ended 30 June	
	2019	2018
Loss for the period attributable to owners of the Company	24,751	40,126

*'000*

Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	326,037	326,037
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**9. TRADE RECEIVABLES**

<i>HK\$'000</i>	30 June 2019	31 December 2018
Trade receivables	1,234	3,364
Less: Allowance for credit losses	–	–
	1,234	3,364

**10. TRADE PAYABLES**

<i>HK\$'000</i>	30 June 2019	31 December 2018
Trade payables	7,663	8,570

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS

### 11. BORROWINGS

<i>HK\$'000</i>	<b>30 June 2019</b>	31 December 2018
Borrowings	<b>210,421</b>	198,117
Analysed into:		
Repayable within one year or on demand	<b>134,355</b>	123,109
Repayable within a period of more than one year	<b>76,066</b>	75,008
	<b>210,421</b>	198,117

The amount represented loans with aggregate principal amount of HK\$207,500,000 (31 December 2018: HK\$196,290,000), bearing interest rates ranging from 2% to 8.5% (31 December 2018: 2% to 12%).

### 12. BONDS PAYABLE

<i>HK\$'000</i>	<b>30 June 2019</b>	31 December 2018
Bonds payable		
Repayable within a period of more than one year	<b>19,461</b>	19,345

The amount represented bonds with aggregate principal amount of HK\$20,000,000 (31 December 2018: HK\$20,000,000), bearing interest rates ranging from 5% to 6.5% (31 December 2018: 5% to 6.5%) and effective interest rates ranging from 6% to 9% (31 December 2018: 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 2018 and 30 June 2019	<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.