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SoftMedx Healthcare Limited

京玖醫療健康有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 648)

2024 FINAL RESULTS

The board of directors (the “Board”) of SoftMedx Healthcare Limited (the “Company”) hereby presents the audited consolidated final results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2024, together with the comparative figures for the year ended 31 December 2023, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Notes	2024 HK\$'000	2023 HK\$'000
Revenue	4	54,639	51,340
Cost of goods sold		<u>(36,241)</u>	<u>(30,215)</u>
Gross profit		18,398	21,125
Gain on debt restructuring	6	328,026	-
Other income, gains and losses	7	9,301	6,921
Administrative expenses		(9,837)	(15,087)
(Loss)/gain arising from financial assets at fair value through profit or loss (“FVTPL”)		(16,613)	19,075
Loss on disposal of subsidiaries		-	(4,725)
Finance costs	8	<u>(1,321)</u>	<u>(12,940)</u>
Profit before income tax	9	327,954	14,369
Income tax	10	<u>(1,637)</u>	<u>(1,858)</u>
Profit and total comprehensive income attributable to the owners of the Company		<u>326,317</u>	<u>12,511</u>
Earnings per share attributable to owners of the Company			
Basic and diluted	12	<u>HK\$1.0</u>	<u>HK3.8 cents</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

		2024	2023
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		67	238
Right-of-use assets		873	210
Financial assets at FVTPL		3,915	20,527
		4,855	20,975
Current assets			
Inventories		4,781	2,830
Trade receivables	13	16,739	7,108
Prepayments and other receivables		19,519	17,092
Bank balances and cash		8,773	8,068
		49,812	35,098
Current liabilities			
Trade and other payables	14	13,507	85,955
Tax payable		4,677	2,965
Borrowings	15	33,113	226,739
Bonds payable	16	-	60,818
Lease liabilities		363	211
		51,660	376,688
Net current liabilities		(1,848)	(341,590)
Total assets less current liabilities		3,007	(320,615)
Non-current liabilities			
Borrowings	15	-	3,246
Lease liabilities		551	-
		551	3,246
NET ASSETS/(LIABILITIES)		2,456	(323,861)
Capital and reserves			
Share capital	17	3,030,660	3,030,660
Reserves		(3,028,204)	(3,354,521)
Total equity/(deficit)		2,456	(323,861)

Notes:

1. GENERAL INFORMATION

The Company is a public limited company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and trading in the shares of the Company has been suspended since 2017. The registered office of the Company is located at 8th Floor, China Hong Kong Tower, 8-12 Hennessy Road, Wanchai, Hong Kong. The Group (the Company and its subsidiaries) is principally engaged in the distribution of medical and healthcare equipment and products.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

2.1 Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the amendments to HKFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2.2 New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ³
Amendments to HKFRS 9 and HKFRS 7	Contract Referencing Nature – dependent Electricity ³
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards — Volume 11 ³
Amendments to HKAS 21	Lack of Exchangeability ²
HKFRS 18	Presentation and Disclosure in Financial Statements ⁴

¹Effective for annual periods beginning on or after a date to be determined.

²Effective for annual periods beginning on or after 1 January 2025.

³Effective for annual periods beginning on or after 1 January 2026.

⁴Effective for annual periods beginning on or after 1 January 2027.

The directors of the Company anticipate that the application of all the above new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. BASIS OF PREPARATION

3.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (“Listing Rules”) and by the Hong Kong Companies Ordinance.

3.2 Basis of measurement

These consolidated financial statements have been prepared under the historical cost basis, except for certain financial instruments that are measured at fair values at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. The consolidated financial statements are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand except when otherwise indicated.

3.3 Functional and presentation currency

The consolidated financial statements are presented in HK\$, which is the same as the functional currency of the Company.

4. REVENUE

An analysis of revenue as follows:

(i) Disaggregation of revenue from contracts with customers

	2024 HK\$ '000	2023 HK\$ '000
Types of goods or service		
Medical and well-being business		
- Distribution of medical and healthcare equipment and products	<u>54,639</u>	<u>51,340</u>
Geographical market		
Hong Kong	<u>54,639</u>	<u>51,340</u>
Time of revenue recognition		
A point in time basis	<u>54,639</u>	<u>51,340</u>

(ii) Performance obligations for contracts with customers

For distribution of medical and healthcare equipment and products to customers, revenue is recognised when control of the goods has transferred to the customer, being at the point the goods are delivered to and accepted by the customer. Delivery occurs when the goods have been shipped to a customer's specific location.

5. SEGMENT REPORTING

The Group's reportable and operating segments under HKFRS 8 are based on the information reported to the executive Directors, the chief operating decision maker of the Group, for the purposes of resource allocation and assessment of segment performance, which focuses on the types of goods or services delivered or provided. The management of the Group monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment results, which is measure of adjusted profit or loss before income tax. In accordance with the way in which information is reported internally to the chief operating decision maker for the purpose of resource allocation and performance assessment, the Group has one reportable operating segment i.e. the medical and well-being business for distribution of medical and healthcare equipment and products. The adjusted profit or loss before income tax is measured consistently with the Group's profit or loss before income tax except that unallocated other income, gains and losses, finance costs and corporate expenses are excluded from such measurement. Segment assets exclude unallocated head office and corporate assets that are managed on a group basis. Segment liabilities exclude borrowings, bonds payable and unallocated head office and corporate liabilities that are managed on a group basis.

- (i) The following summary describes the Group's reportable segments:

For the year ended 31 December 2024	Medical and well-being business HK\$'000	Total HK\$'000
External sales and reportable segment revenue	54,639	54,639
Reportable segment results	12,265	12,265
Unallocated corporate income and expenses		316,150
Unallocated finance costs		(461)
Profit before income tax		327,954
Reportable segment assets	50,372	50,372
Unallocated assets		4,295
Total assets		54,667
Reportable segment liabilities	31,703	31,703
Unallocated liabilities		20,508
Total liabilities		52,211
Other information:		
Addition to right-of-use assets	1,084	1,084
Depreciation of right-of-use-assets	421	421
Depreciation of property, plant and equipment	171	171
For the year ended 31 December 2023	Medical and well-being business HK\$'000	Total HK\$'000
External sales and reportable segment revenue	51,340	51,340
Reportable segment results	11,308	11,308
Unallocated corporate income and expenses		15,000
Unallocated finance costs		(11,939)
Profit before income tax		14,369
Reportable segment assets	34,530	34,530
Unallocated assets		21,543
Total assets		56,073
Reportable segment liabilities	23,768	23,768
Unallocated liabilities		356,166
Total liabilities		379,934
Other information:		
Addition to right-of-use assets	316	316
Depreciation of right-of-use-assets	964	964
Depreciation of property, plant and equipment	225	225

(ii) **Revenue from major products and services**

The following is an analysis of the Group's revenue from its major products and services:

	2024 HK\$'000	2023 HK\$'000
Income from distribution of medical and healthcare equipment and products	<u>54,639</u>	<u>51,340</u>

(iii) **Geographical information**

The Group's operation is located in Hong Kong. The Group's revenue from external customers is all from Hong Kong and non-current assets of the Group are located in Hong Kong.

6. GAIN ON DEBT RESTRUCTURING

During the year ended 31 December 2023, the Company has conducted a debt restructuring by way of scheme of arrangement between the Company and its creditors pursuant to Sections 670 and 673 of the Companies Ordinance (Cap 622 of the laws of Hong Kong) (the "Scheme") in order to restore the Company's financial and business positions to normality. The Scheme is not subject to resumption of trading in the shares of the Company. The directors of the Company are of the opinion that the implementation of the Scheme, comprising cash settlement made to the creditors based on their claims admitted by the Scheme administrator for full and final settlement of their claims against the Company, and allotment of shares as additional recovery to the creditors when trading resumption takes place (pursuant to the settlement options elected by the creditors), is the most efficient and effective way to optimise the recovery of the creditors in return for discharging and releasing their respective claims against the Company. The Scheme was sanctioned by the High Court of the Hong Kong Special Administrative Region and registered on the Companies Registry on 18 December 2023. Gain on debt restructuring from derecognition of liabilities of approximately HK\$328,026,000 was recorded upon the settlement made to the creditors admitted by the Scheme administrator during the year ended 31 December 2024.

	2024 HK\$'000
Gain from derecognition of:	
Other payables	80,042
Other borrowings	188,803
Bonds payable	<u>59,181</u>
	<u>328,026</u>

7. OTHER INCOME, GAINS AND LOSSES

	2024 HK\$'000	2023 HK\$'000
Interest income on bank balances	188	363
Exchange gains	8,044	4,200
Others	<u>1,069</u>	<u>2,358</u>
	<u>9,301</u>	<u>6,921</u>

8. FINANCE COSTS

	2024 HK\$'000	2023 HK\$'000
Interest expenses on:		
Bank and other borrowings	1,285	9,976
Bonds payable	-	2,927
Lease liabilities	<u>36</u>	<u>37</u>
	<u>1,321</u>	<u>12,940</u>

9. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging:

	2024 HK\$'000	2023 HK\$'000
Depreciation of property, plant and equipment	171	225
Depreciation of right-of-use assets	421	964
	<u>592</u>	<u>1,189</u>
Auditors' remuneration	1,000	1,000
Cost of inventories recognised as expenses	36,241	30,215
Staff costs and other benefits (including Directors' emolument)		
- Staff salaries	3,590	4,520
- Provident fund contributions	176	165

10. INCOME TAX

The amount of income tax in the consolidated statement of profit or loss and other comprehensive income represents:

	2024 HK\$'000	2023 HK\$'000
Current tax – Hong Kong Profits Tax	<u>1,637</u>	<u>1,858</u>

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK\$2 million of profits of the qualifying group entity is taxed at 8.25%, and profits above HK\$2 million are taxed at 16.5%. The profits of the group entities not qualifying for the two-tiered profits tax rates regime continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

11. DIVIDEND

The Directors do not recommend any dividend for the year ended 31 December 2024 (2023: Nil).

12. EARNINGS PER SHARE

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

	2024 HK\$'000	2023 HK\$'000
Profit for the year attributable to owners of the Company	<u>326,317</u>	<u>12,511</u>
No diluted earnings per share for both 2024 and 2023 were presented as there was no potential ordinary share in issue for both 2024 and 2023.		
	2024 '000	2023 '000
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>326,037</u>	<u>326,037</u>

13. TRADE RECEIVABLES

	2024 HK\$'000	2023 HK\$'000
Trade receivables	16,739	7,108
Less: Impairment allowance	-	-
	<u>16,739</u>	<u>7,108</u>

The Group's trading terms with its customers are mainly on credit. The credit period is generally 90 days (2023: 90 days). Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing. The following is an aged analysis of the trade receivables based on the invoice date, at the end of the reporting period, which approximated the respective revenue recognition dates:

	2024 HK\$'000	2023 HK\$'000
0 – 30 days	3,362	506
31 – 90 days	8,149	5,090
91 – 180 days	4,789	1,185
Over 181 days	439	327
	<u>16,739</u>	<u>7,108</u>

14. TRADE AND OTHER PAYABLES

	2024 HK\$'000	2023 HK\$'000
Trade payables	10,081	-
Trade deposit	270	781
Accrued wage and staff benefit	204	63,096
Other payables and accruals	2,952	22,078
	<u>13,507</u>	<u>85,955</u>

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

	2024 HK\$'000	2023 HK\$'000
31 – 90 days	4,627	-
91 – 180 days	5,454	-
	<u>10,081</u>	<u>-</u>

The average credit period on purchases of goods is 90 days.

15. BORROWINGS

	2024 HK\$'000	2023 HK\$'000
Bank loans (<i>note (a)</i>)	14,436	16,380
Loans from financial institutions (<i>note (b)</i>)	-	131,947
Loans from independent third parties (<i>note (c)</i>)	18,677	81,658
	33,113	229,985
Analysed into:		
Repayable within one year or on demand	33,113	226,739
Repayable within a period of more than one year	-	3,246
	33,113	229,985
Unsecured	33,113	229,985

Notes:

- The amount represented bank loans with aggregate principal of HK\$14,436,000 (2023: HK\$16,380,000) as at 31 December 2024 with interest rates ranging from 2.6% per annum over one-month-HIBOR to 2.5% per annum below the prime lending rate. No carrying amount of bank loans was settled by way of the Scheme in 2024.
- The amount represented loans with aggregate principal amount of HK\$95,800,000 as at 31 December 2023 bearing interest rates ranging from 8% to 8.5%. The carrying amount of HK\$131,947,000 as at 31 December 2023 was settled by way of the Scheme in 2024.
- The amount represented loans with aggregate principal of HK\$18,025,000 (2023: HK\$73,684,000) as at 31 December 2024 bearing interest rates at 5% (2023: ranging from 2.5% to 5%). The carrying amount of HK\$69,971,000 as at 31 December 2023 was settled by way of the Scheme in 2024.

16. BONDS PAYABLE

	2024 HK\$'000	2023 HK\$'000
Bonds payable	-	60,818

The bonds issued by the Company with aggregate principal amount of HK\$49,000,000 as at 31 December 2023 which born bearing interest rates of 5% to 6.5% and effective interest rates of 7% to 9%, were settled by way of the Scheme in 2024.

17. SHARE CAPITAL

	Number of shares '000	Amount HK\$'000
Issued and fully paid:		
As at 31 December 2023, 1 January 2024 and 31 December 2024	326,037	3,030,660

18. CONTINGENT LIABILITIES

Referring to note 6 to the consolidated financial statements, in connection with the Scheme, there are provisions for potential allotment and issuance of new shares of the Company, as well as additional cash settlement made to the creditors ("Additional Recoveries") under the Scheme based on their claims admitted by the Scheme administrator. The completion of Scheme is not subject to resumption of trading of the Company's shares on the Stock Exchange ("Trading Resumption") and the Additional Recoveries are separately accounted for. Since the Company's obligations for Additional Recoveries are contingent on the success of Trading Resumption, the directors of the Company are in the opinion that the Company does not have a present obligation for provision of Additional Recoveries as the success of Trading Resumption is uncertain as at the end of the reporting period.

MANAGEMENT DISCUSSION AND ANALYSIS

Review of Financial Results

The Group is engaged in medical and well-being business for distribution of medical and healthcare equipment and products. For the year ended 31 December 2024, the Group had revenue of HK\$54.6 million (2023: HK\$51.3 million), gross profit of HK\$18.4 million (2023: HK\$21.1 million) at gross profit margin of 33.7% (2023: 41.1%) and consolidated profit attributable to the owners of the Company of HK\$326.3 million (2023: HK\$12.5 million) respectively, which was mainly attributable to the one-off gain resulted from the implementation of the debt restructuring by way of scheme of arrangement during the year ended 31 December 2024.

Liquidity, Financial Resources and Capital Structure

As at 31 December 2024, the Group's total assets and net assets amounted to HK\$54.7 million (2023: HK\$56.1 million) and HK\$2.5 million (2023: net liabilities of HK\$323.9 million) respectively. Its cash and bank balances amounted to HK\$8.8 million (2023: HK\$8.1 million) and liquidity ratio (calculated based on the Group's total assets to total liabilities) was 1.05 (2023: 0.15). The Group's total borrowings amounted to HK\$33.1 million (2023: HK\$290.8 million comprising borrowings of HK\$230.0 million and bonds payable of HK\$60.8 million).

During the year ended 31 December 2024, the Group's net cash inflow from operating activities amounted to HK\$3.9 million (2023: outflow of HK\$4.5 million), net cash inflow from investing activities amounted to HK\$0.2 million (2023: outflow of HK\$0.8 million) and net cash outflow from financing activities amounted to HK\$3.4 million (2023: inflow of HK\$10.3 million). Accordingly, the Group had a net cash inflow of HK\$0.7 million (2023: HK\$5.0 million).

As at 31 December 2024, the total number of issued shares and the issued share capital of the Company were 326,036,828 (2023: 326,036,828) and HK\$3,030,660,000 (2023: HK\$3,030,660,000) respectively.

Corporate Development and Future Prospects

Since 27 November 2017, trading in the shares of the Company had been suspended under the direction of the Securities and Futures Commission. Resumption of trading in the shares of the Company is pending fulfilment of the resumption conditions imposed by the Stock Exchange of Hong Kong Limited. Despite the Company's very limited resources resulted from the long suspension of trading as well as the challenges arising from the disruptive changes in the business environment following the COVID-19 pandemic and the worldwide higher-and-longer interest rates environment, the Group's business achieved growth during the year ended 31 December 2024.

Looking ahead, these challenges will continue to impact on the global economy and may inevitably affect the Group's business operations. The Company will remain focused on the organic growth of its principal businesses through improvement on business model and process, increased market penetration, expansion in product range and widening customer reach. On the other hand, as the challenges and uncertainty in the current economic environment may result in more opportunities in the healthcare sector coming to market, the Company, while adopting the newly established policies in ensuring disciplined execution of prudent financial, liquidity and cash flow management, will continue to seek new business opportunities with a view to achieving earning growth and enhancing the long-term value of all of its stakeholders.

Fund Raising Activities

There was no equity fund-raising activity completed during the year ended 31 December 2024.

Purchase, Sale or Redemption of the Company's Listed Securities

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year ended 31 December 2024.

Events after the Reporting Period

Save as disclosed, the Group does not have any material events after the reporting period.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

All Directors have confirmed that they had complied with the required standards under the Listing Rules regarding securities transactions by directors during the year ended 31 December 2024.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

The audit committee of the Board is satisfied that the Company has throughout the year complied with all applicable code provisions of the Corporate Governance Code set out in Appendix C1 of the Listing Rules other than the vacancy of the office of the chief executive. The Board will keep identifying a suitable candidate with suitable skills and experience to fill the post.

RISK MANAGEMENT COMMITTEE

The Company appreciates that an effective corporate governance framework is fundamental to safeguarding the interests of shareholders and other stakeholders and therefore strives to attain high standards of corporate governance. The Company has adopted and applied corporate governance principles and practices that emphasize a quality Board, effective risk management and internal control systems, stringent disclosure practices, transparency and accountability as well as effective communication and engagement with shareholders and other stakeholders. The new set of risk management and internal control systems has put in place a comprehensive range of policies and systems, which provide a framework for systematic approach in identifying, assessing and managing risks within the Group, be they of strategic, financial, operational or compliance nature, to ensure that regulatory compliance, good corporate governance practices and culture are upheld by the Company.

To ensure that risk management forms an integral part of the day-to-day operations and management of the Group and constitutes a continuous process carried out at all levels of the Group, the Board established the risk management committee in April 2023, which comprises 2 independent non-executive Directors and one executive Director, to review and monitor the effectiveness of the risk management and internal control systems on an ongoing basis. The committee is responsible for continuously evaluating and determining the nature and extent of the risk which the Group can take in achieving its strategic objectives, establishing and maintaining appropriate and effective risk management and internal control systems and setting up risk monitoring and review process for significant risks.

The audit committee and the risk management committee are satisfied that the Group has effective and adequate risk management and internal control systems in place. The Board is committed to continuously enhancing its corporate governance standards and practices and inculcating a robust culture of compliance and ethical governance underlying the business operations and practices across the Group to meet the mounting regulatory and investor expectations.

REVIEW OF ANNUAL RESULTS BY AUDIT COMMITTEE

The audit committee has reviewed the Group's annual results for the year ended 31 December 2024, including the accounting principles and practices adopted by the Group.

SCOPE OF WORK OF THE AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2024 set out in this announcement have been agreed by the Group's auditor, CL Partners CPA Limited, to the amounts set out in the audited consolidated financial statements of the Group for the year as approved by the Board on 25 March 2025. The work performed by CL Partners CPA Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by CL Partners CPA Limited in this announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This announcement is published on the websites of the Company (www.648.com.hk) and the Stock Exchange (www.hkexnews.hk). The 2024 annual report of the Company will be despatched to the shareholders and posted on the websites of the Company and the Stock Exchange in due course.

For and on behalf of the board of
SoftMedx Healthcare Limited
Lam Sung Him Gaston
Company Secretary

Hong Kong, 25 March 2025

As at the date of this announcement, the Board comprises Mr. Lin Pinzhuo as executive director; and Mr. Ngok Ho Wai, Ms. Tang Cuihuen and Mr. Yiu Chun Wing as independent non-executive directors.