

ANGY (CHINA) MEDICAL LIMITED
INTERIM FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 30 JUNE 2020

ANGY (CHINA) MEDICAL LIMITED

**INTERIM REPORT
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

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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 20 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 2020 and the related consolidated statement of profit or loss, statement of profit or loss and other comprehensive income and consolidated statement of changes in equity and condensed consolidated cash flow statement for the six month period then ended and explanatory notes. The Rules Governing the Listing of Securities on the National Stock Exchange of Australia Limited require 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 reports 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 2020 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: 14 September 2020

ANGY (CHINA) MEDICAL LIMITED

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS
FOR THE SIX MONTHS ENDED 30 JUNE 2020 - UNAUDITED**

		Six months ended 30 June	
	Note	2020	2019
		HK\$	HK\$
Revenue	5	45,348,145	55,014,150
Costs of sales		<u>(35,203,883)</u>	<u>(42,380,416)</u>
Gross profit		10,144,262	12,633,734
Other income	6	22,629	48,370
Selling and distribution expenses		<u>(1,898,377)</u>	<u>(2,149,383)</u>
General and administrative expenses		<u>(8,857,103)</u>	<u>(9,220,142)</u>
(Loss) / profit from operations		(588,589)	1,312,579
Finance costs	7(a)	<u>(16,185)</u>	<u>(37,020)</u>
(Loss) / profit before taxation	7	(604,774)	1,275,559
Income tax	8	<u>105,892</u>	<u>(576,724)</u>
(Loss) / profit for the period		<u>(498,882)</u>	<u>698,835</u>
Attributable to:			
Equity shareholders of the Company		(21,093)	1,033,694
Non-controlling interests		<u>(477,789)</u>	<u>(334,859)</u>
(Loss) / profit for the period		<u>(498,882)</u>	<u>698,835</u>
(Loss) / earnings per share	9		
Basic		<u>(0.05)</u>	<u>0.07</u>

The notes on pages 10 to 20 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 2020 - UNAUDITED**

	Six months ended 30 June	
	2020	2019
	HK\$	HK\$
(Loss) / profit for the period	(498,882)	698,835
Other comprehensive loss for the period		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of:		
- financial statements of overseas subsidiaries	(326,400)	(524,069)
Total comprehensive (loss) / income for the period	<u>(825,282)</u>	<u>174,766</u>
Attributable to:		
Equity shareholders of the Company	(352,486)	516,699
Non-controlling interests	<u>(472,796)</u>	<u>(341,933)</u>
Total comprehensive (loss) / income for the period	<u>(825,282)</u>	<u>174,766</u>

The notes on pages 10 to 20 form part of this interim financial report.

ANGY (CHINA) MEDICAL LIMITED

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020 - UNAUDITED**

	Note	At 30 June 2020 HK\$	At 31 December 2019 HK\$
Non-current asset			
Property, plant and equipment	10	2,645,424	3,742,176
Current assets			
Inventories	11	19,531,390	15,931,308
Trade and other receivables	12	8,381,290	8,422,686
Other financial assets	13	5,606,333	-
Cash and cash equivalents	14	6,568,740	6,892,185
Deferred tax assets		55,542	73,926
		40,143,295	31,320,105
Current liabilities			
Trade and other payables	15	9,835,111	9,332,546
Contract liabilities		6,508,082	5,312,388
Bank loans	16	5,397,888	806,757
Lease liabilities		581,255	834,231
Current taxation		283,619	511,349
		22,605,955	16,797,271
Net current assets		17,537,340	14,522,834
Total assets less current liabilities		20,182,764	18,265,010
Non-current liabilities			
Lease liabilities		-	256,964
NET ASSETS		20,182,764	18,008,046

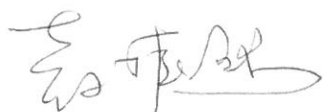
The notes on pages 10 to 20 form part of this interim financial report.

ANGY (CHINA) MEDICAL LIMITED

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020 – UNAUDITED (CONTINUED)**

	Note	At 30 June 2020 HK\$	At 31 December 2019 HK\$
CAPITAL AND RESERVES	17		
Share capital	17(a)	10,000,000	10,000,000
Reserves		<u>7,664,328</u>	<u>8,016,814</u>
Total equity attributable to equity shareholders of the Company		17,664,328	18,016,814
Non-controlling interests		<u>2,518,436</u>	<u>(8,768)</u>
TOTAL EQUITY		<u>20,182,764</u>	<u>18,008,046</u>

Approved and authorised for issue by the Board of Directors on 14 September 2020.



.....
Executive Director
Ao Zhenming

The notes on pages 10 to 20 form part of this interim financial report.

ANGY (CHINA) MEDICAL LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2020 - UNAUDITED**

	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 and 1 July 2019	10,000,000	(854,791)	59,695	11,261,212	20,466,116	42,869	20,508,985
Changes in equity for the six months ended 31 December 2019:							
Loss for the period	-	-	-	(2,298,300)	(2,298,300)	(48,340)	(2,346,640)
Other comprehensive loss	-	(151,002)	-	-	(151,002)	(3,297)	(154,299)
Total comprehensive loss	-	(151,002)	-	(2,298,300)	(2,449,302)	(51,637)	(2,500,939)
Balance at 31 December 2019	<u>10,000,000</u>	<u>(1,005,793)</u>	<u>59,695</u>	<u>8,962,912</u>	<u>18,016,814</u>	<u>(8,768)</u>	<u>18,008,046</u>

The notes on pages 10 to 20 form part of this interim financial report.

ANGY (CHINA) MEDICAL LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2020 – 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 2020	10,000,000	(1,005,793)	59,695	8,962,912	18,016,814	(8,768)	18,008,046
Acquisition from subsidiary	-	-	-	-	-	3,000,000	3,000,000
Changes in equity for the six months ended 30 June 2020:							
Loss for the period	-	-	-	(21,093)	(21,093)	(477,789)	(498,882)
Other comprehensive (loss) / income	-	(331,393)	-	-	(331,393)	4,993	(326,400)
Total comprehensive loss	-	(331,393)	-	(21,093)	(352,486)	(472,796)	(825,282)
Balance at 30 June 2020	<u>10,000,000</u>	<u>(1,337,186)</u>	<u>59,695</u>	<u>8,941,819</u>	<u>17,664,328</u>	<u>2,518,436</u>	<u>20,182,764</u>

The notes on pages 10 to 20 form part of this interim financial report.

ANGY (CHINA) MEDICAL LIMITED

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2020 - UNAUDITED**

	Note	Six months ended 30 June 2020 HK\$	2019 HK\$
Operating activities			
(Loss) / profit before taxation		(604,774)	1,275,559
Adjustments for:			
Amortisation of right-of-use asset		506,833	86,307
Depreciation		514,851	244,347
Finance costs		16,185	37,020
Impairment loss on inventories		499,456	3,697,499
Interest income		(110)	(396)
Operating profit before changes in working capital		932,441	5,340,336
Increase in inventories		(4,099,538)	(4,342,169)
Decrease in trade and other receivables		41,396	4,266,774
Increase / (decrease) in trade and other payables		502,565	(4,892,896)
Increase in contract liabilities		1,195,694	980,672
Decrease in amount due to a director		-	(1,177,195)
Cash (used in) / generated from operations		(1,427,442)	175,522
Interest income		110	396
Tax paid			
- Overseas tax paid		(103,454)	(519,701)
Net cash used in operating activities		(1,530,786)	(343,783)
Investing activities			
Payment for the purchase of property, plant and equipment		-	(3,072,520)
Acquisition of subsidiary, net of cash acquired		3,000,000	-
Payment for the structured deposits		(5,606,333)	-
Net cash used in investing activities		(2,606,333)	(3,072,520)
Financing activities			
Capital element of lease rentals paid		(509,940)	(218,354)
Proceeds from new bank loans		5,397,888	-
Repayment of bank loans		(806,757)	-
Interest on bank loans		(764)	-
Interest element of lease rentals paid		(15,421)	(37,020)
Net cash generated from / (used in) financing activities		4,065,006	(255,374)

The notes on pages 10 to 20 form part of this interim financial report.

ANGY (CHINA) MEDICAL LIMITED

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2020 - UNAUDITED**

		Six months ended 30 June	
	Note	2020	2019
		HK\$	HK\$
Net decrease in cash and cash equivalents		(72,113)	(3,671,677)
Cash and cash equivalents at 1 January		6,892,185	4,800,668
Effect of foreign exchange rates changes		<u>(251,332)</u>	<u>(504,970)</u>
Cash and cash equivalents at 30 June	14	<u><u>6,568,740</u></u>	<u><u>624,021</u></u>

The notes on pages 10 to 20 form part of this interim financial report.

**NOTES TO UNAUDITED INTERIM FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

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 34 (“HKAS 34”) “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). It was authorised for issue on 14 September 2020.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2019 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2020 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 2019 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 2020**

2. BASIS OF PREPARATION (Continued)

The financial information relating to the financial year ended 31 December 2019 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 2019 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 several amendments to HKFRSs that are first effective for the current accounting period of the Group:

- Amendments to HKFRS 3, Definition of a Business
- Amendment to HKFRS 16, Covid-19-Related Rent Concessions

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. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

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.

**NOTES TO UNAUDITED INTERIM FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

4. SEGMENT REPORTING (Continued)

The Group mainly operates in a single business, trading of medical instrument 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	
	2020	2019
	HK\$	HK\$
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products lines		
- Medical instrument	45,348,145	55,014,150

The Group's customer base is diversified. There is no customer (six months ended 30 June 2019: two) had transactions which exceeded 10% of the Group's aggregate revenue for the six months ended 30 June 2020.

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.

6. OTHER REVENUE

	Six months ended 30 June	
	2020	2019
	HK\$	HK\$
Interest income	110	396
Sundry income	22,519	47,974
	<u>22,629</u>	<u>48,370</u>

ANGY (CHINA) MEDICAL LIMITED

**NOTES TO UNAUDITED INTERIM FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

7. (LOSS) / PROFIT BEFORE TAXATION

(Loss) / profit before taxation is arrived at after charging:

	Six months ended 30 June	
	2020	2019
	HK\$	HK\$
(a) Finance costs		
Interest on bank loans	764	-
Interest on lease liabilities	15,421	37,020
	<u>16,185</u>	<u>37,020</u>
(b) Staff costs		
Contributions to defined contribution retirement plan	207,112	188,893
Salaries, wages and other benefits	4,039,093	3,537,053
	<u>4,246,205</u>	<u>3,725,946</u>
(c) Other items		
Cost of inventories	35,203,883	42,380,416
Depreciation	514,851	244,347
Amortisation of right-of-use asset	506,833	86,307
Impairment loss on inventories	499,456	3,697,499
Net foreign exchange loss	41,857	89,000
Research and development costs (other than amortisation)	1,635,405	2,708,047
Operating lease charges: minimum lease payments	-	319,871

8. INCOME TAX

	Six months ended 30 June	
	2020	2019
	HK\$	HK\$
Current tax - Overseas	(124,276)	308,685
Deferred taxation	18,384	268,039
	<u>(105,892)</u>	<u>576,724</u>

The Company is a qualifying corporation under the two-tiered Profits Tax rate regime. For the Company, the first HK\$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The provision for Hong Kong Profits Tax for the Company was calculated at the same basis in 2019.

**NOTES TO UNAUDITED INTERIM FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

8. INCOME TAX (Continued)

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. (LOSS) / EARNINGS PER SHARE

Basic (loss) / earnings per share

The calculation of basic (loss) / earnings per share is based on the (loss) / profit attributable to ordinary equity shareholders of the parent of (HK\$498,882) (six months ended 30 June 2019: HK\$698,835) and the weighted average of 10,000,000 ordinary shares (2019: 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 2020 and 2019, 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

During the six months ended 30 June 2020, the Group entered into a number of lease agreements for use of leasehold land, and therefore recognised the additions to right-of-use assets of Nil (six months ended 30 June 2019: HK\$666,841).

The Group recognised depreciation charge of right-of-use assets of HK\$506,833 during the period ended 30 June 2020 (six months ended 30 June 2019: HK\$86,307).

(b) Acquisition of owned assets

During the six months ended 30 June 2020, the Group acquired items of plant and machinery with a cost of Nil (six months ended 30 June 2019: HK\$3,072,520).

ANGY (CHINA) MEDICAL LIMITED

**NOTES TO UNAUDITED INTERIM FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

11. INVENTORIES

	At 30 June 2020 HK\$	At 31 December 2019 HK\$
Finished goods	<u>19,531,390</u>	<u>15,931,308</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 2020 HK\$	At 31 December 2019 HK\$
Within 1 month	100,390	347,308
1 – 6 months	-	163,645
6 months – within 1 year	145,134	113,493
Over 1 year	<u>574,032</u>	<u>1,869,818</u>
Trade debtors, net of loss allowance	819,556	2,494,264
Other receivables	4,594,460	2,615,463
Prepayments	<u>2,967,274</u>	<u>3,312,959</u>
	<u>8,381,290</u>	<u>8,422,686</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 2020**

13. OTHER FINANCIAL ASSETS

Other financial assets represent financial assets carried at fair value through profit and loss.

	At 30 June 2020 HK\$	At 31 December 2019 HK\$
Structured deposits	<u>5,606,333</u>	<u>-</u>

14. CASH AND CASH EQUIVALENTS

	At 30 June 2020 HK\$	At 31 December 2019 HK\$
Cash and cash equivalents in the statement of financial position and cash flow statement		
- Cash at bank and in hand	<u>6,568,740</u>	<u>6,892,185</u>

15. 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 2020 HK\$	At 31 December 2019 HK\$
Within 1 month	5,267,221	6,395,023
1 – 6 months	-	3,964
6 months – within 1 year	21,285	-
Over 1 year	<u>-</u>	<u>16,000</u>
Trade creditors	5,288,506	6,414,987
Other payables and accruals	<u>4,546,605</u>	<u>2,917,559</u>
Financial liabilities measured at amortised cost	<u>9,835,111</u>	<u>9,332,546</u>

ANGY (CHINA) MEDICAL LIMITED

**NOTES TO UNAUDITED INTERIM FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

16. BANK LOANS

	At 30 June 2020 HK\$	At 31 December 2019 HK\$
Within 1 year or on demand	<u>5,397,888</u>	<u>806,757</u>

At 30 June 2020, the bank loans were unsecured as follows:

	At 30 June 2020 HK\$	At 31 December 2019 HK\$
Bank loans - unsecured	<u>5,397,888</u>	<u>806,757</u>

17. CAPITAL, RESERVES AND DIVIDENDS

(a) Share capital

Issued and fully paid share capital

	Number of ordinary shares	HK\$
As at 31 December 2019 and 30 June 2020	<u>10,000,000</u>	<u>10,000,000</u>

There is no change in ordinary shares during the six months ended 30 June 2020.

(b) Dividend

The Board has resolved not to declare any interim dividends for the six months ended 30 June 2020 (six months ended 30 June 2019: Nil).

**NOTES TO UNAUDITED INTERIM FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

17. CAPITAL, RESERVES AND DIVIDENDS (Continued)

(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.

18. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(a) Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs

**NOTES TO UNAUDITED INTERIM FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

18. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

(a) Fair value hierarchy (Continued)

	Fair value at 30 June 2020 HK\$	Fair value measurements as at 30 June 2020 categorised into		
		Level 1 HK\$	Level 2 HK\$	Level 3 HK\$
Recurring fair value measurement				
Financial assets:				
Other financial assets	<u>5,606,333</u>	<u>-</u>	<u>5,606,333</u>	<u>-</u>

During the six months ended 30 June 2020, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

(b) Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of financial assets in Level 2 is determined by discounting the expected future cash flows at prevailing market interest rate as at the end of the reporting period. The discount rate used is derived from the relevant onshore Renminbi Swap curve as at the end of the reporting period plus an adequate constant credit spread.

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	
	2020 HK\$	2019 HK\$
Salaries, wages and other benefits	<u>330,000</u>	<u>340,000</u>

**NOTES TO UNAUDITED INTERIM FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

20. IMPACTS OF COVID-19 PANDEMIC

The COVID-19 pandemic since early 2020 has brought about additional uncertainties in the Group's operating environment and has impacted the Group's operations and financial position.

The Group has been closely monitoring the impact of the developments on the Group's business and has put in place contingency measures. The Group will keep the contingency measures under review as the situation evolves.

ANGY (CHINA) MEDICAL LIMITED

**DETAILED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2020
(For management information only)**

	1/1/2020 to 30/6/2020 HK\$	1/1/2019 to 30/6/2019 HK\$
Revenue		
Sales of medical instrument	45,348,145	55,014,150
Less: Cost of sales		
Opening inventories	22,436,643	22,697,882
Purchases	32,298,630	42,119,177
	54,735,273	64,817,059
Less: Closing inventories	19,531,390	22,436,643
	35,203,883	42,380,416
Gross profit	10,144,262	12,633,734
Add: Other income		
Interest income	110	396
Sundry income	22,519	47,974
	22,629	48,370
Less: Selling and distribution expenses		
Advertisement	97,972	75,633
Conference expenses	563,511	820,937
Consultancy fee	136,961	44,674
Entertainment	158,207	184,620
Exhibition fee	346,244	329,818
Office expenses	75,111	50,997
Overseas travelling expenses	395,420	524,886
Transportation fee	75,423	59,550
Testing and repairing fee	49,528	58,268
	1,898,377	2,149,383
Less: General and administrative expenses (Appendix I)	8,857,103	9,220,142
Less: Finance cost		
Interest on bank loans	764	-
Interest on lease liabilities	15,421	37,020
	16,185	37,020
(Loss) / profit before taxation	(604,774)	1,275,559

**DETAILED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2020
(For management information only)**

	1/1/2020 to 30/6/2020 HK\$	1/1/2019 to 30/6/2019 HK\$
General and administrative expenses		
Accounting fee	7,000	6,000
Auditors' remuneration	260,000	260,000
Amortisation of right-of-use asset	506,833	86,307
Bank charges	12,775	23,289
Consultancy fee	423,012	669,548
Depreciation	514,851	244,347
Directors' remuneration	330,000	340,000
Entertainment	460,630	116,388
Insurance	15,563	9,786
Legal and professional fee	164,812	300,925
Mandatory provident fund	207,112	188,893
Motor vehicle expenses	16,197	11,880
Net foreign exchange loss	41,857	89,000
Office expenses	152,042	192,885
Overseas travelling expenses	9,303	48,149
Promotion expenses	-	4,193
Rent	75,125	319,871
Repair and maintenance	26,916	-
Research and development costs	1,635,405	2,708,047
Salaries and wages	3,709,093	3,197,053
Staff welfare	126,927	134,213
Sundry expenses	82,081	193,838
Travelling expenses	25,303	8,320
Telephone expenses	54,266	67,210
	<u>8,857,103</u>	<u>9,220,142</u>