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LIFE HEALTHCARE GROUP LIMITED

蓮和醫療健康集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 928)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

INTERIM RESULTS

The board (the “Board”) of directors (the “Director(s)”) of Life Healthcare Group Limited (the “Company”) announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 September 2019, together with comparative figures for the corresponding period in 2018, which have been reviewed by the Company’s audit committee (the “Audit Committee”) as follows:

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

For the six months ended 30 September 2019

		Unaudited	
		Six months ended	
		30 September	
		2019	2018
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Continuing operations			
Turnover	4	6,810	44,024
Cost of sales and services		(1,490)	(15,541)
Gross profit		5,320	28,483
Other income and gain		837	264
Selling and distribution costs		(255)	(31,627)
Administrative and other expenses		(15,092)	(39,251)
Other expenses	5	–	(21,524)
Share of results of associates		(3,040)	(5,357)
Finance costs		(176)	–
Operating loss		(12,406)	(69,012)
Loss before taxation	5	(12,406)	(69,012)
Income tax	6	(48)	(445)
Loss for the period from continuing operations		(12,454)	(69,457)
Discontinued operation			
Profit for the period from discontinued operation	13	–	2,504
Loss for the period		(12,454)	(66,953)
Profit (Loss) attributable to equity holders of the Company			
— from continuing operations		(12,454)	(67,863)
— from discontinued operation		–	2,504
		(12,454)	(65,359)
Loss attributable to non-controlling interests			
— from continuing operations		–	(1,594)
Loss for the period		(12,454)	(66,953)
Loss per share — Basic and diluted (HK cents)	7		
— from continuing and discontinued operations		(0.23)	(1.23)
— from continuing operations		(0.23)	(1.28)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2019

		Unaudited 30 September 2019 <i>HK\$'000</i>	Audited 31 March 2019 <i>HK\$'000</i>
	<i>Notes</i>		
Non-current assets			
Property, plant and equipment		3,095	4,888
Right-of-use assets		4,741	–
Interest in associates	8	30,898	35,783
Equity investment at fair value through other comprehensive income		3,308	3,512
Prepayment		14,838	15,884
		56,880	60,067
Current assets			
Inventories		1,552	1,856
Loan receivables	9	17,154	191,471
Loan interest receivables	9	980	9,924
Trade and other receivables	10	8,304	16,203
Bank balances and cash		194,123	21,065
		222,113	240,519
Current liabilities			
Trade and other payables	11	10,708	10,615
Contract liabilities		387	800
Tax payable		878	830
Lease liabilities		2,714	–
		14,687	12,245
Net current assets		207,426	228,274
Total assets less current liabilities		264,306	288,341
Non-current liability			
Lease liabilities		2,169	–
Net assets		262,137	288,341
Capital and reserves			
Share capital	12	53,543	53,543
Reserves		208,594	234,798
Equity attributable to owners of the Company		262,137	288,341
Total equity		262,137	288,341

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

1 GENERAL

Life Healthcare Group Limited (the “Company”) is a company incorporated in the Cayman Islands as an exempted company with limited liability under Companies Law of the Cayman Islands on 12 March 2001 and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) as of 29 April 2002. The address of the registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, the Cayman Islands and the principal place of business of the Company in Hong Kong is Unit 3, 10/F., Bank of East Asia Harbour View Centre, No. 56 Gloucester Road, Wan Chai, Hong Kong.

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

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

2 BASIS OF PREPARATION

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

3 PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies used in the condensed consolidated interim financial information are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 March 2019 except as described below.

In the current interim period, the Group has applied, for the first time, the following new standards, amendments and interpretation (“new and revised HKFRSs”) issued by the HKICPA which are effective for the Group’s financial year beginning 1 April 2019.

HKFRS 16	Leases
HK (IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle

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

HKFRS 16 Leases

Until the 2019 financial year, payments made under operating leases were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 April 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of fixed payments (including in substance fixed payments).

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise small items of office furniture.

The Group has adopted HKFRS 16 from 1 April 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the simplified transition approach in the standard. The reclassifications and the adjustments arising from the new leasing standards are therefore recognised in the opening balance sheet on 1 April 2019.

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of HKAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 April 2019 in each territory or region where the lease assets are located.

The Group elected the modified retrospective approach for the application of HKFRS 16 as lessee and recognised the cumulative effect of initial application without restating comparative information.

4 TURNOVER AND SEGMENT INFORMATION

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

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

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

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

For the six months ended 30 September 2019 (Unaudited)

Continuing operations

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

Disaggregation of revenue from contracts with customers:

Geographical markets

For both current and previous interim periods ended 30 September 2019 and 2018, all revenues from healthcare services were recognised in PRC.

Timing of revenue recognition

For both current and previous interim periods ended 30 September 2019 and 2018, all revenues from healthcare services were recognised at a point in time.

For the six months ended 30 September 2018 (Unaudited)

Continuing operations

	Healthcare services business <i>HK\$'000</i>	Money lending business <i>HK\$'000</i>	Securities trading and investments business <i>HK\$'000</i>	Apparel retail business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Turnover					
External sales	38,123	5,901	–	–	44,024
Segment (loss) profit	(31,414)	1,875	(74)	(302)	(29,915)
Unallocated income					309
Unallocated expenses					(12,525)
Share of result of associates					(5,357)
Impairment loss on property, plant and equipment					(2,948)
Impairment loss on intangible asset					(1,048)
Impairment loss on interest in an associate					(17,080)
Impairment loss on loan interest receivable from an associate					(448)
Loss before taxation					(69,012)

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

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

Segment assets and liabilities

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

5 LOSS BEFORE TAXATION

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

Continuing operations

	Unaudited Six months ended 30 September	
	2019	2018
	HK\$'000	HK\$'000
Cost of inventories recognised as expenses	192	7,087
Depreciation of property, plant and equipment	1,554	3,793
Depreciation of right-of-use assets	1,370	–
Impairment loss on property, plant and equipment (included in “other expenses”)	–	2,948
Impairment loss on intangible asset (included in “other expenses”)	–	1,048
Impairment loss on interest in an associate (included in “other expenses”)	–	17,080
Impairment loss on loan interest receivable from an associate (included in “other expenses”)	–	448
Loss on disposal of property, plant and equipment	–	45
Bank interest income	(161)	(47)
Legal and professional fees and expenses	3,561	10,986

6 INCOME TAX

Continuing operations

	Unaudited Six months ended 30 September	
	2019	2018
	HK\$'000	HK\$'000
Taxation attributable to the Company and its subsidiaries:		
Current tax		
Hong Kong Profits Tax	48	464
PRC Enterprise Income Tax (“EIT”)	–	(19)
	48	445

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

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

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

7 LOSS PER SHARE

From continuing and discontinued operations

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

	Unaudited Six months ended 30 September	
	2019 '000	2018 '000
Number of shares		
Weighted average number of ordinary shares during the period for the purposes of basic and diluted loss per share	<u>5,354,285</u>	<u>5,309,609</u>

From continuing operations

	Unaudited Six months ended 30 September	
	2019 HK\$'000	2018 HK\$'000 (Restated)
Loss		
Loss for the period attributable to the owners of the Company	12,454	65,359
Less: Profit for the period from discontinued operation	<u>–</u>	<u>(2,504)</u>
Loss for the period attributable to equity holders of the Company from continuing operations for the purpose of basic and diluted loss per share	<u>12,454</u>	<u>67,863</u>

For both periods ended 30 September 2018 and 2019, the computation of diluted loss per share does not assume the conversion of the share options since their exercise would result in a decrease in loss per share.

From discontinued operations

Basic and diluted earnings per share from the discontinued operation for the period ended 30 September 2018 was HK\$0.05 cents, based on the profit for the period attributable to equity holders of the Company from the discontinued operation of approximately HK\$2,504,000 and the denominators above for both basic and diluted loss per share.

8 INTEREST IN ASSOCIATES

	Unaudited	Audited
	At	At
	30 September	31 March
	2019	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Unlisted investments:		
Share of net assets	37,978	42,863
Loan to an associate	10,448	10,448
Impairment loss	(17,528)	(17,528)
	30,898	35,783

9 LOAN RECEIVABLES AND LOAN INTEREST RECEIVABLES

	Unaudited	Audited
	At	At
	30 September	31 March
	2019	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Secured loan receivables	17,154	191,471

At 30 September 2019, loans to third parties with an aggregate principal amount of approximately HK\$17,154,000 (31 March 2019: HK\$191,471,000) are secured, bear interest at 18% (31 March 2019: ranging from 5% to 18%) per annum and are repayable within one year and thus classified as current assets. The loan receivables are due for settlement at the date specified in the respective loan agreement.

As at 30 September 2019, loan receivables amounting to approximately HK\$17,154,000 (31 March 2019: HK\$66,256,000) together with interest receivables arising from the same third parties of approximately HK\$980,000 (31 March 2019: HK\$6,664,000) were guaranteed by independent third parties.

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

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

	Unaudited At 30 September 2019 <i>HK\$'000</i>	Audited At 31 March 2019 <i>HK\$'000</i>
91 to 180 days	–	92,209
181 to 365 days	–	89,682
Over 365 days	<u>17,154</u>	<u>9,580</u>
	<u><u>17,154</u></u>	<u><u>191,471</u></u>

Loan interest receivables

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

	Unaudited At 30 September 2019 <i>HK\$'000</i>	Audited At 31 March 2019 <i>HK\$'000</i>
1 to 90 days	980	–
91 to 180 days	–	2,054
181 to 365 days	–	6,771
Over 365 days	<u>–</u>	<u>1,099</u>
	<u><u>980</u></u>	<u><u>9,924</u></u>

10 TRADE AND OTHER RECEIVABLES

	Unaudited At 30 September 2019 <i>HK\$'000</i>	Audited At 31 March 2019 <i>HK\$'000</i>
Trade receivables	91	97
Less: allowance for trade receivables	<u>(72)</u>	<u>(77)</u>
	19	20
Prepayments and deposits	3,235	7,723
Other receivables	<u>5,050</u>	<u>8,460</u>
	<u><u>8,304</u></u>	<u><u>16,203</u></u>

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

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

	Unaudited At 30 September 2019 <i>HK\$'000</i>	Audited At 31 March 2019 <i>HK\$'000</i>
Within 90 days	–	6
91–180 days	–	14
181–365 days	<u>19</u>	<u>–</u>
	<u>19</u>	<u>20</u>

11 TRADE AND OTHER PAYABLES

	Unaudited At 30 September 2019 <i>HK\$'000</i>	Audited At 31 March 2019 <i>HK\$'000</i>
Trade payables	116	64
Accruals and other payables	<u>10,592</u>	<u>10,551</u>
	<u>10,708</u>	<u>10,615</u>

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

	Unaudited At 30 September 2019 <i>HK\$'000</i>	Audited At 31 March 2019 <i>HK\$'000</i>
Within 90 days	–	63
91–180 days	<u>116</u>	<u>1</u>
	<u>116</u>	<u>64</u>

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

12 SHARE CAPITAL

	Number of shares '000	HK\$'000
Authorised:		
Ordinary shares of HK\$0.01 each		
At 1 April 2018, 30 September 2018, 1 April 2019 and 30 September 2019	<u>50,000,000</u>	<u>500,000</u>
Issued and fully paid:		
Ordinary shares of HK\$0.01 each		
At 1 April 2018 (audited)	5,258,625	52,586
Shares issued under share option scheme	<u>95,660</u>	<u>957</u>
At 30 September 2018 (unaudited), 31 March 2019 (audited) and 30 September 2019 (unaudited)	<u>5,354,285</u>	<u>53,543</u>

13 DISPOSAL OF SUBSIDIARIES

On 15 December 2017, a wholly-owned subsidiary of the Company entered into a share transfer agreement with an independent third party to dispose of the entire equity interests in China Education Media Limited (中國教育傳媒有限公司) (“China Education”) and its subsidiary (collectively referred to as the “Disposal Group”), which carried out all of the Group’s education software and related services business, and certain balances due by the Disposal Group to the Group for a cash consideration of HK\$30,500,000 (the “Disposal”). The Disposal was completed in June 2018 and the education products and related business of the Group was ceased.

14 CAPITAL COMMITMENT

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

15 PLEDGE OF ASSETS AND CONTINGENT LIABILITIES

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

FINANCIAL RESULTS

Turnover

For the six months ended 30 September 2019, the Group recorded a turnover of approximately HK\$6.81 million (six months ended 30 September 2018: HK\$44.02 million), representing a decrease of approximately 84.53% as compared with the corresponding period last year. Such decrease in turnover was primarily attributable to the decrease in revenue generated from the healthcare services segment and money lending segment. The Group's overall gross profit margin was 78.12% (six months ended 30 September 2018: 64.70%). During the six months ended 30 September 2019 and 2018, the Group's overall gross profit was primarily attributable to the healthcare services and money lending segments.

Loss for the interim period

The Group's loss for the six months ended 30 September 2019 was approximately HK\$12.45 million (six months ended 30 September 2018: HK\$66.95 million), representing a decrease of approximately 81.40% as compared with the previous interim period. The decrease in loss was principally attributable to (i) the impairment loss on interest in an associate, property, plant and equipment, intangible asset and loan interest receivable from an associate in the previous interim period did not occur in the current period; and (ii) the decrease in selling, distribution costs and administrative expenses as a result of the decrease in marketing and promotion expenses from the healthcare services business which are greater than the decrease in the revenue generated from the Group's healthcare services business.

BUSINESS REVIEW AND PROSPECTS

Healthcare services business

Over the years, the Group has built up its experience in the operation of and understanding in the business environment of the healthcare industry in PRC. Throughout the current period, the Group continually strengthened the healthcare services in genetic testing and health data analysis.

The Group currently owns one research and development centre in Beijing, which organises and performs core technologies research and exploitations, and one production and testing centre in Guangzhou, which has Practice License of Medical Institution* (醫療機構執業許可證) and thus can provide services to the clients nationwide. The Group has centralized its core research capabilities under this structure with an aim to improve its productivity and provision of services.

* For identification purpose only

PRC government intends to reform the medical industry by launching new policies with an aim to lower the medical costs. Although the Group does not know whether its healthcare services will be affected in future, the Group will closely monitor any changes in policies and to refine the business strategy in healthcare segment. On the other hand, competition is keen as more competitors may enter into the healthcare services industry. To cope with these challenges, the Group is focusing on distributor sales in order to penetrate into the market of major cities in PRC. Such enhancement of the sales strategy from direct sales to cover distributor sales would have a temporary effect on the revenue generated from healthcare services during the transitional period. In addition, based on the past experience of providing genetic testing services to patients in hospitals, the Group is determined to expand existing sales channels by becoming official service provider with hospitals which will be beneficial to the Group by securing a stable income stream.

Looking forward, the Group intends to enlarge and diversify the types of its genetic testing and health data analysis products and upgrade and extend the available products to facilitate more comprehensive services to its customers.

At the same time, the Group will also emphasize on improving the biological information analysis system and interpretation of clinical medicine system. The aim is to become the fast and accurate provider of a full range of services and solutions for medical and healthcare administration. Moreover, the Group intends to strengthen the cooperation with professionals and hospitals to promote the Group's publicity.

In order to maximise the returns to the Company's shareholders, the Group intends to concentrate on improving the production cost rate by close cooperation with its suppliers and the purchase of automation equipment.

For the six months ended 30 September 2019, this segment recorded a turnover of HK\$2.57 million (six months ended 30 September 2018: HK\$38.12 million) and a loss in segment result of HK\$7.24 million during the six months ended 30 September 2019 (six months ended 30 September 2018: HK\$31.41 million). The decrease in segment loss was primarily attributable to the decrease in marketing and promotion expense of HK\$11 million and salary, wages and insurance of HK\$30 million, which are greater than the decrease in gross profit of HK\$21 million.

Money lending business

During the six months ended 30 September 2019, money lending business recorded a turnover of interest income of HK\$4.24 million (six months ended 30 September 2018: HK\$5.90 million). Gross profit is 100% for both periods since no cost of finance were required under the money lending business. The source of funding is primarily from share capital which is a definite advantage for this business. The segment result covers internal cost allocation from central management and administrative costs. The money lending business provided a stable recurrent revenue to the Group which in turn improved the returns to the Company's shareholders.

Looking forward, together with the knowledge and experience in the money lending business it has built in the past, the Group may increase the professional headcount for enhanced compliance and risk control to maintain a healthy loan portfolio in a long run.

Securities trading and investments business

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

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

BOARD OF DIRECTORS

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

The Board has approved the unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2019. The Board considers that the said financial statements have been prepared in conformity with the generally accepted accounting standards in Hong Kong and the amounts reflected are based on the best estimates and reasonable, informed and prudent judgment of the Board with an appropriate consideration of materiality.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2019, the Group employed 10 employees excluding Directors (30 September 2018: 233). The Group remunerates its employees based on their performance, working experience and prevailing market standards. Employee benefits include medical insurance coverage, mandatory provident fund for Hong Kong employees, state-managed retirement benefits scheme for PRC employees and share option scheme.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 September 2019, the Group had bank balances and cash of approximately HK\$194.12 million (31 March 2019: approximately HK\$21.07 million). The Group mainly relies upon internally generated funds and proceeds from fund raising activities to finance its operations and expansion. The Group had no borrowing as at 30 September 2019.

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

TREASURY POLICIES

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

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

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

MATERIAL ACQUISITION AND DISPOSAL

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

PLEDGE OF ASSETS

During the six months ended 30 September 2019, the Group had no charge on assets.

CONTINGENT LIABILITIES

As at 30 September 2019, the Group had no significant contingent liabilities.

FOREIGN EXCHANGE EXPOSURE

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

AUDIT COMMITTEE

The unaudited condensed consolidated financial statements of the Company for the six months ended 30 September 2019 have not been audited, but have been reviewed by the Audit Committee. The Audit Committee comprises three independent non-executive Directors. The primary duties of the Audit Committee are, amongst other matters, to communicate with the management of the Company; and review the accounting principles and practices, internal control system, risk management system, interim and annual results of the Group.

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

For the six months ended 30 September 2019, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities.

INTERIM DIVIDEND

The Board did not recommend the payment of an interim dividend for the six months ended 30 September 2019 (six months ended 30 September 2018: nil).

CORPORATE GOVERNANCE

The Company has complied with the code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") during the six months ended 30 September 2019, except for the following deviation:

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

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

COMPLIANCE WITH THE MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 of the Listing Rules as its own code of conduct regarding directors' transactions in the Company's securities. Following specific enquiries by the Company, all Directors confirmed that they have complied with the Model Code during the six months ended 30 September 2019.

PUBLICATION OF FINANCIAL INFORMATION

This results announcement is published on the respective websites of the Stock Exchange (www.hkex.com.hk) and the Company (www.lifehealthcare.com). The Group's interim report for the six months ended 30 September 2019 will be despatched to the shareholders of the Company and available on the above websites in due course.

By order of the Board
Life Healthcare Group Limited
Man Wai Lun
Executive Director

Hong Kong, 29 November 2019

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

Executive Directors:

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

Independent Non-Executive Directors:

Mr. Liu Xinghua
Mr. Zheng Chunlei
Mr. Cheng Chun Man

Non-executive Director:

Ms. Shan Hua