

ANGY (CHINA) MEDICAL LIMITED
INTERIM FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 30 JUNE 2017

ANGY (CHINA) MEDICAL LIMITED

**INTERIM REPORT
FOR THE SIX MONTHS ENDED 30 JUNE 2017**

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

Introduction

We have reviewed the interim financial report set out on pages 3 to 16 which comprises the condensed consolidated statement of financial position of Angy (China) Medical Limited (the “Company”) and its subsidiaries (together, the “Group”) as of 30 June 2017 and the related condensed consolidated statement of profit or loss, condensed statement of profit or loss and other comprehensive income and condensed statement of changes in equity and condensed consolidated cash flow statement for the six month period then ended and explanatory notes. The preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 (“HKAS 34”), Interim financial reporting, issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the interim financial report in accordance with HKAS 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

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

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

(Continued)

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2017 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, Interim financial reporting.

We draw attention to the fact that the comparative condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the six-month period ended 30 June 2016 and the relevant explanatory notes included in these condensed consolidated financial statements have not been reviewed in accordance with HKSRE 2410.



JS CPA & CO.
Certified Public Accountants (Practising)
Hong Kong
Date: 12 September 2017

ANGY (CHINA) MEDICAL LIMITED

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS
FOR THE SIX MONTHS ENDED 30 JUNE 2017 - UNAUDITED**

	Six months ended 30 June	
	2017	2016
	HK\$	HK\$
Revenue	49,036,746	28,545,337
Costs of sales	<u>(33,428,280)</u>	<u>(22,949,547)</u>
Gross profit	15,608,466	5,595,790
Other income	631,054	1,107
Selling and distribution expenses	(3,964,741)	(4,684,849)
General and administrative expenses	<u>(6,998,240)</u>	<u>(6,465,700)</u>
Profit / (loss) before taxation	5,276,539	(5,553,652)
Income tax	<u>(913,186)</u>	<u>(254,622)</u>
Profit / (loss) for the period	<u>4,363,353</u>	<u>(5,808,274)</u>
Attributable to:		
Equity shareholders of the Company	4,508,479	(5,749,506)
Non-controlling interests	<u>(145,126)</u>	<u>(58,768)</u>
Profit / (loss) for the period	<u>4,363,353</u>	<u>(5,808,274)</u>
Earnings/ (Loss) per share		
Basic	0.43	(0.58)
Diluted	<u>0.43</u>	<u>(0.58)</u>

The notes on pages 7 to 16 form part of this interim financial report.

ANGY (CHINA) MEDICAL LIMITED

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2017 - UNAUDITED**

	Six months ended 30 June	
	2017	2016
	HK\$	HK\$
Profit / (loss) for the period	4,363,353	(5,808,274)
Other comprehensive loss for the period		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of:		
- financial statements of overseas subsidiaries	<u>(396,312)</u>	<u>(74,840)</u>
Total comprehensive income / (loss) for the period	<u>3,967,041</u>	<u>(5,883,114)</u>
Attributable to:		
Equity shareholders of the Company	4,124,652	(5,825,207)
Non-controlling interests	<u>(157,611)</u>	<u>(57,907)</u>
Total comprehensive income / (loss) for the period	<u>3,967,041</u>	<u>(5,883,114)</u>

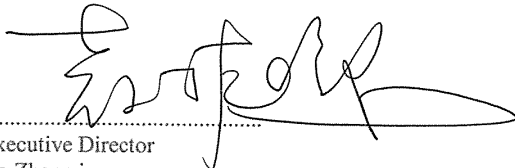
The notes on pages 7 to 16 form part of this interim financial report.

ANGY (CHINA) MEDICAL LIMITED

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017 - UNAUDITED

	At 30 June 2017 HK\$	At 31 December 2016 HK\$
Non-current assets		
Property, plant and equipment	249,187	469,696
Goodwill	155,639	155,639
	404,826	625,335
Current assets		
Inventories	23,895,106	25,227,103
Trade and other receivables	19,019,944	13,428,919
Cash and cash equivalents	1,179,997	5,408,139
Deferred tax assets	222,888	125,455
	44,317,935	44,189,616
Current liabilities		
Trade and other payables	19,056,971	20,782,998
Amount due to a director	2,960,731	5,499,657
Current taxation	1,424,735	1,219,013
	23,442,437	27,501,668
Net current assets	20,875,498	16,687,948
NET ASSETS	21,280,324	17,313,283
CAPITAL AND RESERVES		
Share capital	10,000,000	10,000,000
Reserves	10,875,204	6,750,552
Total equity attributable to equity shareholders of the Company	20,875,204	16,750,552
Non-controlling interests	405,120	562,731
TOTAL EQUITY	21,280,324	17,313,283

Approved and authorised for issue by the Board of Directors on 12 September 2017.



 Executive Director
 Ao Zhenming

The notes on pages 7 to 16 form part of this interim financial report.

ANGY (CHINA) MEDICAL LIMITED

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2017 - UNAUDITED**

	Attributable to equity shareholders of the Company				Non-controlling interests	Total equity
	Share capital	Exchange reserve	(Accumulated losses) / Retained earnings	Total	HK\$	HK\$
	HK\$	HK\$	HK\$	HK\$		
Balance at 1 January 2016:	10,000,000	(23,969)	568,864	10,544,895	-	10,544,895
Acquisition from subsidiary	-	-	-	-	(15,245)	(15,245)
Changes in equity for the six months ended 30 June 2016:						
Loss for the period	-	-	(5,749,506)	(5,749,506)	(58,768)	(5,808,274)
Other comprehensive (loss)/ income	-	(75,701)	-	(75,701)	861	(74,840)
Total comprehensive loss	-	(75,701)	(5,749,506)	(5,825,207)	(57,907)	(5,883,114)
Balance at 30 June 2016 and 1 July 2016	10,000,000	(99,670)	(5,180,642)	4,719,688	(73,152)	4,646,536
Changes in equity for the six months ended 31 December 2016:						
Acquisition from subsidiary	-	-	-	-	519,346	519,346
Profit for the period	-	-	12,478,043	12,478,043	75,554	12,553,597
Other comprehensive (loss)/ income	-	(447,179)	-	(447,179)	40,983	(406,196)
Total comprehensive (loss)/ income	-	(447,179)	12,478,043	12,030,864	116,537	12,147,401
Balance at 31 December 2016	<u>10,000,000</u>	<u>(546,849)</u>	<u>7,297,401</u>	<u>16,750,552</u>	<u>562,731</u>	<u>17,313,283</u>
Balance at 1 January 2017	10,000,000	(546,849)	7,297,401	16,750,552	562,731	17,313,283
Changes in equity for the six months ended 30 June 2017 (unaudited):						
Profit/(loss) for the period	-	-	4,508,479	4,508,479	(145,126)	4,363,353
Other comprehensive loss	-	(383,827)	-	(383,827)	(12,485)	(396,312)
Total comprehensive (loss)/ income	-	(383,827)	4,508,479	4,124,652	(157,611)	3,967,041
Balance at 30 June 2017	<u>10,000,000</u>	<u>(930,676)</u>	<u>11,805,880</u>	<u>20,875,204</u>	<u>405,120</u>	<u>21,280,324</u>

The notes on pages 7 to 16 form part of this interim financial report.

ANGY (CHINA) MEDICAL LIMITED

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2017 - UNAUDITED**

		Six months ended 30 June	
	Note	2017	2016
		HK\$	HK\$
Operating activities			
Profit/ (loss) before taxation		5,276,539	(5,553,652)
Adjustments for:			
Depreciation		275,311	241,437
Interest income		(4,031)	(1,107)
Operating profit/ (loss) before changes in working capital		5,547,819	(5,313,322)
Decrease / (increase) in inventories		1,331,997	(5,579,041)
(Increase) / decrease in trade and other receivables		(5,591,025)	2,904,203
(Decrease) / increase in trade and other payables		(1,726,027)	4,161,085
(Decrease) / increase in amount due to a director		(2,538,926)	1,807,779
Cash used in operation		(2,976,162)	(2,019,296)
Interest income		4,031	1,107
Tax paid			
- Hong Kong profits tax paid		(156,373)	(205,066)
- Overseas tax paid		(648,524)	(436,033)
Net cash used in operating activities		(3,777,028)	(2,659,288)
Investing activities			
Net cash inflow for acquisition of a subsidiary		-	(94,000)
Payment for the purchase of property, plant and equipment		(63,318)	(193,641)
Net cash used in investing activities		(63,318)	(287,641)
Net decrease in cash and cash equivalents		(3,840,346)	(2,946,929)
Cash and cash equivalents at 1 January		5,408,139	4,398,552
Effect of foreign exchange rates changes		(387,796)	(67,332)
Cash and cash equivalents at 30 June	13	1,179,997	1,384,291

The notes on pages 7 to 16 form part of this interim financial report.

ANGY (CHINA) MEDICAL LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2017 - UNAUDITED

1. GENERAL INFORMATION

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

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

2. BASIS OF PREPARATION

This interim financial report has been prepared in accordance with Hong Kong Accounting Standard (HKAS) 34, Interim financial reporting, issued by the Hong Kong Institute of Certified Public Accountants (HKICPA). It was authorised for issue on 13 September 2017.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2016 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2017 annual financial statements. Details of any changes in accounting policies are set out in note 3.

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

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2016 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with HKFRSs.

The interim financial report is unaudited, but has been reviewed by JS CPA & CO. in accordance with Hong Kong Standard on Review Engagements 2410, Review of interim financial information performed by the independent auditor of the entity, issued by the HKICPA. JS CPA & CO.’s independent review report to the Board of Directors is included on page 1 to 2.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2017 - UNAUDITED**

2. BASIS OF PREPARATION (CONTINUED)

The financial information relating to the financial year ended 31 December 2016 that is included in the interim financial report as comparative information does not constitute the Group's statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2016 are available from the Company's registered office. The auditors have expressed an unqualified opinion in those financial statements in their report dated 30 March 2017.

3. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued several amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following amendments are relevant to the Group:

- Amendments to HKAS 7, Statement of cash flows: Disclosure initiative
- Amendments to HKAS 12, Income tax: Recognition of deferred tax assets for unrealised losses
- Annual improvements to HKFRSs 2014-2016 Cycle

None of these developments has had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

4. SEGMENT REPORTING

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

5. REVENUE

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

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

	Six months ended 30 June	
	2017	2016
	HK\$	HK\$
Sales of medical instrument	<u>49,036,746</u>	<u>28,545,337</u>

ANGY (CHINA) MEDICAL LIMITED

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2017 - UNAUDITED**

6. OTHER REVENUE

	Six months ended 30 June	
	2017	2016
	HK\$	HK\$
Government grant	589,264	-
Interest income	4,031	1,107
Net foreign exchange gain	37,372	-
Sundry income	387	-
	<u>631,054</u>	<u>1,107</u>

7. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	Six months ended 30 June	
	2017	2016
	HK\$	HK\$
(a) Staff costs		
Contributions to defined contribution retirement plan	249,172	250,976
Salaries, wages and other benefits	<u>3,369,220</u>	<u>3,956,992</u>
	<u>3,618,392</u>	<u>4,207,968</u>

	Six months ended 30 June	
	2017	2016
	HK\$	HK\$
(b) Other items		
Depreciation	275,311	241,437
Operating lease charges: minimum lease payments	372,546	543,195
Auditors' remuneration	180,000	-
Cost of inventories	<u>33,428,280</u>	<u>22,949,547</u>

ANGY (CHINA) MEDICAL LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2017 - UNAUDITED

8. INCOME TAX

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

	Six months ended 30 June	
	2017	2016
	HK\$	HK\$
Current tax - Hong Kong Profits Tax	45,840	2,495
Current tax - Overseas	964,779	(46,420)
Deferred tax	(97,433)	298,547
	<u>913,186</u>	<u>254,622</u>

The provision for Hong Kong Profits Tax is calculated by applying the estimated annual effective tax rate of 16.5% (2016: 16.5%) to the six months ended 30 June 2017.

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

9. EARNINGS PER SHARE

Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the profit attributable to ordinary equity shareholders of the parent of HK\$4,363,353 (six months ended 30 June 2016: (loss) HK\$5,808,274) and the weighted average of 10,000,000 ordinary shares (2016: 10,000,000 shares) in issue during the interim period.

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

10. PROPERTY, PLANT AND EQUIPMENT

Acquisition

During the six months ended 30 June 2017, the Group acquired items of plant and machinery with a cost of HK\$63,318 (six months ended 30 June 2016: HK\$193,641).

ANGY (CHINA) MEDICAL LIMITED

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2017 - UNAUDITED**

11. INVENTORIES

	At 30 June 2017 HK\$	At 31 December 2016 HK\$
Finished goods	<u>23,895,106</u>	<u>25,227,103</u>

12. TRADE AND OTHER RECEIVABLES

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

	At 30 June 2017 HK\$	At 31 December 2016 HK\$
Within 1 month	8,665,560	11,795,851
1 – 6 months	-	-
Over 6 months	<u>8,268,730</u>	<u>436,338</u>
Trade debtors, net of allowance for doubtful debts	16,934,290	12,232,189
Other receivables	1,244,795	924,982
Prepayments	<u>840,859</u>	<u>271,748</u>
	<u>19,019,944</u>	<u>13,428,919</u>

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

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

At 30 June 2017 and 31 December 2016, none of trade receivables was individually determined to be impaired.

ANGY (CHINA) MEDICAL LIMITED

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2017 - UNAUDITED**

13. CASH AND CASH EQUIVALENTS

	At 30 June 2017 HK\$	At 31 December 2016 HK\$
Cash and cash equivalents in the statement of financial position and cash flow statement		
- Cash at bank and in hand	<u>1,179,997</u>	<u>5,408,139</u>

14. TRADE AND OTHER PAYABLES

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

	At 30 June 2017 HK\$	At 31 December 2016 HK\$
Within 1 month	10,574,737	7,564,644
1 – 6 months	-	6,144,243
Over 6 months	<u>29,560</u>	<u>24,477</u>
Trade creditors	10,604,297	13,733,364
Other accruals and payables	3,563,618	3,144,172
Receipt in advance	<u>4,889,056</u>	<u>3,905,462</u>
Financial liabilities measured at amortised cost	<u>19,056,971</u>	<u>20,782,998</u>

ANGY (CHINA) MEDICAL LIMITED

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2017 - UNAUDITED**

15. CAPITAL, RESERVES AND DIVIDENDS

(a) Dividend

The Board has resolved not to declare any interim dividends for the six months ended 30 June 2017 (six months ended 30 June 2016: Nil).

(b) Share capital

Authorised and issued share capital

	Number of ordinary shares	HK\$
As at 1 January 2016, 31 December 2016, 1 January 2017 and 30 June 2017	<u>10,000,000</u>	<u>10,000,000</u>

There is no change in ordinary shares during the six months ended 30 June 2017.

16. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

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

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 30 June 2017 and 31 December 2016.

17. COMMITMENTS

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

	At 30 June 2017 HK\$	At 31 December 2016 HK\$
Within 1 year	712,384	908,473
After 1 year but within 5 years	<u>44,713</u>	<u>415,393</u>
	<u>757,097</u>	<u>1,323,866</u>

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2017 - UNAUDITED**

18. MATERIAL RELATED PARTY TRANSACTIONS

Key management personnel remuneration

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

	Six months ended 30 June	
	2017	2016
	HK\$	HK\$
Salaries, wages and other benefits	<u>310,000</u>	<u>250,000</u>

19. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE SIX MONTHS ENDED 30 JUNE 2017

A number of amendments and new standards are effective for annual periods beginning after 1 January 2017 and earlier application is permitted; however, the Group has not early adopted any new or amended standards in preparing this interim financial report.

The Group has the following updates to the information provided in the last annual financial statements about the possible impacts of the new standards issued but not yet effective which may have a significant impact on the Group's consolidated financial statements.

HKFRS 9 "Financial Instruments"

HKFRS 9 replaces the existing guidance in HKAS 39 "Financial Instruments: Recognition and Measurement". HKFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from HKAS 39.

The Group does not plan to early adopt this standard and is currently assessing the financial impact of this standard to the Group's financial position and performance. However, at the date of issuance of this Financial Information, the Group anticipates that this standard is not expected to have any significant impact on the Group's financial position and performance.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2017 - UNAUDITED**

19. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE SIX MONTHS ENDED 30 JUNE 2017 (continued)

HKFRS 15 “Revenue from contracts with customers”

HKFRS 15 establishes a comprehensive framework for recognising revenue from contracts with customers. HKFRS 15 will replace the existing revenue standards, HKAS 18, Revenue, which covers revenue arising from sale of goods and rendering of services, and HKAS 11, Construction contracts, which specifies the accounting for revenue from construction contracts. The Group is currently assessing the impacts of adopting HKFRS 15 on its consolidated financial statements. Based on the preliminary assessment, the Group is not likely to be affected.

Currently, revenue from the sale of goods is generally recognised when the risks and rewards of ownership have passed to the customers.

Under HKFRS 15, revenue is recognised when the customer obtains control of the promised good in the contract.

The Group recognises revenue for the sale of goods at a single point in time, being when control has passed. Transfer of risks and rewards or ownership is only one of the indicators that will be considered in determining when the transfer of control occurs.

HKFRS 16 “Leases”

HKFRS 16 provides comprehensive guidance for the identification of lease arrangements and their treatment by lessees and lessors. In particular, HKFRS 16 introduces a single lessee accounting model, whereby assets and liabilities are recognised for all leases, subject to limited exceptions. It replaces HKAS 17 “Leases” and the related interpretations including HK(IFRIC)-Int 4 “Determining whether an arrangement contains a lease”.

For lessee accounting, HKFRS 16 introduces a single accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

For lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or financial leases, and to account for those two types of leases differently.

ANGY (CHINA) MEDICAL LIMITED

**DETAILED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2017
(For management information only)**

	1/1/2017 to 30/6/2017 HK\$	1/1/2016 to 30/6/2016 HK\$
Revenue		
Sales of medical instrument	49,036,746	28,545,337
Less: Cost of sales		
Opening inventories	25,227,103	23,210,019
Purchases	32,096,283	28,528,588
	57,323,386	51,738,607
Less: Closing inventories	23,895,106	28,789,060
	33,428,280	22,949,547
Gross profit	15,608,466	5,595,790
Add: Other income		
Government grant	589,264	-
Interest income	4,031	1,107
Net foreign exchange gain	37,372	-
Sundry income	387	-
	631,054	1,107
Less: Selling and distribution expenses		
Advertisement	67,288	59,893
Conference expenses	1,322,850	237,460
Consultancy fee	33,452	129,914
Entertainment	125,024	183,075
Exhibition fee	180,855	2,942,882
Office expenses	92,379	60,302
Overseas travelling expenses	1,823,104	975,387
Transportation fee	142,111	83,419
Testing fee	177,678	12,517
	3,964,741	4,684,849
Less: General and administrative expenses (Appendix I)	6,998,240	6,465,700
Profit / (loss) before taxation	5,276,539	(5,553,652)

ANGY (CHINA) MEDICAL LIMITED

DETAILED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2017
(For management information only)

	1/1/2017 to 30/6/2017 HK\$	1/1/2016 to 30/6/2016 HK\$
General and administrative expenses		
Accounting fee	6,000	-
Auditors' remuneration	180,000	-
Bank charges	12,635	11,001
Consultancy fee	113,890	43,379
Depreciation	275,311	241,437
Directors' remuneration	310,000	250,000
Entertainment	6,772	21,650
Insurance	10,404	4,788
Legal and professional fee	410,309	44,825
Mandatory provident fund	249,172	250,976
Motor vehicle expenses	11,785	29,705
Net foreign exchange difference	-	4,027
Office expenses	170,622	174,495
Overseas travelling expenses	93,036	91,992
Promotion expenses	176,154	95,807
Rent	372,546	543,195
Royalty cost	881,873	130,180
Salaries and wages	3,369,220	3,956,992
Staff welfare	122,681	331,549
Sundry expenses	121,315	129,447
Travelling expenses	15,831	9,485
Telephone expenses	88,684	100,770
	<u>6,998,240</u>	<u>6,465,700</u>