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LIFE HEALTHCARE GROUP LIMITED

蓮和醫療健康集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 928)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

INTERIM RESULTS

The board (the “Board”) of directors (the “Director(s)”) of Life Healthcare Group Limited (the “Company”) announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 September 2020, together with comparative figures for the corresponding period in 2019, which have been reviewed by the Company’s audit committee (the “Audit Committee”) as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2020

		Unaudited	
		Six months ended	
		30 September	
		2020	2019
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	4	91,746	6,810
Cost of sales and services		(77,687)	(1,490)
Gross profit		14,059	5,320
Other income and gains		462	837
Selling and distribution costs		(1,596)	(255)
Administrative and other expenses		(6,927)	(15,092)
Share of results of associates		(2,749)	(3,040)
Finance costs		(64)	(176)
Operating profit (loss)		3,185	(12,406)
Profit (Loss) before taxation	5	3,185	(12,406)
Income tax	6	(1,439)	(48)
Profit (Loss) for the period		1,746	(12,454)

		Unaudited	
		Six months ended	
		30 September	
		2020	2019
	<i>Notes</i>	HK\$'000	HK\$'000
Profit (Loss) for the period attributable to			
Owners of the Company		376	(12,454)
Non-controlling interests		1,370	–
		<u>1,746</u>	<u>–</u>
		1,746	(12,454)
Other comprehensive income (expense) that may be reclassified subsequently to profit or loss:			
Exchange differences arising from translations		8,357	(11,904)
Share of foreign currency reserve of associates		3,687	1,846
		<u>12,044</u>	<u>(13,750)</u>
		12,044	(13,750)
Total comprehensive income (expense) for the period		<u>13,790</u>	<u>(26,204)</u>
		13,790	(26,204)
Total comprehensive income (expense) for the period attributable to:			
Owners of the Company		12,290	(26,204)
Non-controlling interests		1,500	–
		<u>13,790</u>	<u>(26,204)</u>
		13,790	(26,204)
			(Restated)
Earnings (Loss) per share — (expressed in HK cents per share)			
— Basic and diluted	7	<u>0.03</u>	<u>(1.16)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2020

	<i>Notes</i>	Unaudited 30 September 2020 HK\$'000	Audited 31 March 2020 HK\$'000
Non-current assets			
Property, plant and equipment		1,560	1,998
Right-of-use assets		1,526	1,880
Interest in associates	8	20,938	20,000
Equity investment at fair value through other comprehensive income		34,998	825
Prepayment		12,743	13,789
		71,765	38,492
Current assets			
Inventories		50,018	9
Loan receivables	9	17,154	17,154
Loan interest receivables	9	3,945	2,402
Trade and other receivables	10	164,212	58,314
Bank balances and cash		19,322	187,578
		254,651	265,457
Current liabilities			
Trade and other payables	11	29,280	51,143
Contract liabilities		526	509
Tax payable		1,851	878
Lease liabilities		1,133	1,049
		32,790	53,579
Net current assets		221,861	211,878
Total assets less current liabilities		293,626	250,370
Non-current liability			
Lease liabilities		310	826
Net assets		293,316	249,544
Capital and reserves			
Share capital	12	64,251	53,543
Reserves		225,452	193,888
Equity attributable to owners of the Company		289,703	247,431
Non-controlling interests		3,613	2,113
Total equity		293,316	249,544

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2020

1 GENERAL

Life Healthcare Group Limited (the “Company”) is a company incorporated in the Cayman Islands as an exempted company with limited liability under Companies Law of the Cayman Islands on 12 March 2001 and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) as of 29 April 2002. The address of the registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, the Cayman Islands and the principal place of business of the Company in Hong Kong is Office A, 18/F Aubin House, 171–172 Gloucester Road, Wanchai, Hong Kong.

The Company is an investment holding company. The Company and its subsidiaries (the “Group”) are principally engaged in healthcare products and services business, money lending business and securities trading and investments business.

The presentation currency of the unaudited condensed consolidated financial statements is Hong Kong dollars (“HK\$”). For the convenience of the unaudited condensed consolidated financial statements users, the results and financial position of the Company and its subsidiaries are presented in HK\$ as the Company’s shares are listed on the Stock Exchange. All values are rounded to the nearest thousand (HK\$’000) except otherwise indicated.

2 BASIS OF PREPARATION

The unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange.

3 PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values.

The accounting policies used in the condensed consolidated interim financial information are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 March 2020 except as described below.

In the current interim period, the Group has applied, for the first time, the following amendments (“revised HKFRSs”) issued by the HKICPA which are effective for the Group’s financial year beginning 1 April 2020.

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

The adoption of these revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s financial statements and amounts reported for the current and prior periods. The Group has not applied any new or revised HKFRSs that are not yet effective for current interim period.

4 TURNOVER AND SEGMENT INFORMATION

HKFRS 8 “Operating segments” requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision makers (“CODM”) in order to allocate resources to the segment and to assess its performance. Relevant information was reported to the executive directors of the Company, being the CODM, for the purposes of resource allocation and assessment of segment performance focusing on types of goods or services delivered or provided.

The Group is engaged in the following three operating segments for its operations, each of which represents an operating and reportable segment of the Group under HKFRS 8.

1. Healthcare products and services business
2. Money lending business
3. Securities trading and investments business

The following is an analysis of the Group’s turnover and results by reportable and operating segments:

For the six months ended 30 September 2020 (Unaudited)

	Healthcare products and services business HK\$’000	Money lending business HK\$’000	Securities trading and investments business HK\$’000	Total HK\$’000
Turnover				
External sales	<u>90,202</u>	<u>1,544</u>	–	<u>91,746</u>
Segment (loss) profit	10,226	59	–	10,285
Interest revenue				331
Other income and gains				131
Unallocated expenses				(4,813)
Share of result of associates				<u>(2,749)</u>
Profit before taxation				<u>3,185</u>

Disaggregation of revenue from contracts with customers:***Geographical markets***

For both current and previous interim periods ended 30 September 2020 and 2019, all revenues from healthcare products and services were recognised in PRC.

Timing of revenue recognition

For both current and previous interim periods ended 30 September 2020 and 2019, all revenues from healthcare products and services were recognised at a point in time.

For the six months ended 30 September 2019 (Unaudited)

	Healthcare services business <i>HK\$'000</i>	Money lending business <i>HK\$'000</i>	Securities trading and investments business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Turnover				
External sales	<u>2,570</u>	<u>4,240</u>	<u>–</u>	<u>6,810</u>
Segment (loss) profit	(7,241)	583	(36)	(6,694)
Interest revenue				161
Unallocated expenses				(2,833)
Share of result of associates				<u>(3,040)</u>
Loss before taxation				<u>(12,406)</u>

The accounting policies of the operating segments are the same as the Group's accounting policies.

Segment (loss) profit represents the (loss) profit resulted in each segment without allocation of other income and gain and unallocated corporate expenses. This is the measure for reporting to the Group's CODM for the purpose of resource allocation and performance assessment.

Segment assets and liabilities

Amounts of segment assets and liabilities of the Group are not reviewed by the Group's CODM or otherwise regularly provided to the CODM, accordingly, segment assets and liabilities are not presented.

5 PROFIT (LOSS) BEFORE TAXATION

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

	Unaudited	
	Six months ended 30 September	
	2020	2019
	HK\$'000	HK\$'000
Cost of inventories recognised as expenses	–	192
Depreciation of property, plant and equipment	504	1,554
Depreciation of right-of-use assets	401	1,370
Bank interest income	(331)	(161)
Legal and professional fees and expenses	754	3,561
	<u>754</u>	<u>3,561</u>

6 INCOME TAX

	Unaudited	
	Six months ended 30 September	
	2020	2019
	HK\$'000	HK\$'000
Taxation attributable to the Company and its subsidiaries:		
Current tax		
Hong Kong Profits Tax	–	48
PRC Enterprise Income Tax (“EIT”)	1,439	–
	<u>1,439</u>	<u>48</u>

Pursuant to the laws and regulations of the Cayman Islands and the British Virgin Islands (“BVI”), the Group is not subject to any income tax in the Cayman Islands and BVI for both interim periods.

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

Under the Law of PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards. Income tax represents PRC Enterprise Income Tax provided based on the assessable profit of PRC subsidiaries.

7 EARNINGS (LOSS) PER SHARE

Earnings (loss) per share

The calculation of the basic and diluted earnings (loss) per share attributable to the owners of the Company is based on the following data:

Weighted average number of ordinary shares

	Unaudited	
	Six months ended 30 September	
	2020	2019
	'000	'000
		(Restated)
Weighted average number of ordinary shares at 30 September	<u>1,123,521</u>	<u>1,070,857</u>

The figure for 2019 is restated on a post share consolidation basis.

Profit (loss)

	Unaudited	
	Six months ended 30 September	
	2020	2019
	HK\$'000	HK\$'000
Profit (loss) for the period attributable to the owners of the Company	<u>376</u>	<u>(12,454)</u>

8 INTEREST IN ASSOCIATES

	Unaudited	Audited
	At	At
	30 September	31 March
	2020	2020
	HK\$'000	HK\$'000
Unlisted investments:		
Share of net assets	35,286	34,348
Loan to an associate	10,448	10,448
Impairment loss	<u>(24,796)</u>	<u>(24,796)</u>
	<u>20,938</u>	<u>20,000</u>

9 LOAN RECEIVABLES AND LOAN INTEREST RECEIVABLES

	Unaudited	Audited
	At	At
	30 September	31 March
	2020	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Secured loan receivables	<u>17,154</u>	<u>17,154</u>

At 30 September 2020, loans to third parties with an aggregate principal amount of approximately HK\$17,154,000 (31 March 2020: HK\$17,154,000) are secured, bear interest at 18% (31 March 2020: ranging from 5% to 18%) per annum and are repayable within one year and thus classified as current assets. The loan receivables are due for settlement at the date specified in the respective loan agreement.

As at 30 September 2020, loan receivables amounting to approximately HK\$17,154,000 (31 March 2020: HK\$17,154,000) together with interest receivables arising from the same third parties of approximately HK\$3,945,000 (31 March 2020: HK\$2,402,000) were guaranteed by independent third parties.

During the current interim period, the directors of the Company have individually assessed and considered that there is no indication of impairment on the loan and interest receivables. No impairment loss of loan and interest receivables was recognised in profit or loss.

The ageing analysis of loan receivables presented based on the loans draw down date at the end of the reporting periods is as follows:

	Unaudited	Audited
	At	At
	30 September	31 March
	2020	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Over 365 days	<u>17,154</u>	<u>17,154</u>
	<u>17,154</u>	<u>17,154</u>

Loan interest receivables

Loan interest receivables represented interest accrued on the loan receivables not yet due according to the terms of the relevant loan agreement. The ageing analysis of loan interest receivables presented based on the loans draw down date at the end of the reporting periods is as follows:

	Unaudited	Audited
	At	At
	30 September	31 March
	2020	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
1 to 90 days	772	772
91 to 180 days	772	772
181 to 365 days	1,544	858
Over 365 days	857	–
	<u>3,945</u>	<u>2,402</u>

10 TRADE AND OTHER RECEIVABLES

	Unaudited	Audited
	At	At
	30 September	31 March
	2020	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables	9,054	47,818
Less: allowance for trade receivables	(94)	(90)
	<u>8,960</u>	<u>47,728</u>
Prepayments and deposits	139,932	5,699
Other receivables	15,320	4,887
	<u>164,212</u>	<u>58,314</u>

For receivables from healthcare products and services, the Group allows a credit period ranging from 30–90 days.

The following is an aged analysis of trade receivables presented based on the invoice date at the end of the reporting period:

	Unaudited	Audited
	At	At
	30 September	31 March
	2020	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 90 days	6,059	47,530
91–180 days	2,679	–
181–365 days	222	198
	<u>8,960</u>	<u>47,728</u>

11 TRADE AND OTHER PAYABLES

	Unaudited	Audited
	At	At
	30 September	31 March
	2020	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade payables	16,759	41,439
Accruals and other payables	12,521	9,704
	<u>29,280</u>	<u>51,143</u>

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	Unaudited	Audited
	At	At
	30 September	31 March
	2020	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 90 days	6,654	41,438
91–180 days	10,105	1
	<u>16,759</u>	<u>41,439</u>

The credit period granted by suppliers is normally 30 to 90 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

12 SHARE CAPITAL

	Number of shares '000	HK\$'000
Authorised:		
Ordinary shares of HK\$0.01 each		
At 1 April 2019, 30 September 2019 and 31 March 2020 (audited)	50,000,000	500,000
Share consolidation (<i>Note (b)</i>)	<u>(40,000,000)</u>	<u>–</u>
Ordinary shares of HK \$0.05 each		
At 30 September 2020 (unaudited)	<u>10,000,000</u>	<u>500,000</u>
Issued and fully paid:		
Ordinary shares of HK\$0.01 each		
At 1 April 2020 (audited)	5,354,285	53,543
Issue of new shares (<i>note (a)</i>)	1,070,840	10,708
Share consolidation (<i>note (b)</i>)	<u>(5,140,100)</u>	<u>–</u>
Ordinary shares of HK\$0.05 each		
At 30 September 2020 (unaudited)	<u>1,285,025</u>	<u>64,251</u>

Note (a) Allotment and issuance of ordinary shares of the Company on 17 August 2020 pursuant to the placing agreement dated 30 July 2020 (details of which are disclosed in the announcement of the Company dated 30 July 2020 and 17 August 2020).

Note (b) Share consolidation pursuant to which every five (5) ordinary shares in the share capital of the company were consolidated into one (1) consolidated share effective on 23 September 2020.

13 CAPITAL COMMITMENT

At the end of the reporting period, the Group did not have any capital commitment.

14 PLEDGE OF ASSETS AND CONTINGENT LIABILITIES

The Group has no significant contingent liabilities and pledge of assets at the end of the reporting period.

FINANCIAL RESULTS

Turnover

For the six months ended 30 September 2020, the Group recorded a turnover of approximately HK\$91.75 million (six months ended 30 September 2019: HK\$6.81 million), representing an increase of approximately 1,247% as compared with the corresponding period last year. Such increase in turnover was primarily attributable to the increase in revenue generated from the healthcare products and services segment. The Group's overall gross profit margin was 15.32% (six months ended 30 September 2019: 78.12%). During the six months ended 30 September 2020 and 2019, the Group's overall gross profit was primarily attributable to the healthcare products and services and money lending segments.

Profit for the interim period

The Group's profit for the six months ended 30 September 2020 was approximately HK\$1.75 million (six months ended 30 September 2019: loss HK\$12.45 million), representing an increase of approximately HK\$14.20 million as compared with the previous interim period. The increase in profit was principally attributable to (i) due to the COVID-19 pandemic, the Company used its existing resources and expanded its arms to sales of medical equipment and epidemic prevention materials, which led to significant increase in revenue; and (ii) significant drop in administrative expense for the Period as some items of expenses were no longer incurred or were considerably reduced during the Period.

BUSINESS REVIEW AND PROSPECTS

Healthcare products and services business

Over the years, the Group has built up its experience in the operation of and understanding in the business environment of the healthcare industry in PRC. Amongst the principal businesses of the Group, the healthcare business became the largest contributor to the Group's revenue in last year. Due to the COVID-19 pandemic, the Company used its existing resources and expanded its arms to sales of medical equipment and epidemic prevention materials, which led to significant increase in revenue.

The Group currently owns one research and development centre in Beijing, which organizes and performs core technologies research and exploitations, and one production and testing centre in Guangzhou, which has Practice License of Medical Institution* (醫療機構執業許可證) and thus can provide services to the clients nationwide.

During the reporting period, the Group signed a cooperation agreement with four partners to jointly establish Beijing Life Healthcare Zhongcheng Medical Technologies Co., Ltd.* ("Joint Venture"). As of September 30, 2020, the Joint Venture has completed

* *For identification purpose only*

the registration and started business, and the Group has paid all capital commitments: RMB30,000,000. For details, please refer to the announcement of the Company dated 26 June 2020.

The Group's genetic testing business, urine chemical testing business and other health products and services business are complimentary to each other and create synergy for the Group's healthcare businesses as a whole. The customers and business partners of these businesses are local governments, national institutions and organizations, hospitals and doctors and other overlapping customers, the Company can expand its sales network and cross-sell products in all its businesses, thereby achieving economies of scale and increase in revenue.

Looking forward, the Group intends to enlarge and diversify the types of its genetic testing and health data analysis products, stem cells and other advanced medical technology products, make efforts to extend the product supply, and develop international business, to facilitate more comprehensive services to its customers.

For the six months ended 30 September 2020, this segment recorded a turnover of HK\$90.20 million (six months ended 30 September 2019: HK\$2.57 million) and a profit in segment result of HK\$10.23 million during the six months ended 30 September 2020 (six months ended 30 September 2019: loss HK\$7.24 million). The increase in segment profit was primarily attributable to (i) due to the COVID-19 pandemic, the Company used its existing resources and expanded its arms to sales of medical equipment and epidemic prevention materials, which led to significant increase in revenue; and (ii) significant drop in administrative expense for the Period as some items of expenses were no longer incurred or were considerably reduced during the Period.

Money lending business

During the six months ended 30 September 2020, money lending business recorded a turnover of interest income of HK\$1.54 million (six months ended 30 September 2019: HK\$4.24 million). Gross profit is 100% for both periods since no cost of finance were required under the money lending business. The source of funding is primarily from share capital which is a definite advantage for this business. The segment result covers internal cost allocation from central management and administrative costs.

In view of the prevailing market conditions especially COVID-19 epidemic, the Group is very cautious in granting new loans.

Securities trading and investments business

During the current and the previous interim periods, the Group had no securities trading activities, while the management is cautious about the performance of the securities trading market and the Group will continue to adopt a prudent approach in securities trading business with a view to strengthen the shareholders' value in the long run.

In order to maximise returns to the Company's shareholders and ensure the Company's better operation, the management would continue to seek new business opportunities and investment projects suitable for the Company.

BOARD OF DIRECTORS

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Xu Xueping and Mr. Man Wai Lun, two non-executive Directors, namely Ms. Shan Hua and Ms. Fu Xiaoji, and three independent non-executive Directors, namely Mr. Liu Xinghua, Mr. Cheng Chun Man and Ms. Zheng Xin.

The Board has approved the unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2020. The Board considers that the said financial statements have been prepared in conformity with the generally accepted accounting standards in Hong Kong and the amounts reflected are based on the best estimates and reasonable, informed and prudent judgment of the Board with an appropriate consideration of materiality.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2020, the Group employed 16 employees excluding Directors (30 September 2019: 10). The Group remunerates its employees based on their performance, working experience and prevailing market standards. Employee benefits include medical insurance coverage, mandatory provident fund for Hong Kong employees, state-managed retirement benefits scheme for PRC employees and share option scheme.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 September 2020, the Group had bank balances and cash of approximately HK\$19.32 million (31 March 2020: approximately HK\$187.58 million). The Group mainly relies upon internally generated funds and proceeds from fund raising activities to finance its operations and expansion. The Group had no borrowing as at 30 September 2020.

During the period under review, the Group did not use any financial instruments for hedging purposes.

TREASURY POLICIES

The Group seeks to generate profits in its core businesses through the efficient employment of treasury activities. Treasury activities, if and when undertaken by the Group, aims to enhance the return on surplus cash and to assist those core businesses to run smoothly. Efficient management of surplus cash is achieved by conducting short-term treasury activities when opportunities arise.

All subsidiaries shall comply with the Group's treasury objective and policy. The Group has designated subsidiaries to carry out certain short-term treasury activities including securities investment, fund investment and money lending activities, which formed one of the Group's principal activities to broaden the Group's revenue base and achieve better shareholders' return. The securities investment activities, fund investment activities and money lending activities will only be conducted after having considered the actual working capital needs of the Group. Both the treasury activities and the investment policy are subject to review from time to time.

As the deposit rate offered by licensed banks in Hong Kong is minimal, the Group will continue its ordinary course of business to use its surplus cash to conduct treasury activities if and when opportunities arise. The Group foresees potentially attractive return can be generated from treasury activities.

MATERIAL ACQUISITION AND DISPOSAL

During the period under review, the Group did not have any material acquisitions or disposal.

PLACING OF NEW SHARES UNDER GENERAL MANDATE IN 2020

On 30 July 2020, the Company conducted a placing of 1,070,840,000 new ordinary shares of HK\$0.01 each ("2020 Placing Share") at a price of HK\$0.028 each to raise a gross proceeds of approximately HK\$29.98 million (the "2020 Placing"). The 2020 Placing was completed on 17 August 2020. As at 30 September 2020, the Company utilized the entire net proceeds for the expansion in existing business.

PLACING OF NEW SHARES UNDER GENERAL MANDATE IN 2017

On 15 August 2017, the Company conducted a placing of 478,000,000 new ordinary shares of HK\$0.01 each ("2017 Placing Share") at a price of HK\$0.18 each to raise a gross proceeds of approximately HK\$86 million (the "2017 Placing"). The net proceeds from the 2017 Placing were approximately HK\$83 million.

Reference is made to the announcement dated 30 July 2020, the Board resolved to reallocate the net proceeds as to (i) approximately HK\$50 million for the capital contribution of setting up a wholly-own subsidiary in Beijing; (ii) approximately HK\$10 million for the general working capital of the Group; (iii) approximately HK\$17 million for the capital contribution to Yangzhou Yicai Sunshine Technology Co., Ltd* (揚州醫采陽光科技有限公司); and approximately HK\$6 million for the capital contribution to the joint venture company. As at 30 September 2020, save for the intended capital contribution to Yangzhou Yicai Sunshine Technology Co., Ltd* (揚州醫采陽光科技有限公司) mentioned above, the

* *For identification purpose only*

Company utilized the net proceeds of the 2017 Placing according to above intended usage. Such unutilized amount is expected to be utilized as intended in the coming 12 months subject to future market developments.

For further details of the 2017 Placing and 2020 Placing, please refer to the announcements of the Company dated 15 August 2017, 6 September 2017, 30 July 2020 and 17 August 2020.

SHARE CONSOLIDATION

The Board proposes that every five (5) issued and unissued shares of HK\$0.01 each in the then share capital of the Company be consolidated into one (1) consolidated share of HK\$0.05 each on 26 August 2020 (the “Share Consolidation”). The Share Consolidation has become effective on 23 September 2020. Please refer to the announcements of the Company dated 26 August 2020 and 21 September 2020 and the circular of the Company dated 3 September 2020 for details.

PLEDGE OF ASSETS

During the six months ended 30 September 2020, the Group had no charge on assets.

CONTINGENT LIABILITIES

As at 30 September 2020, the Group had no significant contingent liabilities.

FOREIGN EXCHANGE EXPOSURE

The Group recognises most of its revenue and incurs most of the expenditures in RMB or HK\$. The Directors consider that the Group’s foreign currency exchange risk is insignificant as the majority of the Group’s transactions are denominated in functional currency of each individual group entity. The Group currently does not have a foreign currency hedging policy. However, the Group’s management will continue to monitor foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises.

AUDIT COMMITTEE

The unaudited condensed consolidated financial statements of the Company for the six months ended 30 September 2020 have not been audited, but have been reviewed by the Audit Committee. The Audit Committee comprises three independent non-executive Directors. The primary duties of the Audit Committee are, amongst other matters, to communicate with the management of the Company; and review the accounting principles and practices, internal control system, risk management system, interim and annual results of the Group.

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

For the six months ended 30 September 2020, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities.

INTERIM DIVIDEND

The Board did not recommend the payment of an interim dividend for the six months ended 30 September 2020 (six months ended 30 September 2019: nil).

CORPORATE GOVERNANCE

The Company has complied with the code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") during the six months ended 30 September 2020, except for the following deviation:

- Code provision A.4.1 of the CG Code provides that non-executive directors should be appointed for a specific term and subject to re-election.

Other than Ms. Fu Xiaoji and Ms. Zheng Xin who have been appointed for a term of two years, the other existing non-executive directors and the independent non-executive directors of the Company were not appointed for specific terms. In accordance with the article 84 of the Articles of Association of the Company, at each annual general meeting, one-third of the directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every director shall be subject to retirement at an annual general meeting at least once every three years. As such, the Board considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are in line with those of the CG Code.

COMPLIANCE WITH THE MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 of the Listing Rules as its own code of conduct regarding directors' transactions in the Company's securities. Following specific enquiries by the Company, all Directors confirmed that they have complied with the Model Code during the six months ended 30 September 2020.

PUBLICATION OF FINANCIAL INFORMATION

This results announcement is published on the respective websites of the Stock Exchange (www.hkex.com.hk) and the Company (www.lifehealthcare.com). The Group's interim report for the six months ended 30 September 2020 will be despatched to the shareholders of the Company and available on the above websites in due course.

By order of the Board
Life Healthcare Group Limited
Xu Xueping
Chairman and Executive Director

Hong Kong, 27 November 2020

As at the date of this announcement, the Board comprises:

Executive Directors:

Mr. Xu Xueping (*Chairman*)
Mr. Man Wai Lun

Non-executive Directors:

Ms. Shan Hua
Ms. Fu Xiaoji

Independent Non-Executive Directors:

Mr. Liu Xinghua
Mr. Cheng Chun Man
Ms. Zheng Xin