

ANGY (CHINA) MEDICAL LIMITED
INTERIM FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 30 JUNE 2019

ANGY (CHINA) MEDICAL LIMITED

**INTERIM REPORT
FOR THE SIX MONTHS ENDED 30 JUNE 2019**

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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 statements set out on pages 2 to 26, which comprise the consolidated statement of financial position of Angy (China) Medical Limited (the “Company”) and its subsidiaries (together, the “Group”) as of 30 June 2019 and the related consolidated statement of profit or loss, statement of profit or loss and other comprehensive income and condensed consolidated statement of changes in equity and condensed consolidated cash flow statement for the six-month period then ended, a summary of significant accounting policies and other explanatory notes. The preparation of a report on interim financial information 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 fair presentation of this interim financial statements in accordance with HKAS 34.

Our responsibility is to express a conclusion on this interim financial information based on our review 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 statements consists of making inquiries, 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 statements of the Group 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: 13 September 2019

ANGY (CHINA) MEDICAL LIMITED

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS
FOR THE SIX MONTHS ENDED 30 JUNE 2019 - UNAUDITED**

		Six months ended 30 June	
	Note	2019	2018
		HK\$	HK\$
Revenue	5	55,014,150	53,241,732
Costs of sales		<u>(42,380,416)</u>	<u>(42,121,030)</u>
Gross profit		12,633,734	11,120,702
Other income	6	48,370	453,371
Selling and distribution expenses		(2,149,383)	(2,577,227)
General and administrative expenses		<u>(9,220,142)</u>	<u>(7,428,041)</u>
Profit from operations		1,312,579	1,568,805
Finance cost	7(a)	<u>(37,020)</u>	<u>-</u>
Profit before taxation	7	1,275,559	1,568,805
Income tax	8	<u>(576,724)</u>	<u>(144,373)</u>
Profit for the period		<u>698,835</u>	<u>1,424,432</u>
Attributable to:			
Equity shareholders of the Company		1,033,694	1,781,404
Non-controlling interests		<u>(334,859)</u>	<u>(356,972)</u>
Profit for the period		<u>698,835</u>	<u>1,424,432</u>
Earnings per share	9		
Basic		0.07	0.14
Diluted		<u>0.07</u>	<u>0.14</u>

Note: The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 3.

The notes on pages 9 to 26 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 2019 - UNAUDITED**

	Six months ended 30 June	
	2019	2018
	HK\$	HK\$
Profit for the period	698,835	1,424,432
Other comprehensive (loss) / profit for the period		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of:		
- financial statements of overseas subsidiaries	<u>(524,069)</u>	<u>577,075</u>
Total comprehensive income for the period	<u>174,766</u>	<u>2,001,507</u>
Attributable to:		
Equity shareholders of the Company	516,699	2,413,390
Non-controlling interests	<u>(341,933)</u>	<u>(411,883)</u>
Total comprehensive income for the period	<u>174,766</u>	<u>2,001,507</u>

Note: The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 3.

The notes on pages 9 to 26 form part of this interim financial report.

ANGY (CHINA) MEDICAL LIMITED

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019 - UNAUDITED**

	Note	At 30 June 2019 HK\$	At 31 December 2018 HK\$
Non-current asset			
Property, plant and equipment	10	4,862,556	675,465
Current assets			
Inventories	11	22,436,643	21,791,973
Trade and other receivables	12	12,029,863	16,296,637
Cash and cash equivalents	13	624,021	4,800,668
Deferred tax assets		94,636	362,675
		35,185,163	43,251,953
Current liabilities			
Trade and other payables	14	11,538,422	16,431,318
Contract liabilities		5,832,408	4,851,736
Lease liabilities		820,765	-
Amount due to a director	15	49,456	1,226,651
Current taxation		872,478	1,083,494
		19,113,529	23,593,199
Net current assets		16,071,634	19,658,754
Total assets less current liabilities		20,934,190	20,334,219
Non-current liabilities			
Lease liabilities		425,205	-
NET ASSETS		20,508,985	20,334,219

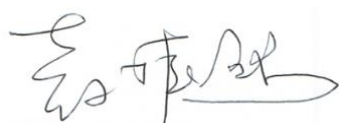
The notes on pages 9 to 26 form part of this interim financial report.

ANGY (CHINA) MEDICAL LIMITED

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019 – UNAUDITED (CONTINUED)**

	Note	At 30 June 2019 HK\$	At 31 December 2018 HK\$
CAPITAL AND RESERVES	16		
Share capital	16(a)	10,000,000	10,000,000
Reserves		<u>10,466,116</u>	<u>9,949,417</u>
Total equity attributable to equity shareholders of the Company		20,466,116	19,949,417
Non-controlling interests		<u>42,869</u>	<u>384,802</u>
TOTAL EQUITY		<u><u>20,508,985</u></u>	<u><u>20,334,219</u></u>

Approved and authorised for issue by the Board of Directors on 13 September 2019.



.....
Executive Director
Ao Zhenming

Note: The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 3.

The notes on pages 9 to 26 form part of this interim financial report.

ANGY (CHINA) MEDICAL LIMITED

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2019 - UNAUDITED**

	Attributable to equity shareholders of the Company					Non- controlling interests	Total equity
	Share capital HK\$	Exchange reserve HK\$	Other reserve HK\$	Retained earnings HK\$	Total HK\$	HK\$	HK\$
Balance at 31 December 2017 as originally presented	10,000,000	(721,641)	-	9,196,494	18,474,853	2,839	18,477,692
Change in accounting policy adoption of HKFRS 9	-	-	-	(664,151)	(664,151)	-	(664,151)
Balance at 1 January 2018	10,000,000	(721,641)	-	8,532,343	17,810,702	2,839	17,813,541
Changes in equity for the six months ended 30 June 2018:							
Profit / (loss) for the period	-	-	-	1,781,404	1,781,404	(356,972)	1,424,432
Other comprehensive income / (loss)	-	631,986	-	-	631,986	(54,911)	577,075
Total comprehensive income / (loss)	-	631,986	-	1,781,404	2,413,390	(411,883)	2,001,507
Partial disposal of equity interests in a subsidiary	-	-	411,133	-	411,133	367,625	778,758
Balance at 30 June 2018 and 1 July 2018	10,000,000	(89,655)	411,133	10,313,747	20,635,225	(41,419)	20,593,806
Changes in equity for the six months ended 31 December 2018:							
Loss for the period	-	-	-	(86,229)	(86,229)	(238,049)	(324,278)
Other comprehensive (loss) / income	-	(248,141)	-	-	(248,141)	33,481	(214,660)
Total comprehensive (loss) / income	-	(248,141)	-	(86,229)	(334,370)	(204,568)	(538,938)
Partial disposal of equity interests in a subsidiary	-	-	(351,438)	-	(351,438)	630,789	279,351
Balance at 31 December 2018 (Note)	10,000,000	(337,796)	59,695	10,227,518	19,949,417	384,802	20,334,219

Note: The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 3.

The notes on pages 9 to 26 form part of this interim financial report.

ANGY (CHINA) MEDICAL LIMITED

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2019 – UNAUDITED (CONTINUED)**

	Attributable to equity shareholders of the Company					Non- controlling interests HK\$	Total equity HK\$
	Share capital HK\$	Exchange reserve HK\$	Other reserve HK\$	Retained earnings HK\$	Total HK\$		
Balance at 1 January 2019	10,000,000	(337,796)	59,695	10,227,518	19,949,417	384,802	20,334,219
Changes in equity for the six months ended 30 June 2019:							
Profit / (loss) for the period	-	-	-	1,033,694	1,033,694	(334,859)	698,835
Other comprehensive loss	-	(516,995)	-	-	(516,995)	(7,074)	(524,069)
Total comprehensive (loss) / income	-	(516,995)	-	1,033,694	516,699	(341,933)	174,766
Balance at 30 June 2019	<u>10,000,000</u>	<u>(854,791)</u>	<u>59,695</u>	<u>11,261,212</u>	<u>20,466,116</u>	<u>42,869</u>	<u>20,508,985</u>

The notes on pages 9 to 26 form part of this interim financial report.

ANGY (CHINA) MEDICAL LIMITED

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2019 - UNAUDITED**

		Six months ended 30 June	
		2019	2018
	Note	HK\$	HK\$
Operating activities			
Profit before taxation		1,275,559	1,568,805
Adjustments for:			
Amortisation of right-of-use asset		86,307	-
Depreciation		244,347	141,339
Impairment loss on inventories		3,697,499	-
Interest element of lease rentals paid		37,020	-
Interest income		(396)	(3,156)
Operating profit before changes in working capital		5,340,336	1,706,988
(Increase) / decrease in inventories		(4,342,169)	132,261
Decrease / (increase) in trade and other receivables		4,266,774	(2,859,246)
(Decrease) / increase in trade and other payables		(4,892,896)	1,884,826
Increase in contract liabilities		980,672	-
(Decrease) / increase in amount due to a director		(1,177,195)	114,557
Cash generated from operations		175,522	979,386
Interest income		396	3,156
Tax paid			
- Overseas tax (paid) / recovered		(519,701)	190,696
Net cash (used in) / generated from operating activities		(343,783)	1,173,238
Investing activity			
Payment for the purchase of property, plant and equipment		(3,072,520)	(441,519)
Net cash used in investing activity		(3,072,520)	(441,519)
Financing activities			
Capital element of lease rentals paid	3(e)	(218,354)	-
Interest element of lease rentals paid	3(e)	(37,020)	-
Net cash used in financing activities		(255,374)	-
Net (decrease) / increase in cash and cash equivalents		(3,671,677)	731,719
Cash and cash equivalents at 1 January		4,800,668	2,284,227
Effect of foreign exchange rates changes		(504,970)	564,350
Cash and cash equivalents at 30 June	13	624,021	3,580,296

Note: The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 3.

The notes on pages 9 to 26 form part of this interim financial report.

ANGY (CHINA) MEDICAL LIMITED

NOTES TO UNAUDITED INTERIM FINANCIAL REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2019

1. GENERAL 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 34 (“HKAS 34”) “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). It was authorised for issue on 13 September 2019.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2018 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2019 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 2018 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a 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 2019**

2. BASIS OF PREPARATION (Continued)

The financial information relating to the financial year ended 31 December 2018 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 2018 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 new HKFRS, HKFRS 16, Leases, and a number of amendments to HKFRSs that are first effective for the current accounting period of the Group.

Except for HKFRS 16, Leases, none of the developments have 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. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

HKFRS 16 "Leases"

HKFRS 16 replaces HKAS 17 "Leases", and the related interpretations, HK(IFRIC) 4 "Determining whether an Arrangement contains a Lease", HK(SIC) 15 "Operating Leases – Incentives" and HK(SIC) 27 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease". It introduces a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less ("short-term leases") and leases of low value assets. The lessor accounting requirements are brought forward from HKAS 17 substantially unchanged.

The Group has initially applied HKFRS 16 as from 1 January 2019. The Group has elected to use the modified retrospective approach and has therefore recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 January 2019. Comparative information has not been restated and continues to be reported under HKAS 17.

**NOTES TO UNAUDITED INTERIM FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 30 JUNE 2019**

3. CHANGES IN ACCOUNTING POLICIES (Continued)

HKFRS 16 “Leases” (Continued)

Further details of the nature and effect of the changes to previous accounting policies and the transition options applied are set out below:

(a) Changes in accounting policies

(i) New definition of a lease

The change in the definition of a lease mainly relates to the concept of control. HKFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group applies the new definition of a lease in HKFRS 16 only to contracts that were entered into or changed on or after 1 January 2019. For contracts entered into before 1 January 2019, the Group has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases.

Accordingly, contracts that were previously assessed as leases under HKAS 17 continue to be accounted for as leases under HKFRS 16 and contracts previously assessed as non-lease service arrangements continue to be accounted for as executory contracts.

(ii) Lessee accounting

HKFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by HKAS 17. Instead, the Group is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under HKAS 17, other than those short-term leases and leases of low-value assets. As far as the Group is concerned, these newly capitalised leases are primarily in relation to property, plant and equipment as disclosed in note 10.

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

**NOTES TO UNAUDITED INTERIM FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 30 JUNE 2019**

3. CHANGES IN ACCOUNTING POLICIES (Continued)

HKFRS 16 “Leases” (Continued)

(a) Changes in accounting policies (Continued)

(ii) Lessee accounting (Continued)

When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. If the Group decides not to capitalise the lease of a low-value asset, the Group recognises the lease payments associated with the leases as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received.

The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

**NOTES TO UNAUDITED INTERIM FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 30 JUNE 2019**

3. CHANGES IN ACCOUNTING POLICIES (Continued)

HKFRS 16 “Leases” (Continued)

- (b) Critical accounting judgements and sources of estimation uncertainty in applying the above accounting policies

Determining the lease term

As explained in the above accounting policies, the lease liability is initially recognised at the present value of the lease payments payable over the lease term. In determining the lease term at the commencement date for leases that include renewal options exercisable by the Group, the Group evaluates the likelihood of exercising the renewal options taking into account all relevant facts and circumstances that create an economic incentive for the Group to exercise the option, including favourable terms, leasehold improvements undertaken and the importance of that underlying asset to the Group’s operation. The lease term is reassessed when there is a significant event or significant change in circumstance that is within the Group’s control. Any increase or decrease in the lease term would affect the amount of lease liabilities and right-of-use assets recognised in future years.

- (c) Transitional impact

At the date of transition to HKFRS 16 (i.e. 1 January 2019), the Group determined the length of the remaining lease terms and measured the lease liabilities for the leases previously classified as operating leases at the present value of the remaining lease payments, discounted using the relevant incremental borrowing rates at 1 January 2019. The weighted average of the incremental borrowing rates used for determination of the present value of the remaining lease payments was 2.5%.

To ease the transition to HKFRS 16, the Group applied the following recognition exemption and practical expedient at the date of initial application of HKFRS 16:

When measuring the lease liabilities at the date of initial application of HKFRS 16, the Group applied a single discount rate to a portfolio of leases with reasonably similar characteristics (such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment).

**NOTES TO UNAUDITED INTERIM FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 30 JUNE 2019**

3. CHANGES IN ACCOUNTING POLICIES (Continued)

HKFRS 16 “Leases” (Continued)

(c) Transitional impact (Continued)

The following table reconciles the operating lease commitments as disclosed in note 18 as at 31 December 2018 to the opening balance for lease liabilities recognised as at 1 January 2019:

	At 1 January 2019 HK\$
Operating lease commitments at 31 December 2018 (Note 18)	597,757
Less: Total future interest expenses	<u>(18,628)</u>
Total lease liabilities recognised at 1 January 2019	<u>579,129</u>

The right-of-use assets in relation to leases previously classified as operating leases have been recognised at an amount equal to the amount recognised for the remaining lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position at 31 December 2018. The Group presents right-of-use assets in “property, plant and equipment” and presents lease liabilities separately in the consolidated statement of financial position. The following table summarises the impacts of the adoption of HKFRS 16 on the Group’s consolidated statement of financial position:

Line items in the consolidated statement of financial position impacted by the adoption of HKFRS 16:	Carrying amount at 31 December 2018 HK\$	Capitalisation of operating lease contracts HK\$	Carrying amount at 1 January 2019 HK\$
Property, plant and equipment	675,465	579,129	1,254,594
Total non-current assets	675,465	579,129	1,254,594
Lease liabilities (current)	-	413,179	413,179
Current liabilities	23,593,199	413,179	24,006,378
Net current assets	19,658,754	(413,179)	19,245,575
Total assets less current liabilities	20,334,219	165,950	20,500,169

NOTES TO UNAUDITED INTERIM FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 30 JUNE 2019

3. CHANGES IN ACCOUNTING POLICIES (Continued)

HKFRS 16 “Leases” (Continued)

(c) Transitional impact (Continued)

	Carrying amount at 31 December 2018 HK\$	Capitalisation of operating lease contracts HK\$	Carrying amount at 1 January 2019 HK\$
Line items in the consolidated statement of financial position impacted by the adoption of HKFRS 16:			
Lease liabilities (non-current)	-	165,950	165,950
Total non-current liabilities	-	165,950	165,950
Net assets	20,334,219	-	20,334,219

(d) Lease liabilities

The remaining contractual maturities of the Group’s lease liabilities at the end of the reporting period and at the date of transition to HKFRS 16 are as follows:

	At 30 June 2019		At 1 January 2019	
	Present value of the minimum lease payments HK\$	Total minimum lease payments HK\$	Present value of the minimum lease payments HK\$	Total minimum lease payments HK\$
Within 1 year	820,765	851,916	413,179	427,658
After 1 year but within 2 years	425,205	435,832	165,950	170,099
		1,287,748		597,757
	<u>1,245,970</u>		<u>579,129</u>	
Less: Total future interest expenses		<u>(41,778)</u>		<u>(18,628)</u>
Present value of lease obligations		<u>1,245,970</u>		<u>579,129</u>

**NOTES TO UNAUDITED INTERIM FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 30 JUNE 2019**

3. CHANGES IN ACCOUNTING POLICIES (Continued)

HKFRS 16 “Leases” (Continued)

(e) Impact on the financial result and cash flows of the Group

After the initial recognition of right-of-use assets and lease liabilities as at 1 January 2019, the Group as a lessee is required to recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. This results in a positive impact on the reported profit from operations in the Group’s consolidated statement of profit or loss, as compared to the results if HKAS 17 had been applied during the year.

In the cash flow statement, the Group as a lessee is required to split rentals paid under capitalised leases into their capital element and interest element. These elements are classified as financing cash outflows, similar to how leases previously classified as finance leases under HKAS 17 were treated, rather than as operating cash outflows, as was the case for operating leases under HKAS 17. Although total cash flows are unaffected, the adoption of HKFRS 16 therefore results in a significant change in presentation of cash flows within the cash flow statement.

The following tables may give an indication of the estimated impact of adoption of HKFRS 16 on the Group’s financial result and cash flows for the six months ended 30 June 2019, by adjusting the amounts reported under HKFRS 16 in these interim financial statements to compute estimates of the hypothetical amounts that would have been recognised under HKAS 17 if this superseded standard had continued to apply to 2019 instead of HKFRS 16, and by comparing these hypothetical amounts for 2019 with the actual 2018 corresponding amounts which were prepared under HKAS 17.

**NOTES TO UNAUDITED INTERIM FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 30 JUNE 2019**

3. CHANGES IN ACCOUNTING POLICIES (Continued)

HKFRS 16 “Leases” (Continued)

(e) Impact on the financial result and cash flows of the Group (Continued)

	2019				2018
	Amounts reported under HKFRS 16 (A) HK\$	Add back: HKFRS 16 depreciation and interest expense (B) HK\$	Deduct: Estimated amounts related to operating lease as if under HKAS 17 (Note 1) (C) HK\$	Hypothetical amounts for 2019 as if under HKAS 17 (D=A+B+C) HK\$	Compared to amounts reported for 2018 under HKAS 17 HK\$
Financial result for the six months ended 30 June 2019 impacted by the adoption of HKFRS 16:					
Profit from operations	1,312,579	244,347	(255,023)	1,301,903	1,568,805
Finance costs	(37,020)	37,020	-	-	-
Profit before taxation	1,275,559	281,367	(255,023)	1,301,903	1,568,805
Profit for the period	698,835	281,367	(255,023)	725,179	1,424,432

ANGY (CHINA) MEDICAL LIMITED

NOTES TO UNAUDITED INTERIM FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 30 JUNE 2019

3. CHANGES IN ACCOUNTING POLICIES (Continued)

HKFRS 16 “Leases” (Continued)

(e) Impact on the financial result and cash flows of the Group (Continued)

	2019			2018
	Amounts reported under HKFRS 16 (A) HK\$	Estimated amounts related to operating leases as if under HKAS 17 (notes 1 & 2) (B) HK\$	Hypothetical amounts for 2019 as if under HKAS 17 (C=A+B) HK\$	Compared to amounts reported for 2018 under HKAS 17 HK\$
Line items in the condensed consolidated cash flow statement for the six months ended 30 June 2019 impacted by the adoption of HKFRS 16:				
Cash generated from / (used in) operations	175,522	(255,374)	(79,852)	979,386
Net cash (used in) / generated from operations	(343,783)	(255,374)	(599,157)	1,173,238
Capital element of lease rentals paid	(218,354)	218,354	-	-
Interest element of lease rentals paid	(37,020)	37,020	-	-
Net cash (used in) / generated from financing activities	(255,374)	255,374	-	3,580,296

Note 1: The “estimated amounts related to operating leases” is an estimate of the amounts of the cash flows in 2019 that relate to leases which would have been classified as operating leases, if HKAS 17 had still applied in 2019. This estimate assumes that there were no differences between rentals and cash flows and that all of the new leases entered into in 2019 would have been classified as operating leases under HKAS 17, if HKAS 17 had still applied in 2019. Any potential net tax effect is ignored.

Note 2: In this impact table these cash outflows are reclassified from financing to operating in order to compute hypothetical amounts of net cash generated from operating activities and net cash used in financing activities as if HKAS 17 still applied.

**NOTES TO UNAUDITED INTERIM FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 30 JUNE 2019**

4. SEGMENT REPORTING

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial 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.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

The Group operates in a single business, manufacture and sales of polyester products in a single geographical region, which is the People's Republic of China (the "PRC"). Accordingly, no segmental analysis is presented.

5. REVENUE

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

Disaggregation of revenue

Revenue represents the sales value of goods supplied to customers (net of value-added tax, other sales tax and discounts). Disaggregation of revenue from contracts with customers by major products is as follows:

	Six months ended 30 June	
	2019	2018
	HK\$	HK\$
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products lines		
- Medical instrument	<u>55,014,150</u>	<u>53,241,732</u>

The Group's customer base is diversified. There is two customer (six months ended 30 June 2018: Nil) had transactions which exceeded 10% of the Group's aggregate revenue for the six months ended 30 June 2019.

The timing of revenue recognition of all revenue from contracts with customers is at a point in time.

As no obvious seasonality in demand for products, the Group has no seasonality in operations.

ANGY (CHINA) MEDICAL LIMITED

NOTES TO UNAUDITED INTERIM FINANCIAL REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2019

6. OTHER REVENUE

	Six months ended 30 June	
	2019	2018
	HK\$	HK\$
Interest income	396	3,156
Net foreign exchange gain	-	269,299
Sundry income	47,974	180,916
	<u>48,370</u>	<u>453,371</u>

7. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging / (crediting):

	Six months ended 30 June	
	2019	2018
	HK\$	HK\$
(a) Finance cost		
Interest on lease liabilities	<u>37,020</u>	<u>-</u>
(b) Staff costs		
Contributions to defined contribution retirement plan	188,893	280,016
Salaries, wages and other benefits	<u>3,537,053</u>	<u>4,036,057</u>
	<u>3,725,946</u>	<u>4,316,073</u>
(c) Other items		
Cost of inventories	38,682,917	42,121,030
Depreciation	244,347	141,339
Amortisation of right-of-use asset	86,307	-
Impairment loss on inventories	3,697,499	-
Net foreign exchange loss / (gain)	89,000	(269,299)
Research and development costs (other than amortisation)	2,708,047	1,162,084
Operating lease charges: minimum lease payments	<u>319,871</u>	<u>523,927</u>

Note: The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 3.

ANGY (CHINA) MEDICAL LIMITED

NOTES TO UNAUDITED INTERIM FINANCIAL REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2019

8. INCOME TAX

	Six months ended 30 June	
	2019	2018
	HK\$	HK\$
Current tax - Hong Kong Profits Tax	-	201,745
Current tax - Overseas	308,685	219,906
Deferred tax	268,039	(277,278)
	<u>576,724</u>	<u>144,373</u>

The provision for Hong Kong Profits Tax is calculated by applying the estimated annual effective tax rate of 16.5% (2018: 16.5%) to the six months ended 30 June 2019.

On 21 March 2018, the Inland Revenue (Amendment) (No. 7) Bill 2017, which introduces a two-tiered profits tax regime, was substantively enacted. Under the two-tiered profits tax regime, the first HK\$2 million of assessable profits of qualifying corporations will be taxed at 8.25% with effect from the year assessment 2018/2019. Profits above HK\$2 million will continue to be subject to the tax rate of 16.5%.

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.

9. 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\$698,835 (six months ended 30 June 2018: HK\$1,424,432) and the weighted average of 10,000,000 ordinary shares (2018: 10,000,000 shares) in issue during the interim period.

There were no dilutive potential ordinary shares during each of the six months ended 30 June 2019 and 2018, and therefore, diluted earnings per share is the same as the basic earnings per share.

10. PROPERTY, PLANT AND EQUIPMENT

(a) Right-of-use assets

As discussed in note 3, the Group has initially applied HKFRS 16 using the modified retrospective method and adjusted the opening balances at 1 January 2019 to recognise right-of-use assets relating to leases which were previously classified as operating leases under HKAS 17. Further details on the net book value of the Group's right-of-use assets by class of underlying assets are set out in note 3.

ANGY (CHINA) MEDICAL LIMITED**NOTES TO UNAUDITED INTERIM FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 30 JUNE 2019**

10. PROPERTY, PLANT AND EQUIPMENT (Continued)**(b) Acquisition of owned assets**

During the six months ended 30 June 2019, the Group acquired items of plant and machinery with a cost of HK\$3,072,520 (six months ended 30 June 2018: HK\$441,519).

11. INVENTORIES

	At 30 June 2019 HK\$	At 31 December 2018 HK\$
Raw materials	301,277	-
Finished goods	22,135,366	21,791,973
	<u>22,436,643</u>	<u>21,791,973</u>

12. 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 loss allowance, is as follows:

	At 30 June 2019 HK\$	At 31 December 2018 HK\$
Within 1 month	3,980,277	7,935,079
1 – 6 months	-	-
6 months – within 1 year	126,685	188,335
Over 1 year	3,826,813	5,961,703
	<u>7,933,775</u>	<u>14,085,117</u>
Trade debtors, net of loss allowance	7,933,775	14,085,117
Other receivables	3,014,772	1,835,697
Prepayments	1,081,316	375,823
	<u>12,029,863</u>	<u>16,296,637</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 2019**

13. CASH AND CASH EQUIVALENTS

	At 30 June 2019 HK\$	At 31 December 2018 HK\$
Cash and cash equivalents in the statement of financial position and cash flow statement		
- Cash at bank and in hand	<u>624,021</u>	<u>4,800,668</u>

14. 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 2019 HK\$	At 31 December 2018 HK\$
Within 1 month	10,078,105	13,321,813
1 – 6 months	-	20,961
6 months – within 1 year	-	92,459
Over 1 year	<u>24,078</u>	<u>24,821</u>
Trade creditors	10,102,183	13,460,054
Other payables and accruals	<u>1,436,239</u>	<u>2,971,264</u>
Financial liabilities measured at amortised cost	<u>11,538,422</u>	<u>16,431,318</u>

15. AMOUNT DUE TO A DIRECTOR

Amount due to a director is unsecured, interest free and repayable on demand.

**NOTES TO UNAUDITED INTERIM FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 30 JUNE 2019**

16. CAPITAL, RESERVES AND DIVIDENDS

(a) Share capital

Issued and fully paid share capital

	Number of ordinary shares	HK\$
As at 31 December 2018 and 30 June 2019	<u>10,000,000</u>	<u>10,000,000</u>

There is no change in ordinary shares during the six months ended 30 June 2019.

(b) Dividend

The Board has resolved not to declare any interim dividends for the six months ended 30 June 2019 (six months ended 30 June 2018: Nil).

(c) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure on the basis of an adjusted net debt-to-capital ratio. For this purpose, adjusted net debt is defined as total debt (which includes lease liabilities), less cash and cash equivalents. Adjusted capital comprises all components of equity.

The Group has initially applied HKFRS 16 using the modified retrospective approach. Under this approach, the Group recognises right-of-use assets and corresponding lease liabilities for almost all leases previously accounted for as operating leases as from 1 January 2019. This caused a significant increase in the Group's total debt and hence the Group's adjusted net debt-to-capital ratio rose from 53% to 49% on 1 January 2019 when compared to its position as at 31 December 2018.

**NOTES TO UNAUDITED INTERIM FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 30 JUNE 2019**

17. 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 31 December 2018 and 30 June 2019.

18. COMMITMENTS

At 31 December 2018, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	At 31 December 2018 HK\$ (audited)
Within 1 year	427,658
After 1 year but within 5 years	170,099
	<u>597,757</u>

The Group is the lessee in respect of a number of properties held under leases which were previously classified as operating leases under HKAS 17. The Group has initially applied HKFRS 16 using the modified retrospective approach. Under this approach, the Group adjusted the opening balances at 1 January 2019 to recognise lease liabilities relating to these leases (see note 3). From 1 January 2019 onwards, future lease payments are recognised as lease liabilities in the consolidated statement of financial position in accordance with the policies set out in note 3.

19. MATERIAL RELATED PARTY TRANSACTIONS

Key management personnel remuneration

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

	Six months ended 30 June 2019 HK\$	2018 HK\$
Salaries, wages and other benefits	<u>340,000</u>	<u>340,000</u>

ANGY (CHINA) MEDICAL LIMITED

**NOTES TO UNAUDITED INTERIM FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 30 JUNE 2019**

20. COMPARATIVE FIGURES

The Group has initially applied HKFRS 16 and HKFRS 9 at 1 January 2019 using the modified retrospective method. Under this approach, comparative information is not restated. Further details of the changes in accounting policies are disclosed in note 3.

ANGY (CHINA) MEDICAL LIMITED

**DETAILED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2019
(For management information only)**

	1/1/2019 to 30/6/2019 HK\$	1/1/2018 to 30/6/2018 HK\$
Revenue		
Sales of medical instrument	55,014,150	53,241,732
Less: Cost of sales		
Opening inventories	22,697,882	22,830,143
Purchases	42,119,177	41,988,769
	<u>64,817,059</u>	<u>64,818,912</u>
Less: Closing inventories	<u>22,436,643</u>	<u>22,697,882</u>
	<u>42,380,416</u>	<u>42,121,030</u>
Gross profit	12,633,734	11,120,702
Add: Other income		
Interest income	396	3,156
Net foreign exchange gain	-	269,299
Sundry income	47,974	180,916
	48,370	453,371
Less: Selling and distribution expenses		
Advertisement	75,633	59,555
Conference expenses	820,937	739,017
Consultancy fee	44,674	167,584
Entertainment	184,620	249,586
Exhibition fee	329,818	196,074
Office expenses	50,997	105,513
Overseas travelling expenses	524,886	893,008
Transportation fee	59,550	63,503
Testing and repairing fee	58,268	103,387
	<u>2,149,383</u>	<u>2,577,227</u>
Less: General and administrative expenses (Appendix I)	9,220,142	7,428,041
Less: Finance cost		
Interest element of lease rentals paid	<u>37,020</u>	<u>-</u>
Profit before taxation	<u>1,275,559</u>	<u>1,568,805</u>

**DETAILED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2019
(For management information only)**

	1/1/2019 to 30/6/2019 HK\$	1/1/2018 to 30/6/2018 HK\$
General and administrative expenses		
Accounting fee	6,000	6,000
Auditors' remuneration	260,000	248,000
Amortisation of right-of-use asset	86,307	-
Bank charges	23,289	17,682
Consultancy fee	669,548	182,717
Depreciation	244,347	141,339
Directors' remuneration	340,000	340,000
Entertainment	116,388	19,516
Insurance	9,786	10,095
Legal and professional fee	300,925	101,725
Mandatory provident fund	188,893	280,016
Motor vehicle expenses	11,880	23,507
Net foreign exchange loss	89,000	-
Office expenses	192,885	165,969
Overseas travelling expenses	48,149	98,484
Promotion expenses	4,193	-
Rent	319,871	523,927
Research and development costs	2,708,047	1,162,084
Salaries and wages	3,197,053	3,696,057
Staff welfare	134,213	182,717
Sundry expenses	193,838	153,734
Travelling expenses	8,320	6,669
Telephone expenses	67,210	67,803
	<u>9,220,142</u>	<u>7,428,041</u>