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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 2021

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 2021, together with comparative figures for the corresponding period in 2020, 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 2021

		Unaudited Six months ended 30 September	
	Notes	2021 HK\$'000	2020 HK\$'000
Continuing operations			
Turnover	4	87,492	91,746
Cost of sales and services		<u>(78,679)</u>	<u>(77,687)</u>
Gross profit		<u>8,813</u>	<u>14,059</u>
Other income and gains		16	462
Selling and distribution costs		(29)	(1,596)
Administrative and other expenses		(10,017)	(6,927)
Share of results of associates		(2,502)	(2,749)
Finance costs		<u>(13)</u>	<u>(64)</u>
Operating profit (loss)		<u>(3,732)</u>	<u>3,185</u>
Profit (Loss) before taxation	5	(3,732)	3,185
Income tax	6	<u>(858)</u>	<u>(1,439)</u>
Profit (Loss) for the period		<u>(4,590)</u>	<u>1,746</u>

	Unaudited	
	Six months ended	
	30 September	
	2021	2020
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit (Loss) for the period attributable to		
Owners of the Company	(4,585)	376
Non-controlling interests	(5)	1,370
	<u>(4,590)</u>	<u>1,746</u>
Other comprehensive income (expense) that may be reclassified subsequently to profit or loss:		
Exchange differences arising from translations	3,468	8,357
Share of foreign currency reserve of associates	(25)	3,687
	<u>3,443</u>	<u>12,044</u>
Total comprehensive income (expense) for the period	<u>(1,147)</u>	<u>13,790</u>
Total comprehensive income (expense) for the period attributable to:		
Owners of the Company	(1,058)	12,290
Non-controlling interests	(89)	1,500
	<u>(1,147)</u>	<u>13,790</u>
Earnings (Loss) per share — (expressed in HK cents per share)		(Restated)
— Basic and diluted	(0.36)	0.03

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2021

	<i>Notes</i>	Unaudited 30 September 2021 HK\$'000	Audited 31 March 2021 HK\$'000
Non-current assets			
Property, plant and equipment		777	1,129
Right-of-use assets		263	680
Interest in associates	8	11,910	14,436
Equity investment at fair value through other comprehensive income		38,993	38,294
Prepayment		10,648	11,694
		62,591	66,233
Current assets			
Inventories		9	54,180
Loan receivables	9	–	17,154
Loan interest receivables	9	–	5,489
Trade and other receivables	10	248,459	173,378
Bank balances and cash		21,172	8,574
		269,640	258,775
Current liabilities			
Trade and other payables	11	34,016	26,135
Lease liabilities		280	715
Tax payable		4,396	3,472
		38,692	30,322
Net current assets		230,948	228,453
Net assets		293,539	294,686
Capital and reserves			
Share capital	12	64,251	64,251
Reserves		225,273	226,331
Equity attributable to owners of the Company		289,524	290,582
Non-controlling interests		4,014	4,104
Total equity		293,538	294,686

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

1 GENERAL

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

The Company is an investment holding company. The Company and its subsidiaries (the “Group”) are principally engaged in healthcare products and services business, money lending business and securities trading and 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 2021 except as described below.

In the current interim period, the Group has applied, for the first time, the following amendments (“revised HKFRSs”) issued by the HKICPA which are effective for the Group’s financial year beginning 1 April 2021.

— Amendment to HKFRS 16	COVID-19-Related rent concessions
— Amendment to HKFRS 16	COVID-19-Related rent concessions beyond 30 June 2021
— Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest rate benchmark reform — Phase 2

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

4 TURNOVER AND SEGMENT INFORMATION

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

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

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

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

For the six months ended 30 September 2021 (Unaudited)

Continuing operations

	Healthcare products and services business <i>HK\$'000</i>	Money lending business <i>HK\$'000</i>	Securities trading and investments business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Turnover				
External sales	<u>86,737</u>	<u>755</u>	<u>–</u>	<u>87,492</u>
Segment profit (loss)	3,814	(1,368)	–	2,446
Interest revenue				4
Other income and gains				5
Unallocated expenses				(3,685)
Share of result of associates				<u>(2,502)</u>
Loss before taxation				<u>(3,732)</u>

Disaggregation of revenue from contracts with customers:

Geographical markets

For both current and previous interim periods ended 30 September 2021 and 2020, all revenues from healthcare products and services were based in PRC.

Timing of revenue recognition

For both current and previous interim periods ended 30 September 2021 and 2020, all revenues from healthcare products and services were recognised at a point in time.

For the six months ended 30 September 2020 (Unaudited)

Continuing operations

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

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

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

Segment assets and liabilities

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

5 PROFIT (LOSS) BEFORE TAXATION

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

Continuing operations

	Unaudited	
	Six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
Cost of inventories recognised as expenses	78,235	–
Depreciation of property, plant and equipment	365	504
Depreciation of right-of-use assets	425	401
Bank interest income	(4)	(331)
Legal and professional fees and expenses	828	754
	<u>828</u>	<u>754</u>

6 INCOME TAX

Continuing operations

	Unaudited	
	Six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
Taxation attributable to the Company and its subsidiaries:		
Current tax		
Hong Kong Profits Tax	863	–
PRC Enterprise Income Tax (“EIT”)		
— Current year	–	1,439
— Overprovision in prior year	(5)	–
	<u>858</u>	<u>1,439</u>

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

For both current and previous interim periods ended 30 September 2021 and 2020, Hong Kong Profits Tax is calculated under two-tier profits tax system under first HK\$2 millions of estimated assessable profits is taxed at a rate of 8.25% and remaining estimated assessable profits is taxed at 16.5%. The Group should elect one of the Hong Kong subsidiaries to apply the two-tier profits tax rate.

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

7 EARNINGS (LOSS) PER SHARE

Earnings (loss) per share

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

Weighted average number of ordinary shares

	Unaudited	
	Six months ended 30 September	
	2021	2020
	'000	'000
		(Restated)
Weighted average number of ordinary shares at 30 September	<u>1,285,025</u>	<u>1,123,521</u>

Profit (loss)

	Unaudited	
	Six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
Profit (loss) for the period attributable to the owners of the Company	<u>(4,585)</u>	<u>376</u>

8 INTEREST IN ASSOCIATES

	Unaudited	Audited
	At	At
	30 September	31 March
	2021	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Unlisted investments:		
Share of net assets	29,438	31,964
Loan to an associate	10,448	10,448
Impairment loss	<u>(27,976)</u>	<u>(27,976)</u>
	<u>11,910</u>	<u>14,436</u>

9 LOAN RECEIVABLES AND LOAN INTEREST RECEIVABLES

	Unaudited	Audited
	At	At
	30 September	31 March
	2021	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Secured loan receivables	<u>–</u>	<u>17,154</u>

At 30 September 2021, loans to third parties are HK\$0 (31 March 2021: HK\$17,154,000 loans to third parties are secured, bear interest at 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 2021, loan receivables and interest receivables arising from the same third parties are HK\$0 (31 March 2021: HK\$17,154,000 loan receivables together with interest receivables arising from the same third parties of approximately HK\$5,489,000 are guaranteed by independent third parties).

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

	Unaudited	Audited
	At	At
	30 September	31 March
	2021	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Over 365 days	—	17,154
	<u>—</u>	<u>17,154</u>
	<u>—</u>	<u>17,154</u>

Loan interest receivables

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

	Unaudited	Audited
	At	At
	30 September	31 March
	2021	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
1 to 90 days	—	771
91 to 180 days	—	772
181 to 365 days	—	1,544
Over 365 days	—	2,402
	<u>—</u>	<u>2,402</u>
	<u>—</u>	<u>5,489</u>

10 TRADE AND OTHER RECEIVABLES

	Unaudited	Audited
	At	At
	30 September	31 March
	2021	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables	71,374	11,550
Less: allowance for trade receivables	<u>(136)</u>	<u>(133)</u>
	<u>71,238</u>	<u>11,417</u>
Prepayments and deposits	172,382	157,589
Less: allowance for prepayments and deposits	<u>(4,579)</u>	<u>(4,497)</u>
	<u>167,803</u>	<u>153,092</u>
Other receivables	<u>9,418</u>	<u>8,869</u>
	<u>248,459</u>	<u>173,378</u>

For receivables from healthcare products and services, the Group allows a credit period ranging from 30–180 days.

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

	Unaudited	Audited
	At	At
	30 September	31 March
	2021	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 90 days	60,037	8,495
91–180 days	8,692	214
181–365 days	<u>2,509</u>	<u>2,708</u>
	<u>71,238</u>	<u>11,417</u>

11 TRADE AND OTHER PAYABLES

	Unaudited	Audited
	At	At
	30 September	31 March
	2021	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade payables	14,870	11,003
Accruals and other payables	19,146	15,132
	<u>34,016</u>	<u>26,135</u>

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

	Unaudited	Audited
	At	At
	30 September	31 March
	2021	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 90 days	3,614	6,366
91–180 days	6,482	95
181 days to 1 year	2,457	2,407
Over 1 year	2,317	2,135
	<u>14,870</u>	<u>11,003</u>

The credit period granted by suppliers is normally 30 to 180 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 31 March 2020 (audited) and 1 April 2020	50,000,000	500,000
Share consolidation (<i>Note (b)</i>)	<u>(40,000,000)</u>	<u>–</u>
Ordinary shares of HK \$0.05 each		
At 30 September 2020 (unaudited), 31 March 2021 (audited) and 30 September 2021 (unaudited)	<u>10,000,000</u>	<u>500,000</u>
Issued and fully paid:		
Ordinary shares of HK\$0.01 each		
At 31 March 2020 (audited) and 1 April 2020	5,354,285	53,543
Issue of new shares (<i>Note a</i>)	1,070,840	10,708
Share consolidation (<i>Note b</i>)	<u>(5,140,100)</u>	<u>–</u>
Ordinary shares of HK\$0.05 each		
At 30 September 2020 (unaudited), 31 March 2021 (audited) and 30 September 2021 (unaudited)	<u>1,285,025</u>	<u>64,251</u>

Notes:

- (a) Allotment and issuance of ordinary shares of the Company on 17 August 2020 pursuant to the placing agreement dated 30 July 2020 (details of which are disclosed in the announcements of the Company dated 30 July 2020 and 17 August 2020).
- (b) Share consolidation pursuant to which every five (5) ordinary shares in the share capital of the company are consolidated into one (1) consolidated share effective on 23 September 2020.

13 CAPITAL COMMITMENT

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

14 PLEDGE OF ASSETS AND CONTINGENT LIABILITIES

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

FINANCIAL RESULTS

Turnover

For the six months ended 30 September 2021, the Group recorded a turnover of approximately HK\$87.49 million (six months ended 30 September 2020: HK\$91.75 million), representing a decrease of approximately 4.64% as compared with the corresponding period last year. Such decrease in turnover was primarily attributable to the decrease in revenue generated from the healthcare products and services segment. The Group's overall gross profit margin was 10.07% (six months ended 30 September 2020: 15.32%). During the six months ended 30 September 2021 and 2020 the Group's overall gross profit was primarily attributable to the healthcare products and services and money lending segments.

Profit for the interim period

The Group's loss for the six months ended 30 September 2021 was approximately HK\$4.59 million (six months ended 30 September 2020: profit HK\$1.75 million), representing an decrease of approximately HK\$6.34 million as compared with the previous interim period. The increase in loss was principally attributable to (i) the reduction in revenue generated from both healthcare services business and money lending business during the period under review; (ii) an increase in administrative and other expenses primarily due to increase in staff cost.

BUSINESS REVIEW AND PROSPECTS

Healthcare products and services business

Over the years, the Group has built up its experience in the operation of and understanding in the business environment of the healthcare industry in PRC. Amongst the principal businesses of the Group, the healthcare business became the largest contributor to the Group's revenue. Due to the continuous effect of COVID-19 pandemic, the revenue of the Group has dropped slightly as compared to same period of last year.

The Group currently owns one production and testing centre in Guangzhou, which has Practice License of Medical Institution* (醫療機構執業許可證) that provides services to the clients nationwide.

During the reporting period, the Group has signed a cooperation agreement with a partner to jointly establish Beijing Life Healthcare Health Management Co., Ltd.* ("LHHM"). As of 30 September 2021, LHHM has completed the registration, and the Group has fulfilled its capital commitment of RMB26,000,000. For details, please refer to announcement of the Company dated 10 September 2021.

* *For identification purpose only*

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

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

For the six months ended 30 September 2021, this segment recorded a turnover of HK\$86.74 million (six months ended 30 September 2020: HK\$90.20 million) and a profit in segment result of HK\$3.81 million during the six months ended 30 September 2021 (six months ended 30 September 2020: profit HK\$10.23 million). The decrease in segment profit was primarily attributable to (i) the reduction in revenue generated from healthcare services business during the Review Period; (ii) an increase in administrative and other expenses primarily due to increase in staff cost.

Money lending business

During the six months ended 30 September 2021, money lending business recorded a turnover of interest income of HK\$0.76 million (six months ended 30 September 2020: HK\$1.54 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. All loans were fully repaid and settled as at 30 September 2021.

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

Securities trading and investments business

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

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

QUALIFIED AUDIT OPINION FOR THE YEAR ENDED 31 MARCH 2021

As disclosed in the 2021 Annual Report, the Company planned to resolve the qualified opinion on equity investment at fair value through other comprehensive income (the “Qualification”) contained in the Independent Auditors’ Report for the year ended 31 March 2021 by gathering sufficient information for completing the valuation on the fair value of the equity investment subject to review by the auditors to their satisfaction.

During the audit for the year ended 31 March 2021, the auditors requested the Company to provide audited financial statements of the investee company prepared by a certified public accountant in Hong Kong, supporting financial information of the investee company and based upon which, a valuation report on the valuation of the investee company prepared by an independent valuer in Hong Kong for review to their satisfaction.

The Company had provided to the auditors the audited financial statements of the investee company for the year ended 31 March 2021 which was prepared by a certified accountant firm in PRC in accordance with the accounting standards prevailing in PRC. The Company had overlooked the auditors’ requirement of having the audited financial statements of the investee company audited by a certified accounting firm practicing in Hong Kong. As the audited financial statements of the investee company were not prepared by a certified accounting firm in Hong Kong in accordance with Hong Kong accounting standards and the financial information provided by the investee company could not satisfy the auditors’ requirements, the auditors did not accept both the audited financial statements of and the independent valuation report on the investee company as satisfactory audit evidence of the fair value of the Group’s equity investment in the investee company. This resulted in the Qualification.

The Company has discussed with the investee company which agreed to allow the Company to appoint a certified accountant firm practicing in Hong Kong to perform audit on its financial statements for the year ending 31 March 2022. The Company will then engage an independent valuer in Hong Kong to prepare the valuation report on the investee company. The Company is of the view that the Qualification will be removed for the year ending 31 March 2022 when the audited financial statements, the supporting financial information and the independent valuation report of the investee company are provided to the auditors for review to their satisfaction.

The audit committee of the Company concurs to the Company’s plan to remove the Qualification in next year. The auditors agree to remove the Qualification upon satisfactory review of the audited financial statements, the supporting financial information and the independent valuation report of the investee company for the year ending 31 March 2022.

BOARD OF DIRECTORS

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

The Board has approved the unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2021. 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 2021, the Group employed 16 employees excluding Directors (30 September 2020: 16). 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 2021, the Group had bank balances and cash of approximately HK\$21.17 million (31 March 2020: approximately HK\$8.57 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 2021.

No gearing ratio was calculated as the Group had no debt as at 30 September 2021 (30 September 2020: 0).

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.

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 2021, the Group had no charge on assets.

CONTINGENT LIABILITIES

As at 30 September 2021, 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 2021 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 2021, 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 2021 (six months ended 30 September 2020: 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 2021, 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.

Mr. Liu Xinghua and Mr. Cheng Chun Man, 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 2021.

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 2021 will be despatched to the shareholders of the Company and available on the above websites in due course.

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

Hong Kong, 26 November 2021

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

Executive Directors:

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

Independent non-executive Directors:

Mr. Liu Xinghua
Mr. Cheng Chun Man
Mr. Li Li

Non-executive Director:

Ms. Fu Xiaoji