

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## **Link-Asia International MedTech Group Limited**

**環亞國際醫療科技集團有限公司**

*(incorporated in the Cayman Islands with limited liability)*

**(Stock code: 1143)**

### **ANNOUNCEMENT OF UNAUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020**

This announcement is made by Link-Asia International MedTech Group Limited (formerly known as “Link-Asia International Co. Ltd.”) (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

#### **UNAUDITED FINANCIAL INFORMATION**

The Company was unable to publish the 2020 Audited Annual Results on 31 March 2021. In order to keep the Shareholders and potential investors of the Company informed of the Group’s business operation and financial position, the Board would like to provide the Shareholders and potential investors of the Company the unaudited consolidated financial information for the year ended 31 December 2020 extracted from the draft management accounts of the Group. The following preliminary unaudited consolidated financial information is prepared on the same basis as used in the audited financial statements of the Group for the year ended 31 December 2019.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2020

	Note	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Audited)
<b>Continuing operations</b>			
Revenue	4	595,023	629,948
Cost of sales		<u>(441,911)</u>	<u>(494,106)</u>
<b>Gross profit</b>		<b>153,112</b>	135,842
Other income	5	13,932	12,391
Other gains and losses	6	(2,327)	3,936
Selling and distribution expenses		(79,567)	(28,829)
Administrative expenses		(150,708)	(179,414)
Impairment losses for loans to other parties, net		(36,352)	(54,560)
Impairment losses for trade receivables, net		(2,083)	(1,550)
Impairment losses for deposits		(17,900)	–
Impairment losses for other receivables		(265)	(1,800)
Impairment losses on investments in associates		(10,281)	–
Impairment losses on intangible assets		(22,750)	–
Other operating expenses		<u>(17,309)</u>	<u>(42,495)</u>
<b>Loss from operations</b>		<b>(172,498)</b>	(156,479)
Share of loss of associates		(12,622)	–
Finance costs	7	<u>(4,928)</u>	<u>(6,809)</u>
<b>Loss before tax</b>		<b>(190,048)</b>	(163,288)
Income tax expense	8	<u>(3,323)</u>	<u>(1,300)</u>
<b>Loss for the year from continuing operations</b>		<b>(193,371)</b>	(164,588)
<b>Discontinued operation</b>			
Loss for the year from discontinued operation	9	<u>–</u>	<u>(14,739)</u>
<b>Loss for the year</b>		<u><b>(193,371)</b></u>	<u>(179,327)</u>
<b>Attributable to:</b>			
Owners of the Company		(193,353)	(171,735)
Non-controlling interests		<u>(18)</u>	<u>(7,592)</u>
		<u><b>(193,371)</b></u>	<u>(179,327)</u>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONT'D)***For the year ended 31 December 2020*

	<i>Note</i>	<b>2020</b> <b>(Unaudited)</b>	2019 (Unaudited) (re-presented)
<b>Loss per share</b>	<i>11</i>		
<b>From continuing and discontinued operations</b>			
Basic (HK cents per share)		<u><u>(51.529)</u></u>	<u><u>(57.772)</u></u>
Diluted (HK cents per share)		<u><u>N/A</u></u>	<u><u>N/A</u></u>
<b>From continuing operations</b>			
Basic (HK cents per share)		<u><u>(51.529)</u></u>	<u><u>(55.367)</u></u>
Diluted (HK cents per share)		<u><u>N/A</u></u>	<u><u>N/A</u></u>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**

*For the year ended 31 December 2020*

	<b>2020</b> <i>HK\$'000</i> <b>(Unaudited)</b>	2019 <i>HK\$'000</i> <b>(Audited)</b>
<b>Loss for the year</b>	<u><b>(193,371)</b></u>	<u>(179,327)</u>
<b>Other comprehensive income:</b>		
<i>Items that will not be reclassified to profit or loss:</i>		
Fair value changes of equity investments at fair value through other comprehensive income (FVTOCI)	<u><b>(12,212)</b></u>	<u>9,353</u>
<i>Items that may be reclassified to profit or loss:</i>		
Exchange differences on translating foreign operations	<u><b>626</b></u>	<u>591</u>
<b>Other comprehensive income for the year, net of tax</b>	<u><b>(11,586)</b></u>	<u>9,944</u>
<b>Total comprehensive income for the year</b>	<u><u><b>(204,957)</b></u></u>	<u><u>(169,383)</u></u>
<b>Attributable to:</b>		
Owners of the Company	<b>(204,939)</b>	(161,791)
Non-controlling interests	<u><b>(18)</b></u>	<u>(7,592)</u>
	<u><u><b>(204,957)</b></u></u>	<u><u>(169,383)</u></u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	<i>Note</i>	<b>2020</b> <b>HK\$'000</b> <b>(Unaudited)</b>	2019 <i>HK\$'000</i> <b>(Audited)</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		<b>19,203</b>	32,960
Right-of-use assets		<b>48,904</b>	62,520
Investment properties		<b>30,000</b>	30,000
Investments in associates		<b>12,316</b>	–
Intangible assets		<b>35,478</b>	–
Rental deposits		–	8,659
Loans to other parties		–	26,209
Equity investments at FVTOCI		–	9,608
Deferred tax assets		–	1,938
<b>Total non-current assets</b>		<b>145,901</b>	171,894
<b>Current assets</b>			
Inventories		<b>92,651</b>	79,927
Trade receivables	<i>12</i>	<b>165,413</b>	131,052
Prepayments, deposits, other receivables and other assets		<b>46,556</b>	81,113
Loans to other parties		<b>25,814</b>	25,115
Amount due from a director		<b>450</b>	–
Equity investments at FVTOCI		–	3,789
Current tax assets		<b>82</b>	586
Bank and cash balances		<b>167,657</b>	241,364
<b>Total current assets</b>		<b>498,623</b>	562,946
<b>TOTAL ASSETS</b>		<b>664,524</b>	734,840

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT'D)***As at 31 December 2020*

	<i>Note</i>	<b>2020</b> <b>HK\$'000</b> <b>(Unaudited)</b>	<b>2019</b> <b>HK\$'000</b> <b>(Audited)</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity attributable to owners of the Company			
Share capital		<b>8,559</b>	5,945
Reserves		<b>275,222</b>	405,068
		<b>283,781</b>	411,013
Non-controlling interests		<b>472</b>	–
<b>Total equity</b>		<b>284,253</b>	411,013
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liabilities		<b>30,922</b>	33,246
<b>Total non-current liabilities</b>		<b>30,922</b>	33,246
<b>Current liabilities</b>			
Trade payables	<i>13</i>	<b>87,353</b>	54,422
Accruals and other payables		<b>186,066</b>	179,193
Lease liabilities		<b>20,677</b>	26,359
Amount due to a director		–	204
Borrowings		<b>18,595</b>	20,558
License rights payable		<b>8,099</b>	5,968
Product warranty provisions		<b>4,611</b>	2,059
Current tax liabilities		<b>3,948</b>	1,818
<b>Total current liabilities</b>		<b>329,349</b>	290,581
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>664,524</b>	734,840

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 1. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). HKFRSs comprise Hong Kong Financial Reporting Standards (“**HKFRS**”); Hong Kong Accounting Standards (“**HKAS**”); and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and with the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622).

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 2 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

## 2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

### (a) Application of new and revised HKFRSs

The Group has applied the Amendments to Reference to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the consolidated financial statements:

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

In addition, the Group has early applied the Amendments to HKFRS 16, COVID-19 Related Rent Concessions.

Except as described below, the application of the Amendments to References to the Conceptual Framework in HKFRS Standards and the amendments to HKFRSs in the current year had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

#### *Amendments to HKAS 1 and HKAS 8 Definition of Material*

The amendments provide a new definition of material that states “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.” The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments had no impact on the consolidated financial statements.

## 2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (CONT'D)

### (a) Application of new and revised HKFRSs (Continued)

#### *Amendments to HKFRS 3 Definition of a Business*

The amendments clarify the definition of a business and provide further guidance on how to determine whether a transaction represents a business combination. In addition, the amendments introduce an optional “concentration test” that permits a simplified assessment of whether an acquired set of activities and assets is an asset rather than business acquisition, when substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The Group has applied the amendments prospectively to transactions for which the acquisition date is on or after 1 January 2020. The application of the amendments had no impact on the consolidated financial statements as similar conclusion would have been reached without applying the optional concentration test.

#### *Amendments to HKFRS 9, HKAS 39 and HKFRS 7, Interest Rate Benchmark Reform*

The amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the on-going interest rate benchmark reform.

#### *Amendment to HKFRS 16, COVID-19-Related Rent Concessions*

The amendment provides a practical expedient that allows a lessee to by-pass the need to evaluate whether certain qualifying rent concessions occurring as a direct consequence of the COVID-19 pandemic (“**COVID-19 Related Rent Concessions**”) are lease modifications and, instead, account for those rent concessions as if they were not lease modifications.

The Group has elected to early adopt the amendments and applies the practical expedient to all qualifying COVID-19 Related Rent Concessions granted to the Group during the year. Consequently, rent concessions received have been accounted for as negative variable lease payments recognised in profit or loss in the period in which the event or condition that triggers those payments occurred. There is no impact on the opening balance of equity at 1 January 2020.



## 2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (CONT'D)

### (b) New and revised HKFRSs in issue but not yet effective

Other than the amendments to HKFRS 16, COVID-19 Related Rent Concessions, the Group has not applied any new and revised HKFRSs that have been issued but are not yet effective for the financial year beginning 1 January 2020. These new and revised HKFRSs include the following which may be relevant to the Group.

	<b>Effective for accounting periods beginning on or after</b>
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 Interest Rate Benchmark Reform — Phase 2	1 January 2021
Amendments to HKFRS 3 Reference to the Conceptual Framework	1 January 2022
Amendments to HKAS 16 Property, plant and equipment: proceeds before intended use	1 January 2022
Amendments to HKAS 37 Onerous contracts — cost of fulfilling a contract	1 January 2022
Annual Improvements to HKFRSs 2018–2020 Cycle	1 January 2022
Amendments to HKAS 1 Classification of liabilities as current or non-current	1 January 2023

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

## 3. SEGMENT INFORMATION

The Group has three operating segments as follows:

EMS	—	Electronic manufacturing services
Distribution of Communications Products	—	Marketing and distribution of communications products
Securities and Other Assets Investment	—	Equity investments, property agency service and other operations
Real Estate Supply Chain Services	—	Real estate advisory service and real estate purchase service

A new operating segment, Real Estate Supply Chain Services has been formed during the year. Certain subsidiaries formerly under Securities and Other Assets Investment segment form the constituents of this new operating segment.

Two operations from Securities and Other Assets Investment (Provision of Catering Services CGU and Sales of Medical Equipment) were disposed of in the year ended 31 December 2019. The segment information reported does not include any amounts from the operation of Sales of Medical Equipment that is classified as a discontinued operation, which is described in note 9.

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

### 3. SEGMENT INFORMATION (CONT'D)

Segment profits or losses do not include interest income on loans to other parties, gain on disposal of a subsidiary, interest on loans from independent third party/parties and unallocated expenses. Segment assets do not include unallocated bank and cash balances, unallocated prepayments, deposits, other receivables and other assets, loans to other parties and deferred tax assets. Segment liabilities do not include borrowings, unallocated accruals and other payables. Segment non-current assets do not include loans to employees and other parties, equity investments at FVTOCI and deferred tax assets.

The Group accounts for intersegment sales and transfers as if the sales or transfers were to third parties, i.e. at current market prices.

#### (a) Information about reportable segment profit or loss, assets and liabilities from continuing operations:

	EMS HK\$'000 (Unaudited)	Distribution of Communications Products HK\$'000 (Unaudited)	Securities and Other Assets Investment HK\$'000 (Unaudited)	Real Estate Supply Chain Services HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
<b>Year ended 31 December 2020</b>					
Revenue from external customers	544,275	35,939	654	14,155	595,023
Intersegment revenue	2,783	–	–	–	2,783
Segment profit/(loss)	36,661	(18,497)	(81,508)	(119,592)	(185,936)
Interest revenue	946	–	1,948	3,021	5,915
Interest expense	(2,033)	(32)	(2,863)	–	(4,928)
Depreciation	(18,965)	(368)	(26,414)	(156)	(45,903)
Amortisation	–	–	–	(2,391)	(2,391)
Other material non-cash items:					
Addition of license rights payable	–	2,712	–	–	2,712
Additions to segment non-current assets	2,415	57	59	61,399	63,930
<b>As at 31 December 2020</b>					
Segment assets	482,698	9,726	64,117	95,269	651,810
Segment liabilities	276,524	40,901	33,314	9,126	359,865
	EMS HK\$'000 (Audited)	Distribution of Communications Products HK\$'000 (Audited)	Securities and Other Assets Investment HK\$'000 (Audited)	Real Estate Supply Chain Services HK\$'000 (Audited)	Total HK\$'000 (Audited)
<b>Year ended 31 December 2019</b>					
Revenue from external customers	582,502	36,476	10,970	–	629,948
Intersegment revenue	13,554	–	–	–	13,554
Segment profit/(loss)	29,289	(10,487)	(101,961)	–	(83,159)
Interest revenue	1,210	4	499	–	1,713
Interest expense	(1,581)	(45)	(2,766)	–	(4,392)
Depreciation	(25,515)	(354)	(25,991)	–	(51,860)
Other material non-cash items:					
Addition of license rights payable	–	2,713	–	–	2,713
Additions to segment non-current assets	8,146	–	1,058	–	9,204
<b>As at 31 December 2019</b>					
Segment assets	411,877	20,487	236,408	–	668,772
Segment liabilities	237,663	32,015	41,599	–	311,277

### 3. SEGMENT INFORMATION (CONT'D)

#### (b) Reconciliations of segment revenue and profit or loss:

	2020 <i>HK\$'000</i> (Unaudited)	2019 <i>HK\$'000</i> (Audited)
<b>Revenue</b>		
Total revenue of reportable segments	597,806	643,502
Elimination of intersegment revenue	(2,783)	(13,554)
	<u>595,023</u>	<u>629,948</u>
	2020 <i>HK\$'000</i> (Unaudited)	2019 <i>HK\$'000</i> (Audited)
<b>Profit or loss</b>		
Total loss of reportable segments	(185,936)	(83,159)
Intersegment elimination	906	707
Unallocated amounts:		
Interest income on loans to other parties	708	6,631
Interest on loans from independent third parties	–	(2,417)
Other unallocated head office and corporate expenses	(5,726)	(85,050)
	<u>(190,048)</u>	<u>(163,288)</u>

#### (c) Reconciliations of segment assets and liabilities:

	2020 <i>HK\$'000</i> (Unaudited)	2019 <i>HK\$'000</i> (Audited)
<b>Assets</b>		
Total assets of reportable segments	651,810	668,772
Elimination of intersegment assets	(8,028)	(21,435)
Elimination of unrealised profits	–	(905)
Unallocated amounts:		
Bank and cash balances	51	33,568
Prepayments, deposits, other receivables and other assets	241	26,693
Loans to other parties	–	26,209
Deferred tax assets	–	1,938
	<u>644,074</u>	<u>734,840</u>
Consolidated total assets	<u>644,074</u>	<u>734,840</u>

### 3. SEGMENT INFORMATION (CONT'D)

#### (c) Reconciliations of segment assets and liabilities: (Continued)

	2020 <i>HK\$'000</i> (Unaudited)	2019 <i>HK\$'000</i> (Audited)
<b>Liabilities</b>		
Total liabilities of reportable segments	359,865	311,277
Elimination of intersegment liabilities	(8,028)	(21,435)
Unallocated amounts:		
Accruals and other payables	7,984	13,985
Borrowings	–	20,000
	<u>359,821</u>	<u>323,827</u>
Consolidated total liabilities	<u>359,821</u>	<u>323,827</u>

#### (d) Geographical information:

The Group's revenue from external customers from continuing operations by location of operations and information about its non-current assets by location are detailed below:

	2020 <i>HK\$'000</i> (Unaudited)	2019 <i>HK\$'000</i> (Audited)
<b>Revenue</b>		
The People's Republic of China (the "PRC") (including Hong Kong)	87,597	113,542
The United States of America (the "U.S.A.")	40,601	52,804
Switzerland	229,847	242,053
France	72,292	56,800
Poland	2,259	3,231
United Kingdom	25,709	26,460
Others	136,718	135,058
	<u>595,023</u>	<u>629,948</u>
Consolidated total	<u>595,023</u>	<u>629,948</u>
	2020 <i>HK\$'000</i> (Unaudited)	2019 <i>HK\$'000</i> (Audited)
<b>Non-current assets</b>		
The PRC (including Hong Kong)	<u>145,923</u>	<u>134,139</u>
Consolidated total	<u>145,923</u>	<u>134,139</u>

### 3. SEGMENT INFORMATION (CONT'D)

#### (e) Revenue from major customers:

An analysis of revenue from major customers which account for 10 percent or more of the Group's revenue is as follows:

	<b>2020</b> <i>HK\$'000</i> (Unaudited)	2019 <i>HK\$'000</i> (Audited)
<b>EMS segment</b>		
Customer A	<b>216,633</b>	257,649
Customer B	<b>65,569</b>	117,363
Customer C	<b>88,606</b>	24,572

### 4. REVENUE

#### Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service line from continuing operations for the year is as follows:

	<b>2020</b> <i>HK\$'000</i> (Unaudited)	2019 <i>HK\$'000</i> (Audited)
<b>Revenue from contracts with customers within the scope of HKFRS 15</b>		
Disaggregated by major products or service lines		
— Sales of goods	<b>580,214</b>	618,978
— Provision of catering service	—	10,916
— Provision of real estate supply chain service	<b>14,155</b>	—
	<b>594,369</b>	629,894
<b>Revenue from other sources</b>		
Rental income	<b>654</b>	54
	<b>595,023</b>	629,948

#### 4. REVENUE (Continued)

The Group derives revenue from the transfer of goods and services and at a point in time in the following major product lines and geographical regions:

	Electronic manufacturing services		Marketing and distribution of communications products		Securities and other assets investment		Real Estate Supply Chain Services		Total	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Audited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Audited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Audited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Audited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Audited)
<b>Primary geographical markets</b>										
— The People's Republic of China (the "PRC") (including Hong Kong)	72,735	102,487	53	85	654	10,970	14,155	—	87,597	113,542
— The United States of America (the "U.S.A.")	11,266	31,934	32,118	34,424	—	—	—	—	43,384	66,358
— Switzerland	229,847	242,053	—	—	—	—	—	—	229,847	242,053
— France	72,292	56,800	—	—	—	—	—	—	72,292	56,800
— Poland	2,259	3,231	—	—	—	—	—	—	2,259	3,231
— United Kingdom	25,709	26,460	—	—	—	—	—	—	25,709	26,460
— Others	132,950	133,091	3,768	1,967	—	—	—	—	136,718	135,058
Segment revenue	<u>547,058</u>	<u>596,056</u>	<u>35,939</u>	<u>36,476</u>	<u>654</u>	<u>10,970</u>	<u>14,155</u>	<u>—</u>	<u>597,806</u>	<u>643,502</u>
Intersegment revenue										
— The U.S.A.	<u>(2,783)</u>	<u>(13,554)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(2,783)</u>	<u>(13,554)</u>
Revenue from external customers	<u>544,275</u>	<u>582,502</u>	<u>35,939</u>	<u>36,476</u>	<u>654</u>	<u>10,970</u>	<u>14,155</u>	<u>—</u>	<u>595,023</u>	<u>629,948</u>
<b>Timing of revenue recognition</b>										
Products transferred at a point in time	544,275	582,502	35,939	36,476	654	10,970	14,155	—	595,023	629,948
Products and services transferred over time	—	—	—	—	—	—	—	—	—	—
Total	<u>544,275</u>	<u>582,502</u>	<u>35,939</u>	<u>36,476</u>	<u>654</u>	<u>10,970</u>	<u>14,155</u>	<u>—</u>	<u>595,023</u>	<u>629,948</u>

## 5. OTHER INCOME

	2020 <i>HK\$'000</i> (Unaudited)	2019 <i>HK\$'000</i> (Audited)
<b>Continuing operations</b>		
Interest income on:		
Bank deposits	83	122
Bank fixed deposits	874	1,117
Loans to other parties	5,665	7,105
	<u>6,622</u>	<u>8,344</u>
Total interest income	6,622	8,344
Government subsidy	3,916	250
Reimbursement from suppliers for testing defective products	360	1,658
Sale of scrap materials	348	166
Service fee income	398	–
Written off of trade payables	1,991	455
Other	297	1,518
	<u>13,932</u>	<u>12,391</u>

## 6. OTHER GAINS AND LOSSES

	2020 <i>HK\$'000</i> (Unaudited)	2019 <i>HK\$'000</i> (Audited)
<b>Continuing operations</b>		
Gain on bargain purchase of subsidiary	69	–
Gain on derecognition of financial liabilities	872	–
Gain on modification of tenancy agreement	–	6
Net foreign exchange gains	(3,268)	3,930
	<u>(2,327)</u>	<u>3,936</u>

## 7. FINANCE COSTS

	2020 <i>HK\$'000</i> (Unaudited)	2019 <i>HK\$'000</i> (Audited)
<b>Continuing operations</b>		
Interest expenses on lease liabilities	3,266	4,390
Interest on loans from financial institutions	1,109	–
Interest on loans from independent third parties	553	2,417
Other interest expenses	–	2
	<u>4,928</u>	<u>6,809</u>

## 8. INCOME TAX EXPENSE

Income tax relating to continuing operations has been recognised in profit or loss as follows:

	<b>2020</b> <i>HK\$'000</i> (Unaudited)	2019 <i>HK\$'000</i> (Audited)
Current tax — Hong Kong Profits Tax		
Provision for the year	4,947	2,225
Under/(over)-provision in prior years	191	(1,218)
	<u>5,138</u>	<u>1,007</u>
Current tax — Overseas		
Provision for the year	–	292
(Over)/under-provision in prior years	(3,753)	1
	<u>(3,753)</u>	<u>293</u>
Deferred tax	<u>1,938</u>	–
	<u><u>3,323</u></u>	<u><u>1,300</u></u>

Under the two-tiered profits tax regime, profits tax rate for the first HK\$2 million of assessable profits of qualifying corporations established in Hong Kong will be taxed at 8.25%, and profits above HK\$2 million will continue to be subject to the tax rate of 16.5%.

PRC Enterprises Income Tax has been provided at a rate of 25% (2019: 25%).

Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

The reconciliation between the income tax expense and the product of loss before tax multiplied by the Hong Kong Profits Tax rate is as follows:

	<b>2020</b> <i>HK\$'000</i> (Unaudited)	2019 <i>HK\$'000</i> (Audited)
Loss before tax (from continuing operations)	<u>(190,048)</u>	<u>(163,288)</u>
Tax at the Hong Kong Profits Tax rate of 16.5% (2019: 16.5%)	(31,358)	(27,107)
Tax effect of income that is not taxable	(1,398)	(1,903)
Tax effect of expenses that are not deductible	34,737	24,668
Tax effect of temporary differences not recognised	2,385	586
Tax effect of tax concession	(2,981)	(2,002)
Over-provision in prior years	(3,562)	(1,218)
Tax effect of utilisation of tax losses not previously recognised	(1,540)	(772)
Tax effect of tax losses not recognised	14,671	12,936
Effect of different tax rates of subsidiaries	(7,890)	(3,428)
Others	259	(460)
Income tax expense (relating to continuing operations)	<u><u>3,323</u></u>	<u><u>1,300</u></u>



## 9. DISCONTINUED OPERATION

On 31 December 2019, the Company entered into a sale and purchase agreement to dispose of interests in Anhui Huayuan Guoyi Medical Investment Management Limited (安徽華源國怡醫療投資管理有限公司).

	<b>2020</b> <b>HK\$'000</b> <b>(Unaudited)</b>	2019 <i>HK\$'000</i> (Audited)
Loss for the year from discontinued operation:		
Revenue	–	58,204
Cost of Sales	–	(53,114)
Other income	–	451
Selling expenses	–	(1,529)
Administrative expenses	–	(3,824)
Other operating expenses	–	(14,684)
Finance cost	–	(1,283)
	<hr/>	<hr/>
Loss before tax	–	(15,779)
Income tax credit	–	286
	<hr/>	<hr/>
	–	(15,493)
	<hr/>	<hr/>
Gain on disposal of operation	–	754
	<hr/>	<hr/>
Loss for the year from discontinued operation	–	(14,739)
	<hr/> <hr/>	<hr/> <hr/>

## 10. DIVIDENDS

No dividends have been paid or proposed during the year ended 31 December 2020, nor has any dividend been proposed since the end of the reporting period (2019: Nil).

## 11. LOSS PER SHARE

### From continuing and discontinued operations

The calculation of the basic and diluted loss per share is based on the following:

	2020 <i>HK\$'000</i> (Unaudited)	2019 <i>HK\$'000</i> (Audited)
<b>Loss</b>		
Loss attributable to owners of the Company, used in the basic loss per share calculation	<u>(193,353)</u>	<u>(171,735)</u>

#### (a) Basic loss per share

*Number of shares — Basic*

	2020 (Unaudited)	2019 (Unaudited) (re-presented)
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	<u>375,230,710</u>	<u>297,265,570</u>

#### (b) Diluted loss per share

No diluted loss per share was presented as the Company did not have any diluted potential ordinary shares for the years ended 31 December 2020 and 2019.

### From continuing operations

The calculation of the basic loss per share from continuing operations is based on the following:

	2020 <i>HK\$'000</i> (Unaudited)	2019 <i>HK\$'000</i> (Audited)
<b>Loss</b>		
Loss attributable to owners of the Company, used in the basic loss per share calculation	(193,353)	(171,735)
Less: Loss for the year from discontinued operation	<u>—</u>	<u>(7,147)</u>
Loss attributable to owners of the Company, used in the basic loss per share calculation from continuing operations	<u>(193,353)</u>	<u>(164,588)</u>

### From discontinued operation

Basic loss per share from the discontinued operation is 0.121 HK cents per share based on the loss for the year ended 31 December 2019 from discontinued operation attributable to the owners of the Company of approximately HK\$7,147,000 and the denominators used are the same as those detailed above for basic loss per share.

## 12. TRADE RECEIVABLES

	<b>2020</b> <i>HK\$'000</i> (Unaudited)	2019 <i>HK\$'000</i> (Audited)
Trade receivables	<b>169,224</b>	132,912
Allowance for trade receivables	<b>(3,811)</b>	(1,860)
	<b><u>165,413</u></b>	<u>131,052</u>

The Group's trading terms with customers are mainly on credit. The credit terms generally range from 30 to 120 days. Each customer has a maximum credit limit. For new customers, payment in advance is normally required. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the directors.

The aging analysis of trade receivables, based on the invoice date, and net of allowance, is as follows:

	<b>2020</b> <i>HK\$'000</i> (Unaudited)	2019 <i>HK\$'000</i> (Audited)
0 to 90 days	<b>136,286</b>	108,667
91 to 180 days	<b>27,616</b>	22,142
181 to 365 days	<b>672</b>	133
Over 365 days	<b>839</b>	110
	<b><u>165,413</u></b>	<u>131,052</u>

Reconciliation of allowance for trade receivables:

	<b>2020</b> <i>HK\$'000</i> (Unaudited)	2019 <i>HK\$'000</i> (Audited)
At the beginning of year	<b>1,860</b>	444
Impairment losses for the year	<b>2,099</b>	1,550
Bad debts written off	<b>(132)</b>	–
Reversal of allowance for bad debts	<b>(16)</b>	–
Disposal of a subsidiary	<b>–</b>	(134)
At 31 December	<b><u>3,811</u></b>	<u>1,860</u>

The individually impaired trade receivables relate to customers that were in financial difficulties or were in default in payments and the receivables are not expected to be recovered.

The carrying amounts of the Group’s trade receivables are denominated in the following currencies:

	<b>2020</b> <i>HK\$’000</i> (Unaudited)	2019 <i>HK\$’000</i> (Audited)
United States dollar (“USD”)	<b>160,051</b>	127,490
Hong Kong dollar (“HKD”)	–	29
Renminbi (“RMB”)	<b>5,362</b>	3,533
Total	<b>165,413</b>	131,052

### 13. TRADE PAYABLES

The aging analysis of trade payables, based on invoice date, is as follows:

	<b>2020</b> <i>HK\$’000</i> (Unaudited)	2019 <i>HK\$’000</i> (Audited)
0 to 90 days	<b>80,690</b>	46,675
91 to 180 days	<b>6,289</b>	6,601
181 to 365 days	<b>59</b>	234
Over 365 days	<b>315</b>	912
Total	<b>87,353</b>	54,422

The carrying amounts of the Group’s trade payables are denominated in the following currencies:

	<b>2020</b> <i>HK\$’000</i> (Unaudited)	2019 <i>HK\$’000</i> (Audited)
USD	<b>48,650</b>	22,986
HKD	<b>30,940</b>	25,500
RMB	<b>7,763</b>	5,827
Euro	–	109
Total	<b>87,353</b>	54,422

## **MANAGEMENT DISCUSSION AND ANALYSIS**

For clarification, unless otherwise stated, all the figures in this management discussion and analysis section are unaudited figures for the year ended 31 December 2020 and as at 31 December 2020, while those for the year ended 31 December 2019 and as at 31 December 2019 are audited.

### **BUSINESS OVERVIEW**

The COVID-19 pandemic has sent the global economy into one of its worst recessions ever, forcing countries and cities into months of lockdowns in 2020 that markedly reduced economic activity. During the Year, China's economy grew 2.3% at the slowest pace it had experienced in decades.

Given the grim operating environment, the Group saw its EMS and Distribution of Communication Products segment recording a declining performance with a decrease in revenue of approximately 6.3%.

The Group has embraced a dual approach to drive faster and steadier revenue growth in the future. As part of this strategy, the Group changed its name officially from "Link-Asia International Co. Ltd" to "Link-Asia International MedTech Group Limited" in early 2021 to pursue the vision of becoming a medical technology group to offer assisted reproductive technology, including both related products and services, to meet the fertility needs of high-end customers in the region especially mainland China.

Concurrently, the Group has stepped into the lucrative real-estate market in South-east Asia with its enormous housing needs. To this end, the Group has leveraged on its business network to source high-quality real estate projects in the region since the second half of 2019. These efforts will intensify when the current pandemic, which restricts air travel and upends supply chains, shows signs of easing in 2021.

For the Year, the Group generated total revenue from continuing operations of approximately HK\$595.0 million (2019: HK\$629.9 million). Gross profit from continuing operations amounted to approximately HK\$153.1 million (2019: HK\$135.8 million), and loss attributable to owners of the Company amounted to approximately HK\$193.4 million (2019: HK\$171.7 million).

As at 31 December 2020, the Group had bank and cash balances totalling approximately HK\$167.7 million (2019: HK\$241.4 million) with efforts made to maintain a healthy financial position.

## **REVIEW OF OPERATIONS**

### **The EMS and Distribution of Communications Products Businesses**

The EMS and Distribution of Communication Products businesses contributed revenue of approximately HK\$544.3 million (2019: HK\$582.5 million) and HK\$35.9 million (2019: HK\$36.5 million), respectively, to the Group. This segment was hardest hit following the outbreak of the pandemic in the early part of 2020, when factories in mainland China were forced to close and market demand remained weak in the face of economic uncertainty.

Overall, the segment generated a relatively stable performance in turnover to register a mild decrease of approximately 6.3% in 2020.

### **Real Estate Supply Chain Services**

Real Estate Supply Chain Services business started its contribution to the Group's revenue in the Year. Revenue from the Real Estate Supply Chain Services operation provides two types of services, comprising the real estate advisory service and real estate purchase service related to investment opportunities in Southeast Asia and Pan Asia markets on behalf of customers. Revenue is recognised at a point in time upon completion of each service. This segment has contributed approximately 14.2 million (2019: Nil) for the Year.

Even though the Real Estate Supply Chain Services business has brought in a new revenue stream to the Group, it is heavily and adversely affected by the border control and quarantine measures due to COVID-19. Normal business travelling is suspended between the PRC and Southeast Asian and Pan Asian countries. The Board expected that this business sector will improve with the coming break-through in vaccine and medication of COVID-19.

### **Securities and Other Assets Investment**

The losses accrued from this segment declined with the disposal of the Group's catering business, which had been underperforming through the years, coupled with revenue generated from the rental property it owns. As a result, the Securities and Other Assets Investment business contributed revenue of approximately HK\$0.7 million (2019: HK\$11.0 million) to the Group during the Year.

### **Geographical Analysis**

Revenue from the major European countries (the United Kingdom, Switzerland, Poland and France) totalled approximately HK\$330.1 million (2019: HK\$328.5 million), and accounted for approximately 55.5% (2019: 52.2%) of the Group's revenue from continuing operations for the Year. The U.S.A. market contributed approximately HK\$40.6 million (2019: HK\$52.8 million) in revenue and accounted for approximately 6.8% (2019: 8.4%) of the Group's revenue from continuing operations. The PRC (including Hong Kong) and other countries accounted for approximately HK\$87.6 million (2019: HK\$113.5 million) and HK\$136.7 million (2019: HK\$135.1 million), respectively, representing approximately 14.7% (2019: 18.0%) and 23.0% (2019: 21.4%) of the Group's revenue from continuing operations.

## **FINANCIAL REVIEW**

### **Revenue**

For the Year, the Group recorded total revenue from continuing operations of approximately HK\$595.0 million (2019: HK\$629.9 million).

### **Cost of Sales**

Cost of sales from continuing operations decreased by approximately 10.6% from approximately HK\$494.1 million in 2019 to HK\$441.9 million in 2020 in line with the decrease of the revenue.

### **Gross Profit**

Gross profit from continuing operations increased by approximately 12.7% from approximately HK\$135.8 million in 2019 to HK\$153.1 million in 2020, as a result of a gross profit contribution from the new segment, the Real Estate Supply Chain Services business, with a higher gross profit margin.

### **Other income**

Other income from continuing operations increased by approximately HK\$1.5 million to HK\$13.9 million for the Year (2019: HK\$12.4 million). The increase was mainly due to the increase in government subsidy by approximately HK\$3.6 million and written off of trade payables by approximately HK\$1.5 million, being offset by the decrease in interest income by approximately HK\$1.7 million.

### **Other gains and losses**

Other net losses of approximately HK\$2.3 million in 2020 (2019: net gain of approximately HK\$3.9 million) were due to net foreign exchange losses during the Year while a net gain in 2019.

### **Impairment losses**

The Group made overall impairment losses of approximately HK\$89.6 million on certain assets for the Year, representing an increase by approximately HK\$31.7 million (2019: HK\$57.9 million). The increase was mainly due to the increase in impairment losses for deposits of approximately HK\$17.9 million, impairment losses on investments in associates by approximately HK\$10.3 million and impairment losses on intangible assets by approximately HK\$22.8 million, offsetting by a decrease in impairment losses for loans to other parties by approximately HK\$18.2 million.

### **Selling and distribution expenses**

Selling and distribution expenses from continuing operations of approximately HK\$79.6 million (2019: HK\$28.8 million) accounted for approximately 13.4% in 2020 and 4.6% in 2019 of the Group's revenue from continuing operations, respectively. The increase was mainly due to the increase in expenses, including advertising and promotion, employment expenses, travelling expenses, business development and other expenses, for the Real Estate Supply Chain Services business of approximately HK\$46.8 million for the Year.

### **Administrative expenses**

Administrative expense from continuing operations of approximately HK\$150.7 million (2019: HK\$179.4 million) accounted for approximately 25.3% in 2020 and 28.5% in 2019 of the Group's revenue from continuing operations, respectively. The decrease in administrative expenses was mainly due to the reduction in staff costs and directors' remuneration of approximately HK\$15.2 million, decrease in consultancy fee of approximately HK\$17.9 million, decrease in entertainment of approximately HK\$5.9 million, being offset by the net increase in the legal and professional fees of approximately HK\$3.7 million.

### **Other operating expenses**

Other operating expenses from continuing operations decreased by approximately HK\$25.2 million from approximately HK\$42.5 million in 2019 to approximately HK\$17.3 million in 2020. The decrease in other operating expenses was mainly due to no bad debts written off and bad debts provision of approximately HK\$5.4 million, no loss of disposal of subsidiary of approximately (2019: HK\$19.2 million) and no reinstatement provision of approximately (2019: HK\$1.5 million) during the Year.

### **Finance costs**

The Group's finance costs from continuing operations were approximately HK\$4.9 million in 2020 and HK\$6.8 million in 2019, represented approximately 0.8% and 1.1% of the Group's revenue from continuing operations in 2020 and 2019, respectively. The decrease in finance costs during the Year was mainly due to the decrease in interest on lease liabilities by approximately HK\$3.2 million.

### **Income tax expense**

Income tax expense from continuing operations during the Year included approximately HK\$1.4 million of current tax charge (2019: HK\$1.3 million) and approximately HK\$1.9 million of deferred tax charge (2019: HK\$Nil). The tax charges mainly represented the income tax provision at the applicable tax rate in accordance with the relevant laws and regulations in Hong Kong, the PRC and the U.S.A..



### **Loss attributable to owners of the Company**

The loss attributed to owners of the Company was approximately HK\$193.4 million for the Year (2019: HK\$171.7 million). The Group's net loss margin attributable to owners of the Company for the Year was approximately -32.5% (2019: -27.3%).

### **Loss for the year attributable to non-controlling interests**

Loss for the year attributable to non-controlling interests amounted to approximately HK\$18,000 for the year ended 31 December 2020 (2019: HK\$7.6 million). The decrease was mainly due to no loss attributable to the non-controlling interests mainly contributed by the sales of medical equipments in the PRC for the Year as it was disposed in 2019. For details of the Group's discontinued operations in 2019, please refer to Note 9 to the consolidated financial statements.

## **LIQUIDITY AND CAPITAL RESOURCES**

The Group generally finances its operations and capital expenditure by internally generated cashflows.

As at 31 December 2020, the bank and cash balances amounted to approximately HK\$167.7 million (2019: HK\$241.4 million), representing an decrease of approximately HK\$73.7 million from 2019. Respective sum of approximately 7.9%, 48.7% and 43.2% of the bank and cash balances was denominated in RMB, USD and HKD, respectively.

The Group's current ratio remains in a healthy position at 1.5 times (2019: 1.9 times).

As at 31 December 2020, the carrying amounts of the loan from bank and loan from an independent third party were approximately HK\$18.0 million and HK\$0.6 million, respectively. As at 31 December 2019, the borrowings represented the loan from a related company and loan from an independent third party of approximately HK\$0.6 million and HK\$20 million, respectively.

### **Cash flow**

In 2020, approximately HK\$16.0 million was used in the operating activities. Net cash used in investing activities was approximately HK\$95.2 million and net cash generated from financing activities was approximately HK\$35.2 million for the Year.

## **Exchange risk exposure**

The Group has transactional currency exposures. Such exposures arise from the business operations in the PRC and Hong Kong denominated in RMB and USD, respectively. As at 31 December 2020, the Group had minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities were principally denominated in the respective functional currencies, i.e. RMB and USD, used by the respective group entities, or in USD for the respective group entities with HKD being the functional currency. As HKD is pegged to USD, the Group considers the risk of movements in exchange rates between HKD and USD to be insignificant for transactions denominated in USD. The RMB is not freely convertible into other foreign currencies and conversion of the RMB into foreign currencies is subject to rules and regulations of foreign exchange control promulgated by the PRC government. As at 31 December 2020, the Group does not have a foreign currency hedging policy in respect of its foreign currency assets and liabilities. The Group had no investment in any financial derivatives, foreign exchange contracts, interest or currency swaps, hedging or other financial arrangements for hedging purposes to reduce any currency risk nor made any over-the-counter contingent forward transactions. The Group will closely monitor its foreign currency exposure and will consider using hedging instruments in respect of significant foreign currency exposure as and when appropriate.

## **Capital expenditure**

Capital expenditure for 2020 amounted to approximately HK\$63.9 million and capital commitments as at 31 December 2020 amounted to approximately HK\$0.9 million. Both the capital expenditure and capital commitments were mainly related to the acquisition of plant and machinery to replace retired ones.

## **Pledge of assets**

As at 31 December 2020, an investment property of approximately HK\$30.0 million was pledged to an independent third party to secure a loan facility available to the Group.

## **Financial guarantee contract**

As at 31 December 2019 and 2020, the Group had an outstanding guarantee (the “**Guarantee**”) to one of the suppliers of an overseas subsidiary (the “**Disposed Subsidiary**”), which was disposed on 7 October 2015, for payment in relation to a sum of US\$2.6 million (equivalent to approximately HK\$20.3 million), representing a trade balance under dispute between the Disposed Subsidiary and the supplier. The supplier subsequently sold the trade balance to a third party.

During 2017, the Disposed Subsidiary had agreed with the third party for a final settlement by instalment of US\$650,000 (equivalent to approximately HK\$5.1 million). In this regards, as at 31 December 2020, the Group had an outstanding guarantee of the sum limited to US\$650,000, subject to the full payment of the final settlement effected by the Disposed Subsidiary.

The Disposed Subsidiary had issued counter guarantee to the Company to indemnify the Company for any loss in relation to the Guarantee.

## **Contingent liabilities**

In 2018, a lawsuit was lodged against a subsidiary of the Company, Guangzhou Telefield Limited. The plaintiff seeks compensation of approximately RMB1 million (equivalent to approximately HK\$1.1 million). A settlement agreement was signed with the plaintiff to compensate RMB1 million (equivalent to approximately HK\$1.1 million) in five payment instalments. As at 31 December 2019, four instalments were made and the remaining instalment was approximately RMB0.2 million (equivalent to approximately HK\$0.22 million). As at 31 December 2020, GTL has fully settled the remaining compensation.

Apart from the above, the Group and the Company did not have any significant contingent liabilities.

## **Significant investments**

As at 31 December 2020, the Group did not hold any listed equity investments. As at 31 December 2019, the Group held at fair value of approximately HK\$13.4 million, which were classified as equity investments at fair value through other comprehensive income (“**FVTOCI**”). The fair value change in respect of such investments of approximately HK\$12.2 million (2019: upward movement of HK\$9.4 million) was recorded in other comprehensive income. No dividend income was received during the year ended 31 December 2020 in respect of these investments.

Apart from the aforesaid transactions, there were no other material investment by the Group that should be notified to the Shareholders of the Company.

## **Human resources**

As at 31 December 2020, the Group had approximately 1,050 employees in various operating units located in Hong Kong, U.S.A. and the PRC. In order to attract and retain high quality talents to ensure smooth operation and cater for the Group’s constant expansion, it offers competitive remuneration packages, with reference to market conditions, individual qualifications and experience.

There is no outstanding share option as at 31 December 2020 and 2019. In addition, no share option was granted, cancelled or lapsed during the year ended 31 December 2020.

## **SIGNIFICANT EVENTS DURING THE YEAR ENDED 31 DECEMBER 2020**

### **Placing of new shares**

On 19 February 2020, an aggregate of 1,189,060,000 shares of the Company with a nominal value of HK\$0.001 each has been successfully placed at HK\$0.035 per share. The net proceeds from the placing shares (after deduction of commission and other expenses of said placing of new shares) amounted to approximately HK\$41.4 million. For details, please refer to the announcements of the Company dated 29 January 2020, 3 February 2020 and 19 February 2020.

## Share Option Schemes

On 17 February 2020, the Company proposed to the shareholders of the Company at the extraordinary general meeting to be held on 10 March 2020 (the “**EGM**”) to terminate the share option scheme adopted by the Company on 31 December 2010 (the “**2010 Share Option Scheme**”) and to approve and adopt a new share option scheme (the “**New Share Option Scheme**”). Details of the New Share Option Scheme are set out in the circular of the Company dated 17 February 2020.

On 10 March 2020, at the EGM, the proposed adoption of the New Share Option Scheme and the termination of the 2010 Share Option Scheme were duly passed by the Shareholders by way of poll.

## Settlement of litigation and assignment of loans

On 21 October 2019, the Company was served a writ of summons issued by the Court of First Instance of the High Court of the Hong Kong Special Administrative Region by Bright Mark Enterprises Limited (the “**Assignee**”) as the plaintiff against the Company as the defendant (the “**Legal Proceedings**”) in relation to a sum of HK\$20,000,000, being the loan principal under a facility agreement, plus interest (the “**Debt**”).

On 24 March 2020, the Company and the Assignee entered into a settlement agreement in respect of the Legal Proceedings, pursuant to which, amongst others, (i) Wise State Investment Limited, a wholly owned subsidiary of the Company (“**Wise State**”), agreed to assign all rights, titles and benefits in the Loans to the Assignee, (ii) the Assignee unconditionally and irrevocably agreed in writing to waive its right to claim against the Company and/or the Group under the Debt and be responsible for any cost or liability under the settlement for the Debt, and (iii) the Assignee agreed to release and discharge the charged securities pursuant to a deed of release, and release and wholly extinguish all rights and obligations arising or capable of arising out of a deed of charge. The Company has been released from any liabilities and obligations borne under the Debt as at 24 March 2020. For details, please refer to the announcements of the Company dated 23 October 2019 and 24 March 2020.

## Share Consolidation

On 29 May 2020, the Company implemented a share consolidation on the basis that every 20 issued and unissued ordinary shares of HK\$0.001 each to be consolidated into 1 consolidated share of HK\$0.02 each. For details, please refer to the announcements of the Company dated 27 April 2020 and 27 May 2020 and the circular of the Company dated 8 May 2020.

## **Disclosable Transaction in Relation to Transfer of Exclusive Agency Rights Involving the Issue of Consideration Shares under General Mandate**

On 28 July 2020, Natural Perseverance Limited (the “**Purchaser**”), a direct wholly-owned subsidiary of the Company, the Company and Ratchaphruek Global Group Co., Ltd (the “**Vendor**”) entered into a transfer of exclusive agency rights agreement (the “**Transfer Agreement**”), pursuant to which, the Purchaser has conditionally agreed to accept the transfer of and the Vendor has conditionally agreed to transfer certain rights to be the exclusive agent for the sale of target properties (the “**Exclusive Agency Rights**”) by way of novation at the consideration of HK\$27 million (the “**Consideration**”), which will be satisfied by the issue and allotment of the new Shares to be issued to the Vendor (the “**Consideration Shares**”) at the issue price of HK\$0.379 per Consideration Share by the Company upon completion of Transfer Agreement (the “**Completion**”).

The Completion took place on 18 August 2020. 71,240,000 Consideration Shares were allotted and issued at the issue price of HK\$0.379 each by the Company to the Vendor to satisfy the Consideration. The Consideration Shares represent approximately 20.0% of the number of issued Shares immediately before the Completion and represent approximately 16.6% of the number of issued Shares as enlarged by the allotment and issue of the Consideration Shares.

For details, please refer to the announcements of the Company dated 28 July 2020, 12 August 2020 and 18 August 2020.

### **Change of Company Name**

Pursuant to a special resolution passed at the extraordinary general meeting of the Company held on 2 December 2020, it is approved that the English name of the Company be changed from “Link-Asia International Co. Ltd.” to “Link-Asia International MedTech Group Limited” and its dual foreign name in Chinese be changed from “環亞國際實業有限公司” to “環亞國際醫療科技集團有限公司”. For details, please refer to the announcement of the Company dated 2 November 2020 and the circular of the Company dated 10 November 2020.

The company name, stock short name and company logo have been subsequently changed. For details, please refer to the announcement of the Company dated 8 January 2021.

Saved as disclosed in this announcement, the Directors are not aware of any significant event requiring disclosure that has taken place during the year ended 31 December 2020.

### **PROSPECTS**

The International Monetary Fund (IMF) recently expects that the global economy to grow by approximately of 5.5% in 2021, representing a slight increase of 0.3% from its earlier estimate in October 2020, citing expectations of a vaccine-driven uptick in the coming months. China’s economy is expected to expand by approximately 8.1% in 2021 and approximately 5.6% in 2022, according to the information from the IMF. In addition, the new Biden administration in the United States is likely to affect international trade and geopolitics with a return to a more multilateralist foreign policy.

However, analysts caution that it will be a long and uneven recovery, due to the pandemic's lingering impact and uncertainties. Facing an uncertain future, the Group considers it is imperative to maintain a healthy financial position and ensure our business continuity. The current situation also gives us the opportunity to improve and invest in our business model. We will therefore focus on diversifying our revenue streams and proceed with plans to develop high-end medical and health services.

Meanwhile, we will consolidate our core EMS and the Distribution of Communication Products businesses. Based on our experience in the electronics sector and insights of the industry trends, both the segments will experience a strong market recovery from the pent-up demand of consumers when the pandemic begins to abate.

With the implementation of the vaccination programmes, most countries are expected to experience a relatively strong recovery in the second half of this year. In this best-case scenario, the Group will resume its plans of setting foot in the Real Estate Supply Chain Services business, in order to capture the strong housing demand of young homebuyers in Southeast Asia.

The prospects for the Group's proposed entry into the industry are equally bright. With a large and expanding stock of immediate demand in the assisted reproductive industry and a scarcity of quality medical services providers, the Group closely focused on this industry chain and our service preparations, in search of opportunities to provide us with the right entry points into the market. Following this, we will undertake strategic layout of the assisted reproduction industry chain in an in-depth manner. The Group aims to be the leading medium-and-high-end assisted reproductive technologies medical group in Asia Pacific, leveraging on its core medical technologies and proven capabilities to acquire customers and provide internationalised, integrated and professional assisted reproductive services to meet the medical needs of the reproduction, as well as provides customers with a comprehensive and systematic prenatal and postnatal care solutions to their fertility needs.

The Group will adopt a sound business strategy that combines a diversified approach to business to drive the growth in profits.

## **OTHER INFORMATION**

### **Dividends**

The Board does not recommend the payment of a dividend for the year ended 31 December 2020 (2019: nil).

### **Purchase, Sale or Redemption of Listed Securities of the Company**

There was no purchase, sale or redemption of the Company's listed securities by the Company or any of the subsidiaries during the year ended 31 December 2020.

## Significant Events After the Year Ended 31 December 2020

### (i) *Placing of new shares of the Company (the “Placing”)*

On 30 December 2020, the Company and China Tonghai Securities Limited (the “**Sole Placing Agent**”) entered into a placing agreement (the “**Placing Agreement**”), pursuant to which the Company has conditionally agreed to place through the Sole Placing Agent, on a best endeavour basis, in aggregate of up to 85,580,000 new shares of the Company to be allotted and issued pursuant to the terms and conditions of the Placing Agreement (the “**Placing Shares**”). On 11 January 2021, the condition precedent set out in the Placing Agreement had been fulfilled, and completion of the Placing took place on 11 January 2021 in accordance with the terms and conditions of the Placing Agreement. An aggregate of 85,580,000 Placing Shares, which represents approximately 19.67% of the issued share capital of the Company immediately after completion of the Placing, has been successfully placed to not less than six Placees, at the placing price of HK\$0.035 per Placing Share. The net proceeds from the Placing (after deduction of commission and other expenses of the Placing) are approximately HK\$29.2 million.

Details of the Placing are set out in the announcements of the Company dated 30 December 2020 and 11 January 2021.

### (ii) *Grant of share options*

On 28 January 2021, 35,671,850 share options to subscribe for the ordinary shares of HK\$0.02 each in the share capital of the Company were granted to certain Directors and employees of the Group (the “**Grantees**”), subject to acceptance of the Grantees, under the share option scheme adopted by the Company on 10 March 2020. The share options granted shall vest in the Grantees in accordance with their respective the timetable.

Details of the grant of share options are set out in the announcement of the Company dated 28 January 2021.

### (iii) *Potential acquisition of controlling interest in the Target Company*

On 4 March 2021, a wholly-owned subsidiary of the Group entered into a memorandum of understanding with I.Baby Technology Investments Limited (the “**Potential Vendor**”) and I.Baby Technology Holdings Limited (the “**Target Company**”), pursuant to which the Potential Vendor intends to dispose a certain number of issued shares of the Target Company that constitute a controlling interest of the Target Company, to the Company including its designated party(ies).

The Target Company is a company incorporated in the laws of Hong Kong with limited liability. Based on the information provided by the Target Company, the Target Company operates the brand “I. Baby ARS & Eugenics” and engages in the provision of pre-pregnancy care and assisted reproductive service in China.

For details of the potential acquisition of controlling interest in the Target Company, please refer to the Company’s announcement dated 4 March 2021.

## Code on Corporate Governance Practices

The corporate governance practices are based on the Corporate Governance Code and Corporate Governance Report (the “**Code**”) as set out in Appendix 14 to the Listing Rules. Throughout the year ended 31 December 2020, the Company has applied the principles and complied with all the applicable code provisions set out in the Code, except for the deviation from code provision A.2.1 of the Code as described below.

### *Code Provision A.2.1*

Under code provision A.2.1 of the Code, the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. The Company does not have any officer with the title of “chief executive officer” and this is deviated from the code provision A.2.1 of the Code.

Mr. Lin Dailian, who acts as the chairman and an executive Director of the Company, is also responsible for overseeing the general operations of the Group. The Board will meet regularly to consider major matters affecting the operations of the Group. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Group. The roles of the respective executive Directors and senior management, who are in charge of different functions complement the role of the chairman and chief executive officer. The Board believes that this structure is conducive to strong and consistent leadership enabling the Group to operate efficiently.

The Company understands the importance to comply with the code provision A.2.1 and will continue to consider the feasibility to comply with the said code provision. If compliance with the said provision is determined, appropriate persons will be nominated to assume the different roles of chairman and chief executive officer.

On 3 April 2020, Mr. Wang Guozhen (the “**Mr. Wang**”) was re-designated from an independent non-executive Director to an executive Director, and was appointed as the president of the Company. He ceased to be a member of each of the remuneration committee, nomination committee and audit committee of the Company (the “**Audit Committee**”) with effective 3 April 2020.

Upon the re-designation of Mr. Wang, the number of independent non-executive Directors and members of the Audit Committee fell below the requirements under Rules 3.10(1) and 3.21 of the Listing Rules. According to Rule 3.11 and 3.23 of the Listing Rules, the Company is required to meet the requirements set out in Rule 3.10(1) and 3.21 of the Listing Rules within three months after failing to meet the requirements.

Following the appointment of Mr. Yang Weidong on 24 April 2020 as an independent non-executive Director and the member of the Audit Committee, the Company has complied with Rules 3.10(1) of the Listing Rules in relation to the composition of the Board and Rule 3.21 of the Listing Rules with regard to the composition of the Audit Committee.

On 19 October 2020, Mr. Bao Jinqiao (the “**Mr. Bao**”) resigned as an independent non-executive Director and ceased to be a member of Audit Committee, the chairman of each of the remuneration committee and the nomination committee of the Company.



Upon the resignation of Mr. Bao, the number of independent non-executive Directors and members of the Audit Committee fell below the requirements under Rules 3.10(1) and 3.21 of the Listing Rules. According to Rule 3.11 and 3.23 of the Listing Rules, the Company is required to meet the requirements set out in Rule 3.10(1) and 3.21 of the Listing Rules within three months after failing to meet the requirements.

Following the appointment of Dr. Sun Xiaohu on 6 January 2021 as an independent non-executive Director and the member of the Audit Committee, the Company has complied with Rules 3.10(1) of the Listing Rules in relation to the composition of the Board and Rule 3.21 of the Listing Rules with regard to the composition of the Audit Committee.

### **Compliance with the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”)**

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as the code of conduct for securities transactions carried out by the directors. All Directors, after specific enquiries by the Company, confirmed that they had complied with the required standard set out in the Model Code throughout the year.

### **Audit Committee**

The Audit Committee currently has three members comprising Mr. Li Huiwu (chairman), Mr. Yang Weidong and Dr. Sun Xiaohu, all being independent non-executive Directors. The primary duties of the Audit Committee are mainly to review and supervise the financial reporting process and internal control system of the Group.

The Audit Committee has discussed with the management of the Company on the accounting principles and practices adopted by the Group, internal controls, risk management and financial reporting matters on 31 March 2021. The Audit Committee has also reviewed and discussed with the management about the announcement of unaudited annual financial results of the Group for the year ended 31 December 2020.

### **Review of Unaudited Annual Results**

The auditing process for the annual results for the year ended 31 December 2020 has not been completed. The main reason is that the outbreak of COVID-19 in various countries and the anti-pandemic measures for the prevention and control of COVID-19 implemented have caused difficulties on the auditing and reporting process of the Company’s operations, particularly those located in France, Thailand, the Philippines and part of China, which resulted in the auditors of the Company (the “**Auditors**”) being unable to obtain all necessary documents and/or information including but not limited to audit confirmation letters, audit verification information from Thailand and part of China on time to enable them to finish the audit verification procedures. The unaudited annual results contained herein have not been agreed by the Auditors as required under Rule 13.49(2) of the Listing Rules. An announcement relating to the audited results will be made when the auditing process has been completed, which is currently expected to be on or about 9 April 2021.

There is no disagreement between the Board and the Audit Committee during the Year. The unaudited annual results contained herein have been reviewed by the Audit Committee.

### **Further Announcement(s)**

Following the completion of the auditing process, the Company will issue further announcement(s) in relation to (i) the audited results for the year ended 31 December 2020 as agreed by the Auditors and the material differences (if any) as compared with the annual results contained herein, (ii) the proposed date on which the forthcoming annual general meeting will be held, and (iii) the period during which the register of members holding ordinary shares will be closed in order to ascertain shareholders' eligibility to attend and vote at the said meeting (and the proposed arrangements relating to dividend payment, if any). In addition, the Company will issue further announcement as and when necessary if there are other material developments in the completion of the auditing process.

### **WARNING**

**The financial information contained herein in respect of the annual results of the Group have not been audited and have not been agreed with the auditors. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.**

By Order of the Board  
**Link-Asia International MedTech Group Limited**  
**Lin Dailian**  
*Chairman and Executive Director*

Hong Kong, 31 March 2021

*As at the date of this announcement, the Board comprises Mr. Lin Dailian (Chairman), Mr. Wang Guozhen, Mr. Duan Chuanhong and Mr. Xia Xiaobing as executive Directors; Mr. Li Huiwu, Mr. Yang Weidong and Dr. Sun Xiaohu as independent non-executive Directors.*