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Link-Asia International MedTech Group Limited

環亞國際醫療科技集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 1143)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2023**

The board (the “**Board**”) of directors (the “**Directors**”) of Link-Asia International MedTech Group Limited (the “**Company**”) is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2023.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2023

	<i>Note</i>	Six months ended 30 June	
		2023	2022
		HK\$'000	HK\$'000
		(unaudited)	(unaudited)
Revenue	3	228,457	281,893
Cost of sales		<u>(173,777)</u>	<u>(232,766)</u>
Gross profit		54,680	49,127
Other income	4	6,050	12,187
Other gains and losses	5	5,728	4,474
Reversal of impairment loss on loans to other parties		6,475	–
Selling and distribution expenses		(14,856)	(14,658)
Administrative expenses		(51,137)	(53,396)
Research and development expenditure		<u>(6,636)</u>	<u>(7,331)</u>
Profit/(loss) from operations		304	(9,597)
Share of results of associates		–	346
Finance costs	6	<u>(1,656)</u>	<u>(1,683)</u>
Loss before tax		(1,352)	(10,934)
Income tax expense	7	<u>(2,339)</u>	<u>(1,890)</u>
Loss for the period		<u>(3,691)</u>	<u>(12,824)</u>

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONT'D)*For the six months ended 30 June 2023*

		Six months ended 30 June	
		2023	2022
	<i>Note</i>	HK\$'000	HK\$'000
		(unaudited)	(unaudited)
Attributable to:			
Owners of the Company		(4,831)	(13,539)
Non-controlling interests		1,140	715
		<u>(3,691)</u>	<u>(12,824)</u>
			(restated)
Loss per share			
Basic (HK cents per share)	<i>10</i>	<u>2.98</u>	<u>14.16</u>
Diluted (HK cents per share)		<u>N/A</u>	<u>N/A</u>

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

For the six months ended 30 June 2023

	Six months ended 30 June	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Loss for the period	(3,691)	(12,824)
Other comprehensive (expense)/income for the period, net of tax		
<i>Item that will be reclassified to profit or loss:</i>		
Exchange differences on translating foreign operations	<u>(7,044)</u>	<u>2,561</u>
Other comprehensive (expense)/income for the period, net of tax	<u>(7,044)</u>	<u>2,561</u>
Total comprehensive (expense)/income for the period	<u><u>(10,735)</u></u>	<u><u>(10,263)</u></u>
Attributable to:		
Owners of the Company	(11,875)	(10,978)
Non-controlling interests	<u>1,140</u>	<u>715</u>
	<u><u>(10,735)</u></u>	<u><u>(10,263)</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	<i>Note</i>	30 June 2023	31 December 2022
		HK\$'000	HK\$'000
		(unaudited)	(audited)
ASSETS			
Non-current assets			
Property, plant and equipment		16,840	21,058
Right-of-use assets		26,124	33,240
Intangible assets		66,056	68,380
Rental deposits		–	1,157
		<hr/>	<hr/>
Total non-current assets		109,020	123,835
		<hr/>	<hr/>
Current assets			
Inventories		76,353	56,799
Trade receivables	<i>11</i>	130,885	115,354
Prepayments, deposits and other receivables		137,814	92,619
Loans to other parties		7,298	8,032
Amount due from a director		–	536
Bank and cash balances		255,479	252,209
		<hr/>	<hr/>
		607,829	525,549
Assets classified as held-for-sale		–	9,849
		<hr/>	<hr/>
Total current assets		607,829	535,398
		<hr/>	<hr/>
TOTAL ASSETS		716,849	659,233
		<hr/> <hr/>	<hr/> <hr/>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(CONT'D)**

As at 30 June 2023

	<i>Note</i>	30 June 2023 HK\$'000 (unaudited)	31 December 2022 HK\$'000 (audited)
EQUITY AND LIABILITIES			
Equity			
Equity attributable to owners of the Company			
Share capital		34,506	24,154
Reserves		411,853	335,708
		<u>446,359</u>	<u>359,862</u>
Non-controlling interests		3,294	2,154
		<u>449,653</u>	<u>362,016</u>
LIABILITIES			
Non-current liabilities			
Lease liabilities		14,245	20,914
		<u>14,245</u>	<u>20,914</u>
Current liabilities			
Trade payables	12	38,575	40,186
Accruals and other payables		184,473	201,832
Amount due to a director		804	149
Lease liabilities		15,677	16,596
Borrowings		7,841	13,565
Product warranty provisions		452	1,207
Current tax liabilities		5,129	2,768
		<u>252,951</u>	<u>276,303</u>
TOTAL EQUITY AND LIABILITIES		<u><u>716,849</u></u>	<u><u>659,233</u></u>

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The unaudited interim condensed consolidated financial statements for the six months ended 30 June 2023 have been prepared in accordance with HKAS 34 Interim Financial Reporting. The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2022.

The unaudited interim condensed consolidated financial statements are presented in Hong Kong Dollar (“HK\$”) and all values are rounded to the nearest thousand except when otherwise indicated.

2. PRINCIPAL ACCOUNTING POLICIES

The unaudited interim condensed consolidated financial statements have been prepared on the historical cost basis, except for investment properties, which are measured at fair values. The accounting policies used in preparing the unaudited interim condensed consolidated financial statements are consistent with those used in the Group's annual financial statements for the year ended 31 December 2022, except for the adoption of the new/revised Hong Kong Financial Reporting Standards (“HKFRSs”) and HKASs which are relevant to the Group's operation and are effective for the Group's financial year beginning on 1 January 2023 as described below.

Amendments to HKAS 16	Proceeds before Intended Use
Amendments to HKAS 37	Cost of Fulfilling a Contract
Amendments to HKFRS 3	Reference to the Conceptual Framework
Annual Improvements Project	Annual Improvements to HKFRS Standards 2018–2020
Amendments to Accounting Guideline 5	Merger Accounting for Common Control Combinations

The adoption of this amendment to HKFRSs and HKASs did not result in substantial changes to the Group's accounting policies and amounts reported for the current and prior periods.

3. REVENUE AND SEGMENT INFORMATION

The Group has four reportable segments as follows:

EMS	— Electronic manufacturing services
Distribution of Communications Products	— Marketing and distribution of communications products
Securities and Other Assets Investment and Others	— Equity investment, property agency service and other operations
Real Estate Supply Chain Services	— Real estate advisory service and real estate purchase service
Money Lending	— Provision of loan services by licensed corporation

3. REVENUE AND SEGMENT INFORMATION (CONT'D)

	EMS HK\$'000 (unaudited)	Distribution of Communications Products HK\$'000 (unaudited)	Securities and Other Assets Investment and Others HK\$'000 (unaudited)	Real Estate Supply Chain Services HK\$'000 (unaudited)	Money Lending HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
6 months ended 30 June 2023:						
Revenue from external customers	197,813	8,221	18,008	4,296	119	228,457
Segment profit/(loss)	5,227	2,238	(3,702)	(258)	(229)	3,276
Other material non-cash items:						
— Share of profit of associates	-	-	-	-	-	-
As at 30 June 2023:						
Segment assets	462,849	3,503	69,607	182,840	3,555	722,354
Segment liabilities	226,253	23,443	6,829	14,168	8	270,701
6 months ended 30 June 2022:						
Revenue from external customers	270,054	8,565	20	3,254	-	281,893
Intersegment revenue	-	-	-	-	-	-
Segment profit/(loss)	6,331	3,456	(17,959)	(1,123)	-	(9,295)
Other material non-cash items:						
— Share of profit of associates	-	-	-	346	-	346
As at 30 June 2022:						
Segment assets	463,987	6,135	109,788	91,801	-	671,711
Segment liabilities	233,709	24,961	23,927	9,887	-	292,484

3. REVENUE AND SEGMENT INFORMATION (CONT'D)

	Six months ended 30 June	
	2023 <i>HK\$'000</i> (unaudited)	2022 <i>HK\$'000</i> (unaudited)
Reconciliations of segment profit or loss		
Total profit/(loss) of reportable segments	3,276	(9,295)
Intersegment elimination	–	–
Unallocated amounts:		
Directors' emoluments	–	(360)
Interest expenses	(663)	(46)
Legal and professional fees	(1,337)	(1,118)
Equity-settled share-based payments	(2,357)	–
Other unallocated head office and corporate expenses	(271)	(115)
	<u> </u>	<u> </u>
Consolidated loss before tax for the period	<u>(1,352)</u>	<u>(10,934)</u>
Reconciliations of segment assets and liabilities:		
	30 June 2023 <i>HK\$'000</i> (unaudited)	31 December 2022 <i>HK\$'000</i> (audited)
Assets		
Total assets of reportable segments	722,354	670,273
Elimination of intersegment assets	(16,163)	(22,983)
Unallocated amounts:		
Bank and cash balances	6	7
Property, plant and equipment	5,373	6,179
Right-of-use assets	4,032	4,600
Prepayments, deposits and other receivables	1,247	1,157
	<u> </u>	<u> </u>
Consolidated total assets	<u>716,849</u>	<u>659,233</u>
	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Liabilities		
Total liabilities of reportable segments	270,701	301,496
Elimination of intersegment liabilities	(16,163)	(22,983)
Unallocated amounts:		
Accruals and other payables	695	431
Borrowing	7,300	13,000
Lease liabilities	4,663	5,273
	<u> </u>	<u> </u>
Consolidated total liabilities	<u>267,196</u>	<u>297,217</u>

3. REVENUE AND SEGMENT INFORMATION (CONT'D)

Geographical information

The Group's operations and main revenue streams are those described in the last annual financial statements. The Group's revenue is derived from contracts with customers.

In the following table, revenue is disaggregated by primary geographical market and timing of revenue recognition.

For the six months ended 30 June (unaudited)	EMS		Distribution of Communications Products		Securities and Other Assets Investment and Others		Real Estate Supply Chain Services		Money Lending		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)
Primary geographical markets												
— The People's Republic of China (the "PRC") (including Hong Kong)	16,783	23,512	-	-	18,008	20	4,296	3,254	119	-	39,206	26,786
— The United States of America (the "U.S.A.")	48,311	38,621	7,982	8,456	-	-	-	-	-	-	56,293	47,077
— Switzerland	27,295	56,751	-	-	-	-	-	-	-	-	27,295	56,751
— France	33,327	45,383	-	-	-	-	-	-	-	-	33,327	45,383
— Belgium	19,606	29,007	-	-	-	-	-	-	-	-	19,606	29,007
— Malaysia	10,661	14,478	-	-	-	-	-	-	-	-	10,661	14,478
— Thailand	6,034	10,513	-	-	-	-	-	-	-	-	6,034	10,513
— United Kingdom	34	9	-	-	-	-	-	-	-	-	34	9
— Others	35,762	51,780	239	109	-	-	-	-	-	-	36,001	51,889
Segment revenue	197,813	270,054	8,221	8,565	18,008	20	4,296	3,254	119	-	228,457	281,893
Revenue from external customers	197,813	270,054	8,221	8,565	18,008	20	4,296	3,254	119	-	228,457	281,893
Timing of revenue recognition												
Products and services transferred at a point in time	197,813	270,054	8,221	8,565	18,000	-	4,296	3,254	-	-	228,330	281,873
Products and services transferred over time	-	-	-	-	8	20	-	-	119	-	127	20
Total	197,813	270,054	8,221	8,565	18,008	20	4,296	3,254	119	-	228,457	281,893

4. OTHER INCOME

	Six months ended 30 June	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Bank interest income	3,786	391
Government grant	66	1,425
Interest income on loans to other parties	2,025	2,353
Overprovision of the RCA license fee	-	5,850
Reimbursement from suppliers for testing defective goods	23	-
Others	150	2,168
	6,050	12,187

5. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Net foreign exchange gain	2,379	2,803
Gain on disposal of assets classified as held-for-sale	3,229	–
Gain on de-registration of a subsidiary	120	–
Fair value (loss)/gain on listed equity securities	–	(109)
Gain on disposal of a subsidiary	–	1,780
	<u>5,728</u>	<u>4,474</u>

6. FINANCE COSTS

	Six months ended 30 June	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Interest on loans from independent third parties	446	140
Interest on bank loans	20	–
Interest on bonds payable	–	46
Interest on lease liabilities	1,190	1,497
	<u>1,656</u>	<u>1,683</u>

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Current tax — Hong Kong Profits Tax Provision for the period	2,319	1,711
Current tax — Overseas Provision for the period	20	179
	<u>2,339</u>	<u>1,890</u>

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

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

8. LOSS FOR THE PERIOD

The Group's loss for the period is arrived at after charging/(crediting):

	Six months ended 30 June	
	2023 <i>HK\$'000</i> (unaudited)	2022 <i>HK\$'000</i> (unaudited)
Cost of goods sold		
Cost of inventories sold	170,401	235,259
Allowance for inventories	8,496	5,078
Reversal of allowance for inventories (<i>note (i)</i>)	(6,186)	(8,861)
	172,711	231,476
Cost of real estate supply chain services		
Commission paid to internal staff	1,066	1,290
Amortisation of exclusive agency right	–	–
	1,066	1,290
Depreciation		
Property, plant and equipment	4,599	4,697
Right-of-use assets	7,766	9,455
Operating lease charges — Land and buildings	1,508	1,839
Other operating expenses		
Research and development expenditures (<i>note (ii)</i>)	6,636	7,331
Employee benefits expense including directors' emoluments		
Salaries, bonus and allowances	64,412	77,195
Retirement benefit scheme contributions	5,732	7,217
Equity-settled share-based payments	2,357	2,788
	72,501	87,200

Notes:

- (i) The Group makes allowance for inventories under respective aging criteria in different operating segments. The reversal of allowance represents the amount of inventories subsequently used in production or sold.
- (ii) During the six months period ended 30 June 2023, research and development expenditure includes approximately HK\$6,636,000 (30 June 2022: HK\$7,331,000) relating to employee benefits expense, which is included in the respective total amount as disclosed separately above.

9. DIVIDENDS

No dividends have been paid or proposed during the six months ended 30 June 2022, nor has any dividend been proposed since the end of the reporting period (six months ended 30 June 2021: Nil).

10. LOSS PER SHARE

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

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Loss		
Loss attributable to owners of the Company, used in the basic loss per share calculation	<u>4,831</u>	<u>13,539</u>
	Six months ended 30 June	
	2023	2022
		(restated)
	(unaudited)	(unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	<u>162,234,379</u>	<u>95,605,765</u>

The comparative figure has been restated to reflect the implementation of share consolidation on the basis that every 10 issued and unissued ordinary shares of HK\$0.02 each to be consolidated into 1 consolidated shares of HK\$0.2 each on 30 March 2023.

No diluted loss per share for the six months ended 30 June 2023 and 2022 as the outstanding share options do not have any dilutive effect.

11. TRADE RECEIVABLES

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

	30 June 2023 HK\$'000 (unaudited)	31 December 2022 HK\$'000 (audited)
0–90 days	87,974	96,702
91–180 days	42,331	17,704
181–365 days	313	217
Over 365 days	267	731
	<u>130,885</u>	<u>115,354</u>

12. TRADE PAYABLES

The aging analysis of trade payables as at the end of the reporting period, based on invoice date, is as follows:

	30 June 2023 HK\$'000 (unaudited)	31 December 2022 HK\$'000 (audited)
0–90 days	33,881	35,777
91–180 days	185	1,955
181–365 days	4,412	2,415
Over 365 days	97	39
	<u>38,575</u>	<u>40,186</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

In January 2023, the PRC re-opened including removal of strict border controls and lockdowns in cities with rising COVID-19 infections. This good news like bringing a ray of warmth to the frigid global economy. Many industries started to resume in positive direction.

The revenue decreased by approximately HK\$53.4 million or 18.9% from approximately HK\$281.9 million for the period ended 30 June 2022 to approximately HK\$228.5 million for the period ended 30 June 2023. The revenue decreased was mainly due to the war in which Russia invaded Ukraine (the “**War Crisis**”) has been more than a year which widen the divide between the Europe and China. The revenue generated from the European countries of EMS and Distribution business segment has been decreased by approximately HK\$41.4 million or 40.5% for the period ended 30 June 2023 due to our major customers of EMS and Distribution business segment are western countries.

As the uncertain global economic environment, the Board and management of the Company strive to develop the existing core business and explore new business prudently to maintain the Group in a good financial position.

Review of Operations

The EMS and Distribution of Communication Products

The revenue from EMS business decreased by 26.8% to HK\$197.8 million (2022: HK\$270.1 million), whereas the revenue from distribution of Communications Products decreased by 4.0% to HK\$8.2 million (2022: HK\$8.6 million).

Real Estate Supply Chain Services

The revenue of Real Estate Supply Chain Services business increased by 32.0% to HK\$4.3 million (2022: 3.3 million).

The revenue of Real Estate Supply Chain Services business increased was due to the re-open of the PRC since January 2023. The business activities of Real Estate Supply Chain Services business resume to be normal time by time.

Securities and Other Assets Investment and Others

The Securities and Other Assets Investment and Others business contributed segment revenue of approximately HK\$18.0 million (2022: HK\$20,000) for the six months ended 30 June 2023, which is principally derived from rental income and trading of medical electronic products.

Money Lending

The money lending operations of the Group was commenced during the year, and are managed through our wholly-owned subsidiary — Be Smart Finance Limited with money lenders licenses issued under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong). The Group's money lending business is broadly classified into four loan categories, including: (i) property mortgage loans; (ii) other secured loans; (iii) guaranteed loans; and (iv) unsecured loans. During the six months ended 30 June 2023, the Group's money lending business was focused on unsecured loans. The Group plans to explore further potential money lending business opportunities and the Group's assessment of achieving reasonable risk and returns. There is no specific target customer group. The source of customers of the Group during the six months ended 30 June 2023 were mainly through the referrals of past and existing customers of the Group. The source of funds for the money lending business is generally funded by the internal resources of the Group. During the six months ended 30 June 2023, the Group's money lending segment generated revenue of approximately HK\$0.1 million, accounting for approximately 0.3% of overall revenue. Money lending business is a newly commenced segment of the Group. Operating loss from this business segment amounted to approximately HK\$0.2 million. As at 30 June 2023, we had 4 active loan accounts, all of them are individual customers. As at 30 June 2023, the percentage of the amount of loans and interest receivables from these four customers to the total loans and interest receivables are ranging approximately 7.2% to 11.7%. The management remains alert and will prudently maintain effective controls and procedures for loan approvals, credit monitoring as well as recovery and compliance matters applicable to all aspects of the money lending business.

Internal Control

The Group has established strict credit policies and controls to reduce all associated credit risks. Various approval criteria are carefully considered during the credit assessment stage, including verification of identity, repayment ability, and relevant investigative results after carrying out due diligence during the application procedure. The Group's management are responsible for assessing and approving loans within predetermined credit limits. They also regularly oversee the Group's credit policies and credit quality of the Group's loan portfolio. Increasing effort has also been put in the recovery procedures for loans receivables. Legal actions will be taken on a case-by-case basis, having considered the normal market practice as well as the actual circumstances during the Group's credit collection processes and negotiations with relevant customers in order to minimise any possible credit losses.

Interest rates and loan impairment

For the Group's existing loan portfolio as at 30 June 2023, the effective interest rates were matched and charged to customers of differing risk levels, at 10% per annum. The major terms of loans granted include loans receivable, interest rate and maturity date. For the six months ended 30 June 2023, the Group recorded an impairment loss on loans and interest receivable of approximately HK\$3,000. The Group's impairment losses relate primarily to the expected credit loss ("ECL") allowance for loans and interest receivables. Generally speaking, ECL assessments are done based on the Group's historical credit loss experience adjusted for factors that are specific to particular debtors, general economic conditions and an assessment of both the current conditions as at the reporting date as well as the forecast of future conditions. The ECL on loans receivables are assessed individually for those debtors with significant balances and/or those collectively using a provision matrix with appropriate groupings. Each grouping is regularly reviewed by management to ensure that each of its constituents continues to share similar credit risk characteristics.

Geographical Analysis

Revenue contributions from the major European countries (the United Kingdom, Switzerland, and France) totally HK\$60.7 million (2022: HK\$102.1 million), and accounted for 26.6% of the Group's total turnover for the six months ended 30 June 2023 (2022: 36.2%). The United States ("US") market contribution HK\$56.3 million (2022: HK\$47.1 million) in revenue, and accounted for 24.6% of total turnover (2022: 16.7%). The People's Republic of China (the "PRC") (including HK) and other countries accounted for HK\$39.2 million and HK\$72.3 million respectively (2022: HK\$26.8 million and HK\$105.9 million respectively).

FINANCIAL HIGHLIGHTS

Revenue

For the period ended 30 June 2023, the Group recorded total revenue of HK\$228.5 million (2022: HK\$281.9 million).

Cost of sales

Cost of goods sold decreased by 25.3% from HK\$232.8 million for the six months ended 30 June 2022 to HK\$173.8 million for the six months ended 30 June 2023 despite the overall revenue dropped by 19.0% giving a gap of 6.3%. The decrease in material cost price level resulting from the relaxation of tight supply chain crisis after the fade out of the impact of Covid-19 and the corresponding decrease in manufacturing cost resulting from the devaluation of RMB when compared to the same period in last year.

Gross Profit

Gross profit increased 11.3% from HK\$49.1 million for the six months ended 30 June 2022 to HK\$54.7 million for the six months ended 30 June 2023 while the gross profit margin increased to 23.9% (2022: 17.4%). The increase in gross profit margin is mainly due to the decrease in material cost starting from the end of year 2021 and a favorable effect from the decrease in exchange rate of RMB starting from April 2022. Also, product mix is one of the reasons to improve the gross profit margin.

Other income

Other income decreased by HK\$6.1 million to HK\$6.1 million for the period ended 30 June 2023 (2022: HK\$12.2 million). The major component of the other income is bank interest income of HK\$3.8 million. While the decrease in other income was mainly caused by the reversal of the RCA license fee payable HK\$5.8 million in last year.

Other gains and losses

Other net gains of approximately HK\$5.7 million in 2023 (2022: net gains of approximately HK\$4.5 million) was primarily contributed by net foreign exchange gain and gain on disposal of assets classified as held-for-sale.

Impairment losses

The overall reversal of impairment losses was approximately HK\$6.5 million for the six months ended 30 June 2023. It was due to the increase in reversal of impairment losses on loans to other parties by approximately HK\$6.5 million.

Selling and distribution expenses

Selling and distribution expenses of HK\$14.9 million (2022: HK\$14.7 million) accounted for approximately 6.5% of 2023 and 5.2% of 2022 of the Group's revenue respectively. The slightly increase are mainly caused by the increase in promotion expenses.

Administrative expenses

Administration expense of HK\$51.1 million (2022: HK\$53.4 million) accounted for approximately 22.4% of 2023 and 18.9% of 2022 of the Group's revenue respectively. Decrease is mainly contributed by the decrease in staff cost.

Research and development expenditure

Research and development expenditure of approximately HK\$6.6 million for the period end 30 June 2023 (2022: HK\$7.3 million). The decrease in research and development expenditure was mainly due to the decreased staff cost.

Finance costs

The Group's finance costs were approximately HK\$1.7 million for the period ended 30 June 2023 (2022: HK\$1.7 million), represented approximately 0.7% of the revenue in 2023 (2022: 0.6%). The finance costs remained stable as compared to last period.

Income tax expenses

The Group's income tax expense represents amounts of income tax paid by the Group, at the applicable tax rate in accordance with the relevant laws and regulations in Hong Kong, the PRC and US. The Group had no tax payables in other jurisdictions during the periods ended 30 June 2023 and 2022.

The Group's effective income tax rates for the periods ended 30 June 2023 and 2022, was approximately -173.0% and -17.3% respectively.

Profit attributable to owners of the Company

The profit attributable to owners of the Company was HK\$4.8 million for the period ended 30 June 2023 (2022: HK\$13.5 million). The Group's net profit margin attributable to owners of the Company for the period ended 30 June 2023 was -2.1% (2022: -4.8%).

Profit for the period attributable to non-controlling interests

The profit attributable to non-controlling interests amounted to approximately HK\$1.1 million and HK\$0.7 million respectively for the periods ended 30 June 2023 and 2022.

LIQUIDITY AND FINANCIAL RESOURCES

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

The Group's current ratio remains in a healthy position at 2.40 times (31 December 2022: 1.94 times). As at 30 June 2023, the cash and cash equivalents amounted to HK\$255.5 million, representing an increase of HK\$3.3 million from 31 December 2022.

As at 30 June 2023, the Group had total borrowings of approximately HK\$7.8 million (31 December 2022: HK\$13.6 million).

The gearing ratio of the Group was 37.3% as at 30 June 2023 (31 December 2022: 45.1%), which is calculated based on the Group's total liabilities divided by its total assets. Taking into account of liquid assets on hand, the Group has sufficient financial resources to meet its ongoing operational requirements.

CAPITAL STRUCTURE

As at 30 June 2023, the total number of issued shares of the Company is 172,529,185 with a nominal value of HK\$0.2 each (31 December 2022: 1,207,691,855 shares with a nominal value of HK\$0.02 each).

Subscription of new shares under specific mandate and application for whitewash waiver (the “Subscription of New Shares”)

On 13 September 2022, the Company entered into the subscription agreement with China New Retail Holding Group Limited (the “**Subscriber**”), pursuant to which the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 517,600,000 new shares at the subscription price of HK\$0.1855 per subscription share, with an aggregate consideration of HK\$96,014,800. The subscription shares shall be allotted and issued pursuant to the specific mandate to be obtained from the independent shareholders at the extraordinary general meeting (the “**EGM**”).

The subscription shares represent (i) approximately 42.9% of the existing issued share capital of the Company; and (ii) 30.0% of the issued share capital of the Company as enlarged by the allotment and issue of the subscription shares.

Under Rule 26.1 of the Takeovers Code, the Subscriber would be obliged to make a mandatory general offer to the shareholders for all the issued shares and other securities of the Company not already owned or agreed to be acquired by it or parties acting in concert with it unless the whitewash waiver is obtained from the executive director of the Corporate Finance Division of the Securities and Futures Commission or any delegate of the executive director (the “**Executive**”). In this regard, an application will be made by the Subscriber to the Executive for the granting of the whitewash waiver pursuant to Note 1 on Dispensations from Rule 26 of the Takeovers Code in respect of the allotment and issue of the subscription shares.

All conditions precedent under the subscription agreement have been fulfilled, and the completion took place on 6 February 2023. Upon completion, 517,600,000 subscription shares were duly allotted and issued as fully paid by the Company to the Subscriber at the subscription price of approximately HK\$0.1855 per subscription share for the total consideration of HK\$96,014,800 pursuant to the specific mandate obtained at the EGM held on 10 January 2023.

Details of the Subscription of New Shares are set out in (i) the announcements of the Company dated 13 September 2022, 14 September 2022, 5 October 2022, 26 October 2022, 25 November 2022 and 2 December 2022; (ii) the circular of the Company on 15 December 2022 and (iii) the completion announcement on 6 February 2023.

Share Consolidation

On 30 March 2023, the Company implemented a share consolidation on the basis that every 10 issued and unissued ordinary shares of HK\$0.02 each to be consolidated into 1 consolidated share of HK\$0.2 each. For details, please refer to the announcements of the Company dated 24 February 2023 and 28 March 2023 and the circular of the Company dated 13 March 2023. The share consolidation has become effective on 30 March 2023.

EXCHANGE RISK EXPOSURE

The majority of the Group's sales and purchases are denominated in US dollars, RMB and Euro. Due to the fact that the Hong Kong dollar is pegged to the US dollars, the Group's exposure to this foreign exchange risk is low. The RMB is not freely convertible into other foreign currencies and conversion of the RMB into foreign currencies is subject to rules and regulations of foreign exchange control promulgated by the PRC government. As at 30 June 2023, the Group does not have a foreign currency hedging policy in respect of its foreign currency assets and liabilities. The Group had no investment in any financial derivatives, foreign exchange contracts, interest or currency swaps, hedging or other financial arrangement for hedging purpose to reduce any currency risk nor made any over-the-counter contingent forward transactions. The Group will closely monitor its foreign currency exposure and will consider using hedging instruments in respect of significant foreign currency exposure as and when appropriate.

CAPITAL EXPENDITURE AND COMMITMENTS

Capital expenditure for the period ended 30 June 2023 amounted to approximately HK\$0.8 million and the capital commitments as at 30 June 2023 amounted to approximately HK\$0.1 million. Both the capital expenditure and capital commitments were mainly related to the acquisition of plant and machinery to cope with the requirement of the EMS operation.

FINANCIAL GUARANTEE CONTRACT

As at 30 June 2023 and 31 December 2022, the Group had an outstanding guarantee (“**the Guarantee**”) with one of the suppliers of an overseas subsidiary (the “**Disposed Subsidiary**”), which was disposed on 7 October 2015, for payment in relation to a sum of USD2.6 million (equivalent to approximately HK\$20.3 million), which represents a trade balance under dispute between the Disposed Subsidiary and the supplier. The supplier subsequently sold the trade balance to a third party.

During 2017, the Disposed Subsidiary agreed with the third party for a final settlement by instalment of USD650,000 (equivalent to approximately HK\$5.1 million). In this regards, as at 30 June 2023 and 31 December 2022, the Group had an outstanding guarantee of the sum limited to USD650,000 subject to the full payment of the final settlement effected by the Disposed Subsidiary.

The Disposed Subsidiary had issued a counter guarantee to indemnify the Group for any loss in relation to the Guarantee. The management of the Group after taking legal advice are of the opinion that it is very highly unlikely that liabilities will be brought against the Group on the above matter.

CONTINGENT LIABILITIES

As at 30 June 2023, the Group did not have any significant contingent liabilities.

PLEDGE OF ASSETS

As at 30 June 2023, the Group had no pledged assets.

SIGNIFICANT INVESTMENTS

The Group did not have any significant investments held as at 30 June 2023 and 31 December 2022.

EVENTS AFTER THE REPORTING PERIOD

(a) Placing of new shares under general mandate

On 19 June 2023, the Company entered into the placing agreement with the placing agent, pursuant to which the Company has conditionally agreed to place through the placing agent, on a best effort basis, up to 34,505,837 placing shares at the placing price of HK\$1.97 per placing share, to not less than six (6) placees, who and whose ultimate beneficial owners shall be independent third parties. Assuming all 34,505,837 Placing Shares are subscribed for in full, upon the completion, the aggregate gross proceeds from the placing will be approximately HK\$68.0 million and the aggregate net proceeds from the placing will be approximately HK\$66.4 million (after deduction of commission and other expenses of the placing), representing a net issue price of approximately HK\$1.93 per placing share.

On 21 August 2023, due to the recent market conditions, the conditions set out in the placing agreement were not fully fulfilled by 21 August 2023, the placing agreement lapsed and the placing will not proceed.

For details, please refer to the announcements of the Company dated 19 June 2023, 10 July 2023, 31 July 2023 and 21 August 2023.

(b) Proposed change of Company name

On 10 August 2023, the Company proposes to change the English name of the Company from “Link-Asia International MedTech Group Limited” to “China Energy Storage Technology Development Limited” and to change the dual foreign name in Chinese of the Company from “環亞國際醫療科技集團有限公司” to “中國儲能科技發展有限公司”. For details, please refer to the announcements of the Company dated 10 August 2023.

HUMAN RESOURCES

As at 30 June 2023, the Group had approximately 866 employees in various operating units in Hong Kong, U.S.A. and the PRC. In order to attract and retain high quality talents to ensure smooth operation and cater for the Group’s constant expansion, it offers competitive remuneration packages, with reference to market conditions and individual qualifications and experience.

PROSPECTS

In January 2023, the PRC re-opened including removal of strict border controls and lockdowns in cities with rising COVID-19 infections. This good news like bringing a ray of warmth to the frigid global economy. The management of the Group immediately dispatched a business team to visit surrounding areas in Southeast Asia to visit customers and looking for business opportunities. It is hoped that customers’ confidence in the Group can be regained, especially the investment projects and cooperation projects that have been suspended from the year 2020 to 2022.

The Group is full of hope for a renewed global economy and looking forward to the second half of 2023, the Group’s national anthem business can meet the expectations of the management the Group and investors in the market. In the future, the Group will continuously focus on the business of EMS and Distribution of Communication Products segment to get steady cash flow.

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

OTHER INFORMATION

Interim Dividend

The Board does not recommend the payment of interim dividend for the period (2022: nil).

Purchase, Sale or Redemption of Listed Shares

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Period.

Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the "**Model Code**") as the required standard for securities transactions by Directors. The Company has made specific enquiries of all Directors and all Directors confirmed that they have complied with the required standards set out in the Model Code and its code of conduct regarding Directors' securities transactions throughout the six months ended 30 June 2023 and up to the date of this interim result announcement.

Corporate Governance

The Company is committed to maintaining high standards of corporate governance to protect the interests of the shareholders of the Company.

The new Corporate Governance Code (the "**New CG Code**") as set out in existing Appendix 14 to the Listing Rules has come into effect on 1 January 2022, their requirements are applicable to the financial year commencing on 1 January 2022. Currently, the Company has adopted the code provisions on Corporate Governance Code and Corporate Governance Report (the "**Previous CG Code**") as set out in the previous Appendix 14 to the Listing Rules before the New CG Code came into effect.

The Directors are of the opinion that the Company has complied with the code provisions set out in the Corporate Governance Code (the "**Code**") under Appendix 14 of the Rules Governing the Listing of Securities (the "**Listing Rules**") throughout the period ended 30 June 2023, except for the deviation from code provision A.2.1 of the Code as described below.

Code Provision A.2.1

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

Mr. Lin Dailian, who acts as the Chairman and an executive Director of the Company since 12 July 2019, is also responsible for overseeing the general operations of the Group. The Board will meet regularly to consider major matters affecting the operations of the Group. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Group. The roles of the respective executive directors and senior management, who are in charge of different functions complement the role of the chairman and chief executive officer. The Board believes that this structure is conducive to strong and consistent leadership enabling the Group to operate efficiently.

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

On 22 June 2023, Mr. Yang Weidong (the “**Mr. Yang**”) was resigned as an independent non-executive Director and cease to be the member of the audit committee and nomination committee and the Chairman of the remuneration committee of the Company with effect from 12 June 2023 due to his own business commitment.

Following the resignation of Mr. Yang, the Board comprises seven members, including five executive Directors and two independent non-executive Director. The current number of independent non-executive Director is less than three as required under Rule 3.10(1) of the Listing Rules.

Mr. Yang was also the chairman of the remuneration committee, a member of the nomination committee and a member of Audit Committee of the Company. Following Mr. Yang’s resignation, the Board is unable to fulfil the requirement of having three members on the Audit Committee under Rule 3.21 of the Listing Rules.

Audit Committee and Review of Interim Results

As at the date of this announcement, the Audit Committee has two members comprising Mr. Chak Chi Shing (Chairman) and Mr. Li Huiwu, all being independent non-executive Directors.

The Audit Committee has reviewed together with the management the accounting principles and policies adopted by the Group and the unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2023.

By order of the Board
Link-Asia International MedTech Group Limited
Lin Dailian
Chairman and executive Director

Hong Kong, 31 August 2023

As at the date of this announcement, the Board comprises Mr. Lin Dailian (Chairman), Mr. Liu Zhiwei, Ms. Bian Sulan and Ms. Lin Xiaoshan as executive Directors; Mr. Li Huiwu and Mr. Chak Chi Shing as independent non-executive Directors.