

ANGY (CHINA) MEDICAL LIMITED
INTERIM FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 30 JUNE 2018

ANGY (CHINA) MEDICAL LIMITED

**INTERIM REPORT
FOR THE SIX MONTHS ENDED 30 JUNE 2018**

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**REVIEW REPORT
TO THE BOARD OF DIRECTORS OF
ANGY (CHINA) MEDICAL LIMITED
(Incorporated in Hong Kong with limited liability)**

Introduction

We have reviewed the interim financial report set out on pages 2 to 16 which comprises the consolidated statement of financial position of Angy (China) Medical Limited (the “Company”) and its subsidiaries (together, the “Group”) as of 30 June 2018 and the related consolidated statement of profit or loss, statement of profit or loss and other comprehensive income and condensed statement of changes in equity and condensed consolidated cash flow statement for the six month period then ended and explanatory notes. The preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 (“HKAS 34”), Interim financial reporting, issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the interim financial report in accordance with HKAS 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of 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.

Scope of review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 (“HKSRE 2410”), Review of interim financial information performed by the independent auditor of the entity, issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2018 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, Interim financial reporting.



JS CPA & CO.
Certified Public Accountants (Practising)
Hong Kong
Date: 12 September 2018

ANGY (CHINA) MEDICAL LIMITED

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS
FOR THE SIX MONTHS ENDED 30 JUNE 2018 - UNAUDITED**

		Six months ended 30 June	
	Note	2018	2017
		HK\$	HK\$
Revenue		53,241,732	49,036,746
Costs of sales		(42,121,030)	(33,428,280)
Gross profit		11,120,702	15,608,466
Other income		453,371	631,054
Selling and distribution expenses		(2,577,227)	(3,964,741)
General and administrative expenses		(7,428,041)	(6,998,240)
Profit before taxation	6	1,568,805	5,276,539
Income tax	7	(144,373)	(913,186)
Profit for the period		<u>1,424,432</u>	<u>4,363,353</u>
Attributable to:			
Equity shareholders of the Company		1,781,404	4,508,479
Non-controlling interests		(356,972)	(145,126)
Profit for the period		<u>1,424,432</u>	<u>4,363,353</u>
Earnings per share	8		
Basic		0.14	0.43
Diluted		<u>0.14</u>	<u>0.43</u>

The notes on pages 8 to 16 form part of this interim financial report.

ANGY (CHINA) MEDICAL LIMITED

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2018 - UNAUDITED

	Six months ended 30 June	
	2018	2017
	HK\$	HK\$
Profit for the period	1,424,432	4,363,353
Other comprehensive profit / (loss) for the period		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of:		
- financial statements of overseas subsidiaries	<u>577,075</u>	<u>(396,312)</u>
Total comprehensive income for the period	<u>2,001,507</u>	<u>3,967,041</u>
Attributable to:		
Equity shareholders of the Company	2,413,390	4,124,652
Non-controlling interests	<u>(411,883)</u>	<u>(157,611)</u>
Total comprehensive income for the period	<u>2,001,507</u>	<u>3,967,041</u>

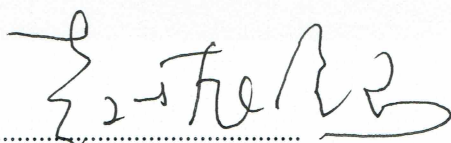
The notes on pages 8 to 16 form part of this interim financial report.

ANGY (CHINA) MEDICAL LIMITED

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018 - UNAUDITED**

	Note	At 30 June 2018 HK\$	At 31 December 2017 HK\$
Non-current assets			
Property, plant and equipment	9	665,065	352,159
Current assets			
Inventories	10	22,697,882	22,830,143
Trade and other receivables	11	16,686,629	13,827,383
Cash and cash equivalents	12	3,580,296	2,284,227
Deferred tax assets		447,276	169,998
		43,412,083	39,111,751
Current liabilities			
Trade and other payables	13	19,638,949	17,754,123
Amount due to a director		2,172,156	2,057,599
Current taxation		1,008,086	1,174,496
		22,819,191	20,986,218
Net current assets		20,592,892	18,125,533
NET ASSETS		21,257,957	18,477,692
CAPITAL AND RESERVES	14		
Share capital	14(b)	10,000,000	10,000,000
Reserves		11,299,376	8,474,853
Total equity attributable to equity shareholders of the Company		21,299,376	18,474,853
Non-controlling interests		(41,419)	2,839
TOTAL EQUITY		21,257,957	18,477,692

Approved and authorised for issue by the Board of Directors on 12 September 2018.



 Executive Director
 Ao Zhenming

The notes on pages 8 to 16 form part of this interim financial report.

ANGY (CHINA) MEDICAL LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2018 - UNAUDITED

	Attributable to equity shareholders of the Company						
	Share capital HK\$	Exchange reserve HK\$	Other reserve HK\$	(Accumulated losses) / Retained earnings HK\$	Total HK\$	Non- controlling interest HK\$	Total equity HK\$
Balance at 1 January 2017:	10,000,000	(546,849)	-	7,297,401	16,750,552	562,731	17,313,283
Changes in equity for the six months ended 30 June 2017:							
Profit for the period	-	-	-	4,508,479	4,508,479	(145,126)	4,363,353
Other comprehensive (loss) / income	-	(383,827)	-	-	(383,827)	(12,485)	(396,312)
Total comprehensive (loss) / income	-	(383,827)	-	4,508,479	4,124,652	(157,611)	3,967,041
Balance at 30 June 2017 and 1 July 2017	10,000,000	(930,676)	-	11,805,880	20,875,204	405,120	21,280,324
Changes in equity for the six months ended 31 December 2017:							
Profit for the period	-	-	-	(2,609,386)	(2,609,386)	(404,603)	(3,013,989)
Other comprehensive (loss) / income	-	209,035	-	-	209,035	2,322	211,357
Total comprehensive (loss) / income	-	209,035	-	(2,609,386)	(2,400,351)	(402,281)	(2,802,632)
Balance at 31 December 2017	10,000,000	(721,641)	-	9,196,494	18,474,853	2,839	18,477,692

The notes on pages 8 to 16 form part of this interim financial report.

ANGY (CHINA) MEDICAL LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2018 - UNAUDITED**

	Attributable to equity shareholders of the Company						
	(Accumulated losses) / Retained earnings						
	Share capital HK\$	Exchange reserve HK\$	Other reserve HK\$	Retained earnings HK\$	Total HK\$	Non- controlling interest HK\$	Total equity HK\$
Balance at 1 January 2018:	10,000,000	(721,641)	-	9,196,494	18,474,853	2,839	18,477,692
Changes in equity for the six months ended 30 June 2018:							
Profit for the period	-	-	-	1,781,404	1,781,404	(356,972)	1,424,432
Other comprehensive (loss) / income	-	631,986	-	-	631,986	(54,911)	577,075
Total comprehensive (loss) / income	-	631,986	-	1,781,404	2,413,390	(411,883)	2,001,507
Deemed partial disposal of a subsidiary	-	-	411,133	-	411,133	367,625	778,758
Balance at 30 June 2018	10,000,000	(89,655)	411,133	10,977,898	21,299,376	(41,419)	21,257,957

The notes on pages 8 to 16 form part of this interim financial report.

ANGY (CHINA) MEDICAL LIMITED

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2018 - UNAUDITED**

		Six months ended 30 June	
	Note	2018	2017
		HK\$	HK\$
Operating activities			
Profit before taxation		1,568,805	5,276,539
Adjustments for:			
Depreciation		141,339	275,311
Interest income		(3,156)	(4,031)
Operating profit before changes in working capital		1,706,988	5,547,819
Decrease in inventories		132,261	1,331,997
Increase in trade and other receivables		(2,859,246)	(5,591,025)
Increase / (decrease) in trade and other payables		1,884,826	(1,726,027)
Increase / (decrease) in amount due to a director		114,557	(2,538,926)
Cash generated from / (used in) operation		979,386	(2,976,162)
Interest income		3,156	4,031
Tax paid			
- Hong Kong profits tax paid		-	(156,373)
- Overseas tax recovered / (paid)		190,696	(648,524)
Net cash generated from / (used in) operating activities		1,173,238	(3,777,028)
Investing activities			
Payment for the purchase of property, plant and equipment		(441,519)	(63,318)
Net cash used in investing activities		(441,519)	(63,318)
Net increase / (decrease) in cash and cash equivalents		731,719	(3,840,346)
Cash and cash equivalents at 1 July		2,284,227	5,408,139
Effect of foreign exchange rates changes		564,350	(387,796)
Cash and cash equivalents at 30 June	12	3,580,296	1,179,997

The notes on pages 8 to 16 form part of this interim financial report.

**NOTES TO UNAUDITED INTERIM FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 30 JUNE 2018**

1. GENEREAL INFORMATION

Angy (China) Medical Limited (the “Company”) is a company incorporated and domiciled in Hong Kong and has its registered office and principal place of business at Unit 2302, 23/F., New World Tower 1, 18 Queen’s Road Central, Central, Hong Kong.

The Company is an investment holding and trading of medical instrument. Its subsidiaries are principally engaged in trading of medical equipment maintenance; commission agents; provide consulting services, computer technology development, technical services; import and export; wholesale of software, cosmetics and health supplies, computer parts, electronic products, household device; groceries, computer; medical equipment in the People’s Republic of China (the “PRC”).

2. BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the National Stock Exchange of Australia Limited, including compliance with Hong Kong Accounting Standard (HKAS) 34, Interim financial reporting, issued by the Hong Kong Institute of Certified Public Accountants (HKICPA). It was authorised for issue on 12 September 2018.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2017 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2018 annual financial statements. Details of any changes in accounting policies are set out in note 3.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2017 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with HKFRSs.

The interim financial report is unaudited, but has been reviewed by JS CPA & CO. in accordance with Hong Kong Standard on Review Engagements 2410, Review of interim financial information performed by the independent auditor of the entity, issued by the HKICPA. JS CPA & CO.’s independent review report to the Board of Directors is included on page 1.

**NOTES TO UNAUDITED INTERIM FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 30 JUNE 2018**

2. BASIS OF PREPARATION (Continued)

The financial information relating to the financial year ended 31 December 2017 that is included in the interim financial report 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. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The company has delivered the financial statements for the year ended 31 December 2017 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

The company's auditor has reported on those financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under section 406(2), 407(2) or (3) of the Companies Ordinance.

3. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements:

- HKFRS 9, Financial instruments
- HKFRS 15, Revenue from contracts with customers
- HK(IFRIC) 22, Foreign currency transactions and advance consideration

The Group has performed an assessment on the impact of the adoption of HKFRS 9 and HKFRS 15 respectively and concluded that no material financial impact exists, and therefore no adjustment to the opening balance of equity at 1 January 2018 was recognised.

None of these developments has had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this interim financial report.

ANGY (CHINA) MEDICAL LIMITED

NOTES TO UNAUDITED INTERIM FINANCIAL REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2018

4. REVENUE AND SEGMENT REPORTING

Operating segments, and the amounts of each segment item reported in the interim financial report, are identified from the financial data and information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations. No segment information is presented in respect of the Group's operating segment as the Group is principally engaged in one segment in the People's Republic of China (the "PRC"). The Group does not operate in any other geographical or business segment during the period.

The principal activities of the Group are trading of medical instrument.

The amount of each significant category of revenue during the period is as follows:

	Six months ended 30 June	
	2018	2017
	HK\$	HK\$
Sales of medical instrument	53,241,732	49,036,746

5. OTHER REVENUE

	Six months ended 30 June	
	2018	2017
	HK\$	HK\$
Government grant	-	589,264
Interest income	3,156	4,031
Net foreign exchange gain	269,299	37,372
Sundry income	180,916	387
	453,371	631,054

6. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	Six months ended 30 June	
	2018	2017
	HK\$	HK\$
(a) Staff costs		
Contributions to defined contribution retirement plan	280,016	249,172
Salaries, wages and other benefits	3,696,057	3,369,220
	3,976,073	3,618,392

ANGY (CHINA) MEDICAL LIMITED

NOTES TO UNAUDITED INTERIM FINANCIAL REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2018

6. PROFIT BEFORE TAXATION (Continued)

	Six months ended 30 June	
	2018	2017
	HK\$	HK\$
(b) Other items		
Cost of inventories	42,121,030	33,428,280
Depreciation	141,339	275,311
Operating lease charges: minimum lease payments	<u>523,927</u>	<u>372,546</u>

7. INCOME TAX

	Six months ended 30 June	
	2018	2017
	HK\$	HK\$
Current tax - Hong Kong Profits Tax	201,745	45,840
Current tax - Overseas	219,906	964,779
Deferred tax	<u>(277,278)</u>	<u>(97,433)</u>
	<u>144,373</u>	<u>913,186</u>

The provision for Hong Kong Profits Tax is calculated by applying the estimated annual effective tax rate of 16.5% (2017: 16.5%) to the six months ended 30 June 2018.

Taxation for overseas subsidiaries is similarly calculated using the estimated annual effective rates of taxation that are expected to be applicable in the relevant countries. The Group's PRC subsidiaries are subject to statutory tax rate of 25% on their assessable profits.

8. EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the parent of HK\$1,424,432 (six months ended 30 June 2017: HK\$4,363,353) and the weighted average of 10,000,000 ordinary shares (2017: 10,000,000 shares) in issue during the interim period.

No diluted earnings per share presented as there were no potential dilutive shares during both periods.

**NOTES TO UNAUDITED INTERIM FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 30 JUNE 2018**

9. PROPERTY, PLANT AND EQUIPMENT

Acquisitions

During the six months ended 30 June 2018, the Group acquired items of plant and machinery with a cost of HK\$441,519 (six months ended 30 June 2017: HK\$63,318).

10. INVENTORIES

	At 30 June 2018 HK\$	At 31 December 2017 HK\$
Finished goods	<u>22,697,882</u>	<u>22,830,143</u>

11. TRADE AND OTHER RECEIVABLES

As of the end of the reporting period, the ageing analysis of trade debtors (which are included in trade and other receivables), based on the invoice date and net of allowance for doubtful debts, is as follows:

	At 30 June 2018 HK\$	At 31 December 2017 HK\$
Within 1 month	6,231,273	4,776,655
1 – 6 months	24,321	19,898
6 months – within 1 year	12,332	134,098
Over 1 year	<u>7,364,725</u>	<u>6,926,957</u>
Trade debtors, net of allowance for doubtful debts	13,632,651	11,857,608
Other receivables	1,638,465	1,180,897
Prepayments	<u>1,415,513</u>	<u>788,878</u>
	<u>16,686,629</u>	<u>13,827,383</u>

Trade debtors are due within 120 days from the date of billing.

Impairment losses in respect of trade receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly.

ANGY (CHINA) MEDICAL LIMITED

**NOTES TO UNAUDITED INTERIM FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 30 JUNE 2018**

12. CASH AND CASH EQUIVALENTS

	At 30 June 2018 HK\$	At 31 December 2017 HK\$
Cash and cash equivalents in the statement of financial position and cash flow statement		
- Cash at bank and in hand	<u>3,580,296</u>	<u>2,284,227</u>

13. TRADE AND OTHER PAYABLES

As of the end of the reporting period, the ageing analysis of trade creditors (which are included in trade and other payables), based on the invoice date, is as follows:

	At 30 June 2018 HK\$	At 31 December 2017 HK\$
Within 1 month	11,154,705	10,076,662
1 – 6 months	9,144	23,301
Over 6 months	<u>172,320</u>	<u>29,802</u>
Trade creditors	11,336,169	10,129,765
Other accruals and payables	2,164,197	3,406,654
Receipt in advance	<u>6,138,583</u>	<u>4,217,704</u>
Financial liabilities measured at amortised cost	<u>19,638,949</u>	<u>17,754,123</u>

**NOTES TO UNAUDITED INTERIM FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 30 JUNE 2018**

14. CAPITAL, RESERVES AND DIVIDENDS

(a) Dividend

The Board has resolved not to declare any interim dividends for the six months ended 30 June 2018 (six months ended 30 June 2017: Nil).

(b) Share capital

Issued and fully paid share capital

	Number of ordinary shares	HK\$
As at 30 June 2018 and 31 December 2017	<u>10,000,000</u>	<u>10,000,000</u>

There is no change in ordinary shares during the six months ended 30 June 2018.

(c) Gain on deemed partial disposal of a subsidiary

With the issuance of Yingshi (Guangzhou) Special Equipment Manufacture Company Limited (“Yingshi”) shares to the third party, the Company’s equity interest in Yingshi has been diluted from 60% to 59%. Although there is a reduction in the equity interest in Yingshi, the Company is still able to exercise control over Yingshi and the effect of reduction in the Company’s interest in Yingshi of HK\$411,133, being the difference between the fair value of consideration of HK\$84,220 and the non-controlling interest in Yingshi of HK\$495,353, has been recognised directly in reserves.

15. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group’s financial instruments carried at cost or amortised cost are not materially different from their fair values as at 30 June 2018 and 31 December 2017.

**NOTES TO UNAUDITED INTERIM FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 30 JUNE 2018**

16. COMMITMENTS

At the end of the reporting period, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	At 30 June 2018 HK\$	At 31 December 2017 HK\$
Within 1 year	574,128	396,166
After 1 year but within 5 years	338,374	-
	<u>912,502</u>	<u>396,166</u>

17. MATERIAL RELATED PARTY TRANSACTIONS

Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's executive directors are as follows:

	Six months ended 30 June 2018 HK\$	2017 HK\$
Salaries, wages and other benefits	<u>340,000</u>	<u>310,000</u>

18. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE SIX MONTHS ENDED 30 JUNE 2018

A number of amendments and new standards are effective for annual periods beginning after 1 January 2018 and earlier application is permitted; however, the Group has not early adopted any new or amended standards in preparing this interim financial report.

The group has the following update to the information provided in the last annual financial statements in respect of HKFRS 16, *Leases*, which may have a significant impact on the group's consolidated financial statements

**NOTES TO UNAUDITED INTERIM FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 30 JUNE 2018**

18. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE SIX MONTHS ENDED 30 JUNE 2018 (Continued)

HKFRS 16 “Leases”

HKFRS 16 provides new provisions for the accounting treatment of leases and will in the future no longer allow lessees to account for certain leases outside the statement of financial position. Instead, all long-term leases must be recognised in the statement of financial position in the form of assets (for the rights of use) and lease liabilities (for the payment obligations). Short-term leases with a lease term of twelve months or less and leases of low-value assets are exempt from such reporting obligations. The new standard will therefore result in recognition of a right-to-use asset and an increase in lease liabilities in the balance sheet. In the statement of profit or loss, rental expenses will be replaced with depreciation and interest expense. The new standard is not expected to be applied by the Group until the financial year ending 31 December 2019. HKFRS 16 will primarily affect the accounting for the Group’s operating leases. At 30 June 2018, the Group had non-cancellable commitments of minimum operating lease payments of HK\$866,546. Upon adoption of HKFRS 16, the fair value of outstanding minimum operating lease payments will be recognised in the consolidated statement of financial position as lease liabilities and right-of-use assets. The lease liabilities would subsequently be measured at amortised cost and the right-of-use assets will be depreciated on a straight-line basis during the lease term.

Management is in the process of making an assessment on the impact of other new standards, amendments to standards and interpretations and considered on a preliminary basis that their application will have no significant impact on the financial performance and the financial position of the Group.