Grand Brilliance Group Holdings Limited

君百延集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock code : 8372

2018

ANNUAL REPORT

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "HONG KONG STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Hong Kong Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given that the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Hong Kong Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

Hong Kong Exchanges and Clearing Limited and the Hong Kong Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, for which the directors (the "Directors") of Grand Brilliance Group Holdings Limited (the "Company", together with its subsidiaries, the "Group") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Hong Kong Stock Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this report is accurate and complete in all material respects and not misleading and deceptive; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Ms. Wong Bik Kwan Bikie
(Chairman and Chief Executive Officer)
Mr. Chan Chun Sing

Non-executive Directors

Dr. Miu Yin Shun Andrew
Mr. Chiu Man Wai

Independent non-executive Directors

Mr. Ng Leung Sing *SBS, JP*
Mr. Wong Lung Wo James
Mr. Chan Ping Keung

AUDIT COMMITTEE

Mr. Wong Lung Wo James *(Chairman)*
Mr. Chan Ping Keung
Dr. Miu Yin Shun Andrew

REMUNERATION COMMITTEE

Mr. Chan Ping Keung *(Chairman)*
Mr. Wong Lung Wo James
Ms. Wong Bik Kwan Bikie

NOMINATION COMMITTEE

Mr. Ng Leung Sing *SBS, JP (Chairman)*
Mr. Chan Ping Keung
Mr. Chiu Man Wai

COMPANY SECRETARY

Mr. Chan Chun Sing

AUTHORISED REPRESENTATIVES

Ms. Wong Bik Kwan Bikie
Mr. Chan Chun Sing

COMPLIANCE OFFICER

Ms. Wong Bik Kwan Bikie

COMPLIANCE ADVISER

Guotai Junan Capital Limited

HONG KONG LEGAL ADVISER

Stevenson, Wong & Co.

AUDITOR

BDO Limited
Certified Public Accountants

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Units 2901–2903 and 2905
29/F, The Octagon
6 Sha Tsui Road
Tsuen Wan
New Territories
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKER

Bank of China (Hong Kong) Limited

STOCK CODE

8372

COMPANY WEBSITE

www.grandbrilliancegroup.com

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the "Board") of Directors of the Group, I am pleased to present the first annual report of the Group for the year ended 31 March 2018.

The shares of the Company (the "Shares") were successfully listed on GEM of the Hong Kong Stock Exchange on 29 March 2018 (the "Listing"). This marks an important milestone for the Group. On behalf of the management of the Group as a whole, I would like to express my gratitude to all parties who have assisted us in building our business over the years and during the preparation process of the Listing.

For the year ended 31 March 2018, the Group recorded an increase in revenue by approximately 4% to approximately HK$53.7 million, as compared to approximately HK$51.7 million for the year ended 31 March 2017. The increase was primarily attributable to the satisfactory growth of sales of ligation clips which is a type of medical consumables.

Looking ahead, in view of the aging population in Hong Kong is expanding and the healthcare awareness of the public is rising, the Group expects that the market demand for medical device will continue to grow. Despite the fact that the competition of the market will be continue to be intense, the Directors are confident that the Group is now in an appropriate stage to enhance its market share after the Listing and believe that the Group would be benefited from the Listing.

Leveraging on the Group's experience in sales of medical devices, product know-how and relationship with reputable manufacturers of medical devices, I believe the Group is well-positioned to assimilate technological advances, strengthen the product development efforts and expand the product portfolio with functionality that addresses our customers' requirements.

As last, I wish to take this opportunity to extend my sincere thanks to our shareholders, business partners and customers for their ongoing support to the Group. I would also like to express my heartfelt appreciation to my fellow Directors, the Group's management team and staff members for their hard work and dedication to the Group.

Wong Bik Kwan Bikie
Chairman and Chief Executive Officer

Hong Kong, 25 June 2018

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is an established medical device distributor with over 19 years of experience in the medical device market in Hong Kong. As an integral part of the distribution business, the Group also provide one-stop medical device solutions, including market trend analysis, sourcing of medical devices, after-sale services, technical support and training services, medical device leasing services and quality assurance. To satisfy the customers' specifications and requirements, the Group sourced over 10,000 types of medical devices directly from over 40 suppliers which mostly comprised overseas medical device manufacturers and supplied these medical devices together with the necessary medical devices solutions to a large number of customers mainly comprising all private hospitals in Hong Kong, substantially all of the public hospitals in Hong Kong, and some of the private clinics, non-profit organisations, universities and individual end-users in Hong Kong.

The variety of medical device products the Group supplies to the customers is broadly categorised into four major types, namely: (i) medical consumables such as needleless connectors, ligation clips, biopsy needles, drapes used during operation, suction liners, suction tubings, wound drain products, respiratory and feeding products; (ii) medical equipment such as electric beds and mattresses, stretchers, furniture used in wards, respiratory care products and blood warmers; (iii) medical instruments such as anterior cervical retractor system for neurosurgery and laparoscopic instruments for minimally invasive surgery; and (iv) other healthcare products such as hand sanitisers which are ancillary in nature.

During the year, the Group further expanded the product portfolio with a pharmacy automation system and an automated logistics system for transporting medication, laboratory specimens and necessities for patients in hospitals through entering into a distribution agreement with an international automation solutions provider.

The Shares were successfully listed on GEM of the Hong Kong Stock Exchange on 29 March 2018. The Directors believe that the Listing will assist the implementation of the Group's business strategies as stated in the prospectus of the Company dated 19 March 2018 (the "Prospectus"). The net proceeds from the Listing will provide financial resources to the Group to pursue business opportunities and implement such business strategies, which will further strengthen the Group's market position and expand the market share in the medical device market in Hong Kong. The public listing status will also enhance the Group's corporate profile and assist in reinforcing its brand awareness and market reputation and enhance the competitiveness and credibility with customers, suppliers and potential investors.

FINANCIAL REVIEW

Revenue

The Group's revenue increased by approximately 4.0%, from approximately HK$51.7 million for the year ended 31 March 2017 to approximately HK$53.7 million for the year ended 31 March 2018. The increase was primarily attributable to the increase in revenue generated from the sales of medical consumables, resulting from the satisfactory growth of sales of ligation clips, which was however partially offset by the decrease in revenue generated from medical equipment.

MANAGEMENT DISCUSSION AND ANALYSIS

Gross profit and gross profit margin

The Group recorded gross profit of approximately HK$29.9 million for the year ended 31 March 2018, representing an increase by approximately HK$3.9 million or 15.0%, as compared to approximately HK$26.0 million for the year ended 31 March 2017. Gross profit margin increased from approximately 50.4% for the year ended 31 March 2017 to 55.7% for the year ended 31 March 2018. The increase in gross profit and gross profit margin was mainly due to the increase in sales of medical consumables, which had a comparatively higher gross margin.

Administrative and other operating expenses

Administrative and other operating expenses mainly included auditor's remuneration, advertising and marketing expenses, depreciation, Directors' remuneration, legal and professional fee, rent, rates and management fee for office and warehouses, staff costs, travelling and entertainment expenses and other miscellaneous expenses.

Administrative and other operating expenses for the year ended 31 March 2018 amounted to approximately HK$14.7 million, representing an increase by approximately HK$3.4 million or 29.9%, as compared to approximately HK$11.3 million for the year ended 31 March 2017.

The increase was primarily attributable to the increase in the (i) auditor's remuneration by approximately HK$0.3 million; (ii) staff costs, including Directors' remuneration, by approximately HK$0.7 million; (iii) legal and professional fee by approximately HK$0.6 million; (iv) rental expenses by approximately HK$0.4 million; (v) travelling and entertainment expenses by approximately HK$0.9 million; and (vi) other miscellaneous expenses by approximately HK$0.5 million.

Listing expenses

For the year ended 31 March 2018, the Group recognised non-recurring listing expenses of approximately HK$15.2 million in connection with the Listing. No such expenses were incurred for the year ended 31 March 2017.

Income tax expenses

Income tax expenses for the year ended 31 March 2018 amounted to approximately HK$2.6 million (2017: HK$2.4 million). During the year ended 31 March 2018, the Group incurred one-off listing expenses which are not deductible for taxation purpose.

(Loss)/profit for the year

During the year ended 31 March 2018, the Group recorded a loss of approximately HK$3.1 million, as compared to the profit of approximately HK$11.8 million for the year ended 31 March 2017. Such loss was mainly due to the non-recurring listing expenses of approximately HK$15.2 million as mentioned above. Excluding the non-recurring listing expenses, profit for the year ended 31 March 2018 would have been amounted to approximately HK$12.1 million, representing an increase of approximately 2.5% as compared to the year ended 31 March 2017.

DIVIDENDS

On 30 June 2017, an interim dividend of HK$2.8 million was declared by a subsidiary of the Company to the then shareholders.

On 17 July 2017, a special dividend of HK$11.2 million was declared by a subsidiary of the Company to the then shareholders.

The Directors do not recommend the payment of a final dividend for the year ended 31 March 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY AND FINANCIAL RESOURCES

Liquidity

As at 31 March 2018, current assets amounted to approximately HK$83.3 million (2017: approximately HK$31.4 million). Current liabilities were approximately HK$14.0 million (2017: approximately HK$4.1 million).

Financial Resources

As at 31 March 2018, the Group had total cash and bank balances of approximately HK$61.1 million (2017: approximately HK$9.8 million).

As at 31 March 2018, the Group had trade receivables of approximately HK$6.9 million (2017: approximately HK$6.1 million).

Gearing Ratio

The gearing ratio of the Group as at 31 March 2018 was nil (2017: 0.3%) as the Group had no material debt financing.

CAPITAL STRUCTURE

There has been no change in the capital structure of the Company since the Listing. The share capital of the Group only comprises of ordinary shares.

As at 31 March 2018, the Company's issued share capital was HK$8,000,000 and the number of issued ordinary shares was 800,000,000 of HK$0.01 each. Details of the Group's share capital are set out in note 24 to the consolidated financial statements in this annual report.

COMMITMENTS

The contractual commitments of the Group were primarily related to the leases of its office premises and warehouses. As at 31 March 2018, the Group's operating lease commitment amounted to approximately HK$4.1 million (2017: approximately HK$0.5 million).

As at 31 March 2018, the Group did not have any significant capital commitments (2017: Nil).

SEGMENT INFORMATION

Segment information is disclosed in note 7 to the consolidated financial statements.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in the Prospectus, the Group did not have other plans for material investments and capital assets.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

Upon completion of the Reorganisation (as defined in the section headed "Report of the Directors" of this annual report), the Company became the holding company of the companies now comprising the Group. Details of the Reorganisation are set out in the paragraph headed "Reorganisation" in the section headed "History, Reorganisation and Corporate Structure" of the Prospectus.

Save as aforesaid, during the year ended 31 March 2018, the Group did not have any material acquisitions or disposals of subsidiaries and affiliated companies.

MANAGEMENT DISCUSSION AND ANALYSIS

SIGNIFICANT INVESTMENTS

As at 31 March 2018, there was no significant investment held by the Group (2017: Nil).

CONTINGENT LIABILITIES

As at 31 March 2018, the Group had no material contingent liabilities (2017: Nil).

FOREIGN EXCHANGE EXPOSURE

The Group operates in Hong Kong with certain business transactions being settled in HK$, United States dollars ("US$") or Euro. As HK$ is pegged to US$, the Directors do not expect any significant movement in the US$/HK$ exchange rate. The Group monitors its foreign currency exposure closely and will consider undertake foreign exchange hedging activities to reduce the impact of foreign exchange rate movements on the Group's operating result.

CHARGE OF GROUP'S ASSETS

As at 31 March 2018, the Group has pledged its bank deposits of approximately HK$3.0 million (2017: Nil) to a bank for securing the banking facility of HK$3.0 million granted to the Group, so as to obtain the bank guarantees in favour of the customers of certain tender contracts.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2018, the Group has a total of 23 employees (2017: 22 employees). Staff costs, including Directors' remuneration, of the Group were approximately HK$7.7 million for the year ended 31 March 2018 (2017: approximately HK$6.9 million). Remuneration is determined with reference to factors such as comparable market salaries and work performance, qualification and experience of individual employees. In addition to a basic salary, year-end discretionary bonuses are offered to employees with outstanding performance to attract and retain eligible employees to contribute to the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

USE OF PROCEEDS

The final offer price for the Listing was HK$0.335 per share, and the actual net proceeds from the Listing were approximately HK$31.2 million, after deducting the listing-related expenses of approximately HK$25.1 million (of which, approximately HK$15.2 million and HK$9.9 million are recognised in the consolidated statement of comprehensive income and the consolidated statement of changes in equity, respectively), compared to the estimated net proceeds of approximately HK$33.1 million as disclosed in the Prospectus. In light of the difference between the actual and estimated amount of the net proceeds, the Group has adjusted the use of net proceeds in the same manner as stated in the Prospectus:

	Adjusted use of actual net proceeds in the same manner as stated in the Prospectus up to 31 March 2020	**Actual utilised amounts as at 31 March 2018**	**Unutilised amount out of the planned amount as at 31 March 2018**
	HK$ million	HK$ million	HK$ million
Further penetrate the medical device market and enhance the market share	6.1	–	6.1
Expand the workforce	9.7	–	9.7
Selectively pursue opportunities for strategic acquisitions	7.7	–	7.7
Enhance the research and development and product development effort	1.3	–	1.3
Upgrade the information technology systems	2.5	–	2.5
Maximise the warehouse space, establish the showroom and upgrade the functionality of office space	2.1	–	2.1
General working capital	1.8	–	1.8
	31.2	–	31.2

From the Listing Date to 31 March 2018, the net proceeds from the Listing had not been utilised. The Company intends to continue to apply the net proceeds in accordance with the section headed "Future Plans and Use of Proceeds" of the Prospectus.

COMPARISON OF BUSINESS STRATEGIES AND ACTUAL BUSINESS PROGRESS

The Shares were listed on GEM of the Hong Kong Stock Exchange on 29 March 2018 shortly before the year ended 31 March 2018. The business strategies as disclosed in the Prospectus were prepared to a latest practicable date at 12 March 2018. The Directors confirm that between 29 March 2018 and 31 March 2018, there was no significant progress as to the business strategies prescribed in the Prospectus. The Directors had evaluated the Group's business strategies and considered that, as at the date of this report, no modification of the business strategies regarding the use of proceeds as described in the Prospectus was required.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Ms. Wong Bik Kwan Bikie (黃碧君女士) ("Ms. Wong"), aged 49, is the Chairman, chief executive officer ("CEO") and executive Director. Ms. Wong is also a member of the Remuneration Committee and compliance officer of the Company. Ms. Wong founded the Group in November 1997. Ms. Wong was appointed as the Director on 5 July 2017 and was redesignated as the executive Director on 18 September 2017 and appointed as the Chairman and the CEO on 1 March 2018. Ms. Wong also serves as a director of all of the subsidiaries of the Company. Ms. Wong is responsible for overseeing management and strategic planning and development of the Group's business operations. Ms. Wong is the spouse of Dr. Miu Yin Shun Andrew, the non-executive Director.

Ms. Wong has over 25 years of experience in the medical device industry in Hong Kong. She obtained a Diploma in General Nursing from The Hong Kong Hospital Services Department School of General Nursing in July 1990. She subsequently obtained a degree of Master of Business Administration in September 1999 from the University of South Australia.

Mr. Chan Chun Sing (陳震昇先生) ("Mr. C.S. Chan"), aged 34, is the executive Director, the company secretary and the Financial Controller of the Group. Mr. C.S. Chan joined the Group on 12 February 2016 and was appointed as the executive Director and company secretary on 18 September 2017. Mr. C.S. Chan is primarily responsible for overseeing accounting, financial management, company secretarial and internal control matters of the Group.

Mr. C.S. Chan obtained a degree of Bachelor of Business Administration in Accounting and Finance from the University of Hong Kong in December 2005. He is a member of the Hong Kong Institute of Certified Public Accountants and The Hong Kong Institute of Chartered Secretaries.

Mr. C.S. Chan has more than 12 years of experience in accounting, auditing and financial management. Prior to joining the Group, Mr. C.S. Chan worked in an international accounting firm from September 2005 to September 2010. For the period from September 2010 to March 2015, he served as accounting manager of Haton Polymer Limited, a subsidiary of China Lumena New Material Corp. (stock code: 67). He was then employed by Hong Kong Huafa Investment Holdings Limited, a subsidiary of a state-owned enterprise in Zhuhai, as the vice director of finance department from May 2015 to January 2016.

NON-EXECUTIVE DIRECTORS

Dr. Miu Yin Shun Andrew (苗延舜醫生) ("Dr. Miu"), aged 51, was appointed as the non-executive Director on 18 September 2017. He is also a member of the Audit Committee. Dr. Miu is responsible for providing consultation on technical information on medical devices.

Dr. Miu obtained a degree of Bachelor of Medicine and Bachelor of Surgery from the Chinese University of Hong Kong in December 1990. He was awarded a fellowship by the Royal College of Surgeons of Edinburgh in July 1995, a fellowship in orthopaedic surgery by the Royal College of the Surgeons of Edinburgh in February 2000, a fellowship by the Hong Kong College of Orthopaedic Surgeons in March 2000, a fellowship in orthopaedic surgery by the Hong Kong Academy of Medicine (in orthopaedics) in May 2000, a first fellowship in rehabilitation of the Hong Kong College of Orthopaedic Surgeons in October 2004. He then obtained a degree of Master of Science in Sports Medicine and Health Science from the Chinese University of Hong Kong in November 2015.

Dr. Miu has extensive experience of over 20 years in the medical industry. He is the spouse of Ms. Wong. Dr. Miu has been practising as an orthopaedic specialist in Elite Clinic Limited since November 2011.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Chiu Man Wai (趙文煒先生) ("Mr. Chiu"), aged 49, was appointed as the non-executive Director on 18 September 2017. He is also a member of the Nomination Committee. Mr. Chiu is responsible for advising on matters relating to investors' relations to the Group.

Mr. Chiu obtained a degree of Bachelor of Arts in Mathematics from Oxford University in June 1990. He also obtained a degree of Master of Science in Mathematical Modelling and Numerical Analysis from Oxford University in October 1991.

Mr. Chiu has extensive experience of over 24 years in the financial industry. Prior to joining the Group, Mr. Chiu was an investment analyst of the research department of Worldsec International Limited from March 1993 to April 1996 and served as a director of the research department of BNP Paribas Equities Hong Kong Limited from April 1996 to March 2004.

Moreover, Mr. Chiu has served as a director of Abridge Enterprises Company Limited since April 2007, which is mainly engaged in the provision of financial and investment services. He has also been a director of Technic Investment Company Limited since February 2004, a company whose principal business is investment. In addition, he has been a director of United Builders Insurance Company Limited since May 1996, a company whose principal business is insurance advisory services.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Ng Leung Sing *SBS, JP* (吳亮星先生) ("Mr. Ng"), aged 68, was appointed as the independent non-executive Director on 1 March 2018. He is also the chairman of the Nomination Committee.

Mr. Ng has served as a director in Bank of China (Hong Kong) Trustees Limited since August 2009, an organisation whose principal business is in the provision of trust services. He has also served as a director in Hong Kong Mortgage Corporation Limited from April 2014 to April 2018. He is also an independent non-executive director of SmarTone Telecommunications Holdings Limited (stock code: 315), Nine Dragons Paper (Holdings) Limited (stock code: 2689) and Hanhua Financial Holding Company Limited (stock code: 3903), all of which the shares are listed on the Hong Kong Stock Exchange.

In addition, he has served as a Hong Kong deputy to the 10th, 11th, 12th and 13th National People's Congress of the People's Republic of China ("PRC") since March 2003. He was previously a member of the Legislative Council of Hong Kong from 1998 to 2004 and 2012 to 2016, and a member of the Provisional Legislative Council of Hong Kong from 1996 to 1998. Moreover, he held the position of the trustee in the Hong Kong Government Land Fund from 1988 to 1997. He served as a Chinese representative in Sino-British Land Commission from 1988 to 1997. Mr. Ng obtained a Diploma in Chinese Law from the University of East Asia, Macau (currently known as the University of Macau) in May 1987.

Mr. Wong Lung Wo James (黃龍和先生) ("Mr. Wong"), aged 63, was appointed as the independent non-executive Director on 1 March 2018. He is also the chairman of the Audit Committee and a member of the Remuneration Committee.

Mr. Wong obtained a Higher Diploma in Accountancy from the Hong Kong Polytechnic (currently known as the Hong Kong Polytechnic University) in October 1977. Mr. Wong is currently a member of the Hong Kong Institute of Certified Public Accountants and The Association of Chartered Certified Accountants and a fellow of The Hong Kong Institute of Chartered Secretaries. He was admitted an associate of The Association of Certified Accountants in May 1980, The Hong Kong Society of Accountants in January 1982, The Taxation Institute of Hong Kong in June 1982 and a fellow of the Chartered Association of Certified Accountants in May 1985. Mr. Wong was also admitted an associate of The Institute of Chartered Secretaries and Administrators in September 1980 and was subsequently elected its fellow in October 2013.

From June 1980 to November 2005, Mr. Wong has served as various roles in HSBC Holdings plc (stock code: 005), of which the share is listed on the Hong Kong Stock Exchange, for credit, syndications, project finance, securities custody, corporate banking and branches management. Mr. Wong worked in Computershare Hong Kong Investor Services Limited ("Computershare Hong Kong") from December 2005 to December 2017 with his last position as chief executive officer Asia. He has been appointed as a senior executive advisor by Computershare Hong Kong from January 2018 to June 2018. Computershare Hong Kong is currently a subsidiary of Computershare Limited (stock code: CPU) which is listed on the Australian Securities Exchange Limited and whose principal business is in the provision of registry service, employee share plan managers, shareholder identification and proxy solicitation solutions, governance services and global solutions.

Mr. Chan Ping Keung (陳秉強先生) ("Mr. Chan"), aged 52, was appointed as an independent non-executive Director on 1 March 2018. He is also the chairman of the Remuneration Committee, a member of the Audit Committee and Nomination Committee.

Mr. Chan obtained a degree of Bachelor in Engineering from the University of Hong Kong in November 1988. Mr. Chan was awarded a senior fellowship by the Hong Kong Securities and Investment Institute in September 2014.

Mr. Chan has served as various positions in the Hong Kong Exchanges and Clearing Limited (stock code: 388) (the "HKEx") from August 2000 to September 2014, including the Head of Global Risk Management, the Deputy Head of Clearing and the Head of Market Data and his last position is the managing director of the global markets department. From October 2012 to July 2014, Mr. Chan has served as the director and chief executive of China Exchanges Services Company Limited, a joint venture among HKEx, Shanghai Stock Exchange and Shenzhen Stock Exchange.

Prior to joining HKEx, Mr. Chan has also worked in various departments in the Government of the Hong Kong Special Administrative Region (the "HK Government"), including the former City and New Territories Administration, the former Civil Services Branch, the former Trade Department, the Hong Kong Economic and Trade Office in Geneva and the former Financial Services Bureau.

Moreover, Mr. Chan has also served as the director of Hong Kong Securities and Investment Institute from December 2011 to December 2014 and the member of the Advisory Committee on Human Resources Development in the Financial Services Sector of the HK Government.

SENIOR MANAGEMENT

Mr. Lee Chun Sing (李春成先生) ("Mr. Lee"), aged 48, is the business development manager of the Group. Mr. Lee joined the Group as a business operation manager in January 1998 and is primarily responsible for the overall management of business development and formulation of business strategies. Mr. Lee obtained a Victorian Certificate of Education from the Victorian Curriculum and Assessment Board in January 1990. He has over 19 years of working experience in the medical equipment industry. Prior to joining the Group, Mr. Lee worked as an electrical engineer in Shell Electric Manufacturing (Holdings) Company Limited (a company listed on the Main Board (stock code: 81), currently known as China Overseas Grand Oceans Group Limited) from November 1994 to June 1995.

Mr. Li Ka Ho (李家豪先生) ("Mr. Li"), aged 32, is the product manager of the Group. Mr. Li is primarily responsible for the marketing, formulation and implementation of sales strategies and providing support to the sales team of the Group. Mr. Lee obtained a degree of Bachelor of Engineering in Electronic and Communication Engineering from the City University of Hong Kong in July 2010. Mr. Li has over six years of working experience in sales-related work. He rejoined the Group in November 2012 after he worked as a sales representative in the Group from August 2010 to August 2011. In April 2016, he was promoted to product manager in the Group. Prior to rejoining the Group, Mr. Li worked as a sales engineer in Eduserve International Limited (a subsidiary of i-Control Holdings Limited, a company listed on the GEM (stock code: 8355)) from August 2011 to November 2012.

Mr. Lau Wai Man (劉偉民先生) ("Mr. Lau"), aged 31, is the manager in marketing, project and service engineering of the Group. Mr. Lau joined the Group in February 2015 and is primarily responsible for developing new business opportunities, and invention of new technology and marketing. Mr. Lau obtained a degree of Bachelor of Engineering in Medical Engineering from the University of Hong Kong in November 2008 and a degree of Master of Science in Biomedical Engineering from the Chinese University of Hong Kong in December 2009. Before joining the Group, Mr. Lau worked in AML Health Plus Limited, a company engaged in the manufacturing and export of medical and health care devices, from April 2010 to December 2014 where his last position was assistant marketing and project manager. Mr. Lau worked as a research assistant in the Prenatal Diagnostic Laboratory at Tsan Yuk Hospital under the University of Hong Kong from October 2009 to April 2010. He also worked as a junior research assistant in the Department of Medicine and Therapeutics of the Chinese University of Hong Kong from August 2008 to August 2009.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICE

The Board is committed to maintaining robust corporate governance.

The Board believes that high standard of corporate governance is essential for the Group to enhance corporate value and accountability, safeguard shareholders' interests, set forth business development direction, develop internal controls and policies, and enhance transparency.

The Group has adopted the codes provisions of the Corporate Governance Code (the "CG Code") as set out in the Appendix 15 to the GEM Listing Rules. The Board considers that the Group has complied with the all code provisions, except for A.2.1 of the CG Code, for the period from the Listing up to the date of this annual report.

The provision A.1.1 of the CG Code requires at least four board meetings in a year and the Group held one board meetings subsequent to the Listing. The Board considers that the number of board meeting held after the Listing had fulfilled, in proportion to time, the requirement of code provision A.1.1 of the CG Code.

Directors' Securities Trading Transactions

The Group has adopted a code of conduct set out in the "required standard of dealings" in Rules 5.48 to 5.67 of the GEM Listing Rules.

The Group has made specific enquiries of all the Directors and the Directors have confirmed that they have been complying with the required standard of dealings and the related code of conduct regarding director's securities transactions.

As far as the Group is aware, the Directors and employees of the Group have not breached the required standard of dealings and the code of conduct.

Board of Director

The Board is comprised of seven members, including two executive Directors, two non-executive Directors and three independent non-executive Directors, as set out below:

1.	Ms. Wong Bik Kwan Bikie	Chairman, Chief Executive Officer and Executive Director
2.	Mr. Chan Chun Sing	Executive Director
3.	Dr. Miu Yin Shun Andrew	Non-executive Director
4.	Mr. Chiu Man Wai	Non-executive Director
5.	Mr. Ng Leung Sing *SBS, JP*	Independent non-executive Director
6.	Mr. Wong Lung Wo James	Independent non-executive Director
7.	Mr. Chan Ping Keung	Independent non-executive Director

CORPORATE GOVERNANCE REPORT

Detailed biographical information of all Directors is contained in the "Biographical Details of Directors and Senior Management" section on pages 10 to 13.

Subsequent to the Listing and as at the date of this annual report, the Group has held one regular board meeting (approximately quarterly) on 25 June 2018. The meeting was conducted on a live/tele-conference basis and the attendance of the Directors is as follows:

Members	**Attendance/ Number of Board meetings**
Executive Directors	
Ms. Wong Bik Kwan Bikie	1/1
Mr. Chan Chun Sing	1/1
Non-executive Directors	
Dr. Miu Yin Shun Andrew	1/1
Mr. Chiu Man Wai	1/1
Independent non-executive Directors	
Mr. Ng Leung Sing *SBS, JP*	1/1
Mr. Wong Lung Wo James	1/1
Mr. Chan Ping Keung	1/1

The Board, acting in the interest of the Group and its shareholders, is primarily responsible for overall strategic policy, business development, corporate governance, regulatory compliance and reporting, risk management, internal control systems, dividend policy, shareholders' relationship, accounting policies and financial statements, and other functions assigned to the Board in accordance with the Articles of Association (the "Articles") of the Group.

The Board delegates the daily operations of the Group's business, execution of business development plan, implementation of risk management and internal controls to the management of the Group. The Board remains active in conducting regular reviews of the functions and performance of the management. The management of the Group must obtain the approval of the Board before entering into and arranging any significant transaction/contract.

Subsequent to the Listing and as at the date of this annual report, the Group has complied with the relevant GEM Listing Rules regarding (i) appointment of at least three independent non-executive Directors or to the level of one-third of the Board, among whom at least one independent non-executive Director has appropriate professional qualifications or accounting or related financial management expertise; and (ii) the majority of Audit Committee of the Group are independent non-executive Directors. As at the date of the annual report, each independent non-executive Director has made an annual independence confirmation and the Board is satisfied that all independent non-executive Directors are independent and comply with the independence guidelines of the GEM Listing Rules.

In accordance with the Articles of the Group, at each annual general meeting ("AGM"), one-third of the Directors (if their number is not multiples of three, the nearest but not less than one-third of the number) will be retired on a rotation basis, while every Director shall retire at least once every three years at the AGM. A Director who retires on a rotating basis shall include a Director who wishes to retire and does not stand for re-election. Any other retiring Director shall be the Director with the longest term since the last re-election or appointment, if a number of Directors are re-elected on the same day, the Director to be retired shall be determined by drawing lots (unless otherwise agreed). There is no connection among the members of the Board.

CORPORATE GOVERNANCE REPORT

Chairman and Chief Executive Officer

For the financial year ended 31 March 2018, the roles of Chairman are performed by the CEO, Ms. Wong Bik Kwan Bikie. As the Chairman of the Board, Ms. Wong is responsible for the formulating, planning and directing the Group's overall strategy. Ms. Wong works with other executive Director in executing the business development plan, operation and day-to-day management of the Group and seeks for Board approval for any significant decisions and transactions.

Although Ms. Wong performs both roles, our Board has conducted an assessment and believed that the independence, effectiveness and functionality of the Board and the Group's operations has been and will be highly maintained together with independent check and balance measures in place as the Board has sufficient number of Directors who have diversified background and expertise.

Board Committees

The Board has established three Board Committees, namely the Audit Committee (the "Audit Committee"), the Remuneration Committee (the "Remuneration Committee") and the Nomination Committee (the "Nomination Committee") of the Group. The terms of reference and assigned specific duties of the above committees are available on the GEM website and the Company's website.

All Directors (including independent non-executive Directors) bring valuable business experience, knowledge and expertise from different areas to the Board facilitating it to operate efficiently and effectively. All Directors have full and timely access to all information of the Group and to the services and advice of the Company Secretary and senior management. The Directors may, where appropriate, seek independent professional advice for performing their duties of the Group, at the expense of the Group. The Directors shall disclose the details of their other duties to the Group and the Board regularly reviews the contributions of the Directors in the discharge of their duties with the Group.

Audit Committee

The Board has complied with the provisions of the CG Code set out in Appendix 15 to the GEM Listing Rules and established the Audit Committee and develop the terms of reference in writing on 1 March 2018.

The Audit Committee consists of two independent non-executive Directors and one non-executive Director, namely:

Mr. Wong Lung Wo James	Chairman of Audit Committee & Independent non-executive Director
Mr. Chan Ping Keung	Independent non-executive Director
Dr. Miu Yin Shun Andrew	Non-executive Director

The main duties of the Audit Committee include, but not limited to:

- review the Group's financial statements, quarterly, half-yearly and annual financial reports;
- review the material financial reporting judgements, accounting policies and practices contained therein;
- review the effectiveness and adequacy of the Group's risk management and internal control systems;
- review and monitor the external auditor's independence and objectivity; and the effectiveness of the audit process in accordance with applicable standards;
- make recommendations to the Board on the appointment, reappointment and removal of external auditor;

- approve the remuneration and the terms of engagement of the external auditor; and
- make recommendations to the Board (if any).

Subsequent to the Listing and as at the date of this annual report, the Audit Committee has performed its main duties, including (1) review and advise on the Group's annual reports and results announcements, the relevant accounting principles and practices adopted by the Group; (2) review the risk management and internal control procedures adopted by the Group, the internal control review report, and provide suggestions and comments thereon; and (3) review the effectiveness of the accounting function and internal audit function and provide suggestions and comments thereon. In addition, the Audit Committee holds private meetings with independent auditors in the absence of management to discuss the matters involved in the audit and other matters that the independent auditors wish to raise.

Subsequent to the Listing and as at the date of this annual report, the Audit Committee has held one meeting on 25 June 2018, by means of live/teleconference, and the attendance of the members is as follows:

Member	**Attendance/No. of Audit Committee meeting**
Mr. Wong Lung Wo James *(Chairman)*	1/1
Mr. Chan Ping Keung	1/1
Dr. Miu Yin Shun Andrew	1/1

Remuneration Committee

The Board has complied with the provisions of the CG Code set out in Appendix 15 to the GEM Listing Rules and established the Remuneration Committee; and develop the terms of reference in writing on 1 March 2018.

The Remuneration Committee consists of two independent non-executive Directors and our CEO and executive Director, Ms. Wong, namely:

Mr. Chan Ping Keung	Chairman of Remuneration Committee and Independent non-executive Director
Mr. Wong Lung Wo James	Independent non-executive Director
Ms. Wong Bik Kwan Bikie	CEO and Executive Director

The Group adopts the remuneration committee model set out in B.1.2 (c) (ii) of Appendix 15 to the GEM Listing Rules.

The main duties of the Remuneration Committee include, but not limited to:

- make recommendations to the Board on the Company's policy and structure for all directors' and senior management remuneration;
- consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the group;
- review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives; and
- ensure that no director or any of his associates is involved in deciding his own remuneration.

Subsequent to the Listing and as at the date of this annual report, the Remuneration Committee has held one meeting on 25 June 2018. The meeting was conducted on a live/teleconference and the attendance of the members is as follows:

Member	Attendance/No. of Remuneration Committee meeting
Mr. Chan Ping Keung *(Chairman)*	1/1
Mr. Wong Lung Wo James	1/1
Ms. Wong Bik Kwan Bikie	1/1

Nomination Committee

The Board has complied with the provisions of the CG Code set out in Appendix 15 to the GEM Listing Rules and established the Nomination Committee; and develop the terms of reference in writing on 1 March 2018.

The Nomination Committee consists of two independent non-executive Directors and one non-executive Director, namely:

Mr. Ng Leung Sing *SBS, JP*	Chairman of Nomination Committee and Independent non-executive Director
Mr. Chan Ping Keung	Independent non-executive Director
Mr. Chiu Man Wai	Non-executive Director

The main duties of the Nomination Committee include, but not limited to:

- review the structure, size and composition of the Board;
- make recommendations to the Board on relevant matters relating to the appointment and re-appointment of the Directors; and
- identify individuals suitably qualified to become Board members and to select or make recommendations to the Board on the selection of, individuals for nomination of directorships of the Company.

Subsequent to the Listing and as at the date of this annual report, the Nomination Committee has held one meeting on 25 June 2018. The meeting was conducted on a live/teleconference basis and the attendance of the members is as follows:

Member	Attendance/No. of Nomination Committee meeting
Mr. Ng Leung Sing *SBS, JP (Chairman)*	1/1
Mr. Chan Ping Keung	1/1
Mr. Chiu Man Wai	1/1

CORPORATE GOVERNANCE REPORT

Board Diversity Policy Statement

The Board and the Nomination Committee believe that board diversity is essential to achieving strategic development and sustainability development of the Group.

In designing the Board's composition, Board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments will be based on diversity meritocracy, and candidates will be nominated, assessed and appointed based on objective criteria and the benefits of diversity that they would bring to the Board individually and collectively.

DIRECTORS' TRAINING AND CONTINUOUS DEVELOPMENT

Each new Director is given formal, comprehensive and customised induction training at the time of first appointment to ensure their proper understanding of the Group's business and operations, and sufficient awareness of the Directors' duties and responsibilities under the GEM Listing Rules and related regulations. The Group also provides continuous briefings and training courses to Directors to keep them up to date on the GEM Listing Rules and other applicable regulatory requirements as well as the Group's business and governance policies.

Subsequent to the Listing and as at the date of this annual report, all Directors have participated in the relevant continuing training courses regarding the latest regulatory requirements and the attendance records and information are kept by the Company Secretary.

DIRECTORS' RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Directors are aware of their obligations to prepare consolidated financial statements for the financial year ended 31 March 2018, to reflect a true and fair financial position, results and cash flows of the Group for the year then ended, and the proper preparation of financial statements on an on-going basis in accordance with applicable statutory requirements and accounting standards. The Directors are not aware of any material uncertainties that may affect the business of the Group or raise significant questions about the Group's ability to operate on an on-going basis.

SHAREHOLDERS' RIGHT

The Board and management are committed to meeting and communicating with shareholders through the AGM of the Group, listening to shareholder opinions and answering questions from shareholders about the group and its business. The Chairman of the Board, the Directors and senior management attend the AGM of the Group to answer questions from shareholders. Notice of the AGM is sent to the shareholders at least 20 clear business days before the holding of the AGM.

In accordance with the Articles of the Group, one or more shareholders holding not less than one tenth of the paid-up share capital of the Group on the date of the request shall be entitled at any time to make a written request to the Board and the Company Secretary of the Group to convene an extraordinary general meeting of the shareholders.

AUDITOR'S STATEMENT AND REMUNERATION

The Directors are acknowledged of their responsibility for preparing the financial accounts.

A statement by the Group's auditors on their reporting obligations in respect of the Group's financial statements for the year ended 31 March 2018 is set out in the "Independent Auditor's Report" section of this annual report.

For the year ended 31 March 2018, the remuneration payable by the Group to the auditor, BDO Limited ("BDO") for audit services is HK$550,000. For the year ended 31 March 2018, the fee in respect of non-audit service for rendering as reporting accountant in relation to the Listing provided by BDO is approximately HK$1,510,000.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges its responsibility for the risk management and internal control systems and its responsibility to continually review their effectiveness and adequacy.

For financial year ended 31 March 2018, the Group has performed a risk assessment of its business and operations and, on that basis, have identified, evaluated and prioritised key risks from financial, operational compliance and risk management aspects. The Group is dedicated in designing and implementing controls and measures to manage the key risks to an acceptable and reasonable level, rather than eliminate them entirely.

The management has also confirmed to the Board and Audit Committee that there are no major deficiencies in the risk management and internal controls system of the Group.

The Group has engaged an independent professional internal control consultant firm (the "Internal Control Consultant") to review the entity level policies, risk assessment and internal control systems of major business processes of the Group for financial year ended 31 March 2018. The Internal Control Consultant performs the review, reports the relevant findings and recommendations to the Board and Audit Committee and follows up on management responses to the recommendations on an on-going basis. Overall, the Board considers the risk management and internal control system of the Group are effective and adequate.

The Group does not have an internal audit department and the Board has reviewed the need for an internal audit function and considered that it more cost-effective to appoint external independent professionals to independently review and continuously evaluate the group's internal monitoring systems and risk management systems, taking into account the size and nature of the Board. The Board will review the need for an internal audit function at least annually.

INVESTORS' RELATIONSHIP

The Group has established various channels of communication with shareholders and public investors to ensure that they are well-informed with the latest news and developments of the Group. The Group provides shareholders with up-to-date information on the Group's development, financial performance and results, and major transactions/decisions through annual and quarterly reports. All published information is uploaded to the Group's website at www.grandbrilliancegroup.com or GEM website www.hkgem.com.

Shareholders may also make enquiries or recommendations to Directors, company secretary and management at the Shareholders' Meeting. They may do so by sending an e-mail to ir@grandbrilliance.com or by calling the Group (tel: +852 2425 0926).

The Articles of the Group remains unchanged from the date of listing to 31 March 2018.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

FORWARD

The Group is pleased to issue the Environmental, Social and Governance ("ESG") Report (the "report"). This report is an important channel for the Group to communicate to all stakeholders regarding our achievements in fulfilling our social responsibilities and promoting sustainable development, and to demonstrate the Group's commitment and efforts in the economic, social and environmental aspects.

Scope of the report

The report focuses on the operation as a medical device distributor during 1 April 2017 to 31 March 2018 (the "Reporting Period"). The Group will gradually expand the scope of disclosure by continuously enhancing our materiality assessment and information collection procedures.

Reporting standards

The report is prepared pursuant to the "comply or explain" provisions under the ESG guide (the "Guide") issued by the HKEx and is based on four reporting principles: Materiality, Quantitative, Balance, and Consistency. Based on the Group's actual condition, Key Performance Indicators (KPIs) specified in the "Recommended Disclosures" under the Guide are adopted to enable completeness of the Report. To ensure the accuracy of environment-related KPIs, the Group has entrusted a consulting firm to conduct a materiality assessment. The last section of this Report provides complete indexing to allow easy comprehension of this Report in accordance with the Guide.

Stakeholders' Feedback

The Group welcomes stakeholders' feedback to its ESG approach and performance which will help us continuously improve our sustainability performance. For any suggestions or opinions, questions or comments, please kindly send to the Company through the communication channels as stated in the Company's website.

STAKEHOLDER ENGAGEMENT

The Group has established an ESG working group comprising senior executives of the Group who are familiar with the Group's operations and have sufficient ESG knowledge to conduct materiality assessments and to prepare this ESG report.

During the Reporting Period, the Group has maintained continuous communications with its stakeholders and understand their expectations, concerns and the balance the interests of the Group and its stakeholders in respect of sustainability development.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Stakeholders Identification

The Group has identified six different groups of major stakeholders, which are government and regulatory authorities, shareholders and investors, Board of Directors, employees, customers, suppliers and business partners.

Communication with Stakeholders

The Group maintained communication with the stakeholders for arrange of matters through various communication channels as set out in the table below:

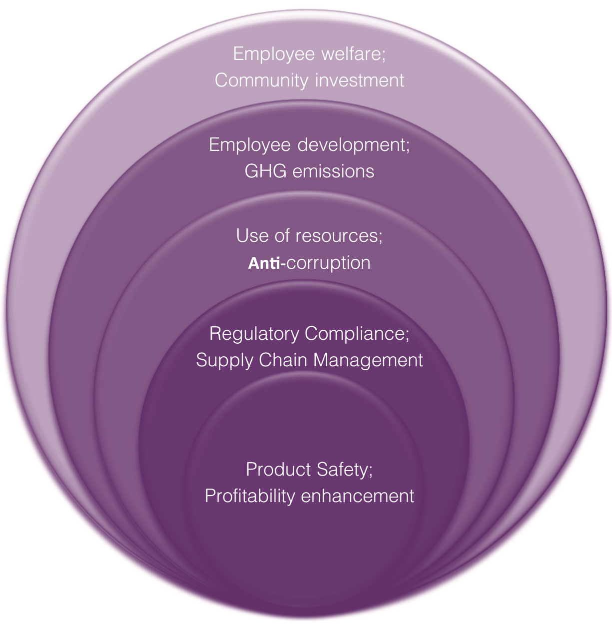
External Stakeholders	Way of Communication	Expectation and Concerns
Shareholders & Investors	Result Announcement AGM	Shareholders' rights and interest Financial Performance Corporate governance Accurate, complete and timely information disclosure
Customers	Regular meetings Regular training session	Customers' satisfaction Product safety Price competitiveness Stable supplies of products
Suppliers and Business partners	Regular meetings Suppliers evaluation Regular training session	Price competitiveness Product safety Stable relationship Open and fair procurement
Government & Regulatory authority	Public news Tendering documents Enforcement newsletter	Corporate Governance Regulatory Compliance Product safety Contribution to society

Internal Stakeholders	Way of Communication	Expectation and Concerns
Employee	Daily communication Performance evaluation Policy development Emails and notice board	Remuneration Career development Fair working place
Board of Directors	Daily communication Board & Committee Meetings Communication with Management	Corporate Governance Regulatory Compliance Financial Performance Product safety Sustainable development

Analysis of Materiality and Relevancy

We identify, assessed and disclose ESG information that is material and relevant to our businesses and operations. We identifying key issues based on the above summarised expectation and concerns from our stakeholders with reference to the "Environmental, Social and Governance Reporting Guide" and industry characteristics. The following are shortlisted key items from our materiality assessment regarding the level of importance to stakeholders and to the Group.

Highly important	Important	Moderately important
1. Product Safety	5. Use of resources	9. Employee welfare
2. Profitability Enhancement	6. Anti-corruption	10. Community investment
3. Regulatory Compliance	7. Employee development	
4. Supply Chain Management	8. GHG emissions	



Upon our success initial public offer, we understand the needs of and are committed to continuous evaluation of our ESG risk management and internal control systems. Accordingly, we have conducted and will continue with an on-going materiality assessment as to further improve the related ESG concerns and data collection system through a more comprehensive materiality assessment interviews and survey.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

OUR ENVIRONMENT ASPECT

It is the vision of the Group to attain a balance of business development and environmental protection. Due to the nature of our business, our operational activities do not directly generate industrial pollutants. We do not incur any direct costs of complying with applicable environmental rules and regulations.

During the Reporting Period, the Group has complied with the environmental regulations applicable in the locations of its business operations, and formulates internal environmental measures to promote green office space and reduce the consumption of resources such as electricity, fuel and paper.

A1. Emission

Air Pollution Control

Air emissions from the motor vehicles are the major source of air pollution within our Group. The Group has adopted several energy and resources conservation measures in achieving its goal in reducing pollution and use of energy, which include the followings:

1. The use of national environmental standards of fuel for our vehicles;

2. Require all the drivers to refuel at approved petrol filling stations so as to ensure oil standard and quality;

3. Dispose any vehicle reach the useful life limit set by the authority; and

4. Drivers are required to turn off the engine and hand over the car key when waiting for loading and unloading.

With available consolidated information in the past, the following table shows the emissions of key air pollutants we generated in the Reporting Period:

	Nitrogen Oxides (NOx)	Sulphur Oxides (SOx)	Particulate Matter (PM)
Air emissions (g)	1,867.5	135.4	137.5

Greenhouse Gas ("GHG") Emissions

Office's power consumption, gasoline and diesel are the Group's major sources of GHG emissions. During the Reporting Period, the Group's GHG emissions are estimated by reference to the "Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes)" issued by the Hong Kong Environmental Protection Department and the Electrical and Mechanical Services Department, as detailed in the table below:

GHG Emissions	(t CO2e)
Scope 1 — Direct emissions	20
Scope 2 — Energy Indirect emissions	29
Scope 3 — Other indirect emissions	34
Total	83
Carbon Intensity (t CO2e/million sales)	1.55

Note:

GHG emissions data is presented in tonne carbon dioxide equivalent (t CO_2e) and was in reference to, including but not limited to, the reporting requirements of the "GHG Protocol Corporate Accounting and Reporting Standard" issued by the World Resources Institute and the World Business Council for Sustainable Development, the "Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes)" and the latest published Baseline Emission Factors for Regional Power Grids.

A2. Use of Resources & A3 The Environment and Natural Resources

We strive to use our resources effectively, not only because of cost consideration, but it is also beneficial to our environment and can improve the workplace condition for our employees. We are committed to the responsible use of resources in our business operations and have developed green office initiatives to promote resource conservation among our staff. Electricity consumption and petrol consumption account for a substantial part of the carbon emission by the Group.

Apart from the measures set out in the above section "Emissions", for promoting resource saving, we have also developed green office measures and formulated policies and procedures relating to the environmental management, including energy management, such as:

— Turn off the air-conditioning system and idle equipment at night or when staff leave the office to reduce electricity usage;

— Turn off the lights when the office can be dominated by natural light;

— Check the office utilities before off work and holidays for avoiding situations such as water leakage and where electrical power is not being turned off;

— Promote resource conservative manner by improve staff's awareness of resources saving; and

— Waste paper here refer to office-used document and delivery orders. To save paper, we encourages our employees to print on both sides of paper. Due to low in consumption each day, we did not arrange paper recycle in the Reporting Period.

Below is a summary of major resource consumption data in the Reporting Period:

Resource type	unit	Total volume	Intensity (unit/million sales)
Petrol for vehicles	litre	8,408	156.6
Electricity (office and warehouse)	kWh	46,107	858.6
Paper (office)	kg	670	12.5
Drinking Water	litre	5,224	97.3

Our business and operation does not involve direct use of packaging materials and water consumption (and related water sourcing) and does not generate significant level of hazardous and non-hazardous wastes. Accordingly, we consider the Group is not subject to material and relevant influence under these aspects based on our materiality assessment.

Note:

We take reference to the "Reporting Guidance on Environmental KPIs" issued by the HKEx in computing the environmental data stated in "Subject Area A. Environmental". The data we have applied in the calculation was recorded and derived in the course of operation and/or from information stated on relevant documents, such as electronic bills.

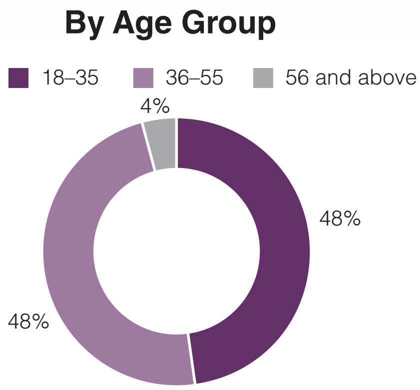
SOCIETY

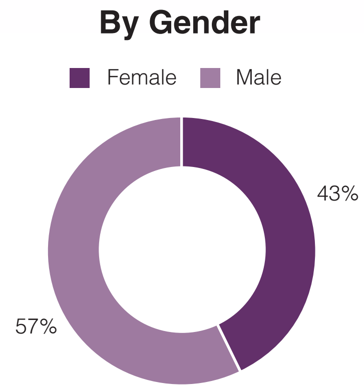
B1./B4. Employment/Labour Standards

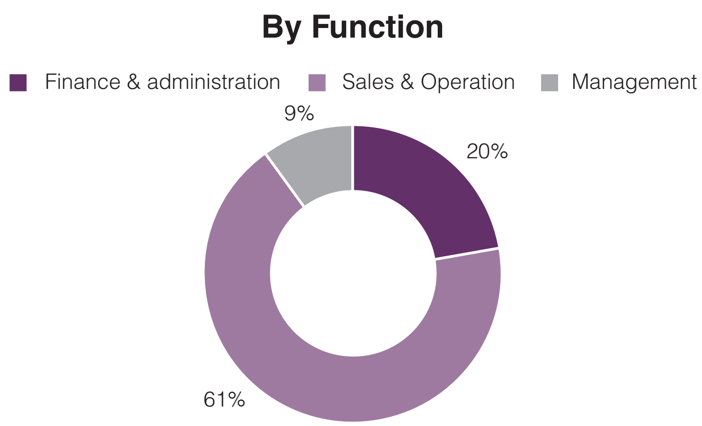
Employees are regarded as the Group's greatest and valuable asset and the core of its competitive advantage. The Group considers that the working environment and benefits offered to the employees and dispatched workers have contributed to building good staff relations and retention.

During the Reporting Period, we have 23 employees and female employees make up 43%. All of them are Hong Kong residents recruited locally. The average employee turnover rate is 18%.

Further illustrations of our staff composition are as below:







We generally recruit our employees through placing advertisements in the open market with reference to factors such as their experience, qualifications and expertise required for our business operations. The Group does not discriminate in terms of gender, age, race, marital status and religious belief and does not contain reference to any of the aforesaid factors in our recruitment criteria. We determine the employee's remuneration based on factors such as qualification, contribution and years of experience. The key principle of the Group's remuneration policy is to remunerate employees in a manner that is market competitive. We regularly carry out staff evaluation to assess their performance.

During the Reporting Period, we have not received any complaints from employees, recruitment candidates or regulatory authority on discrimination allegations, nor had not experienced any significant disputes with our employees or any disruption to our operations due to labour disputes.

We have adopted Human Resource policies that are in line with the Employment Ordinance in Hong Kong. Our Human Resources Department will also review and monitor the working conditions or exploited situations (if any) of our employees on an on-going basis.

During the Reporting Period, the Group has complied with all applicable laws and regulations in relation to employment and labour standard, including, but not limited to:

1. Employment Ordinance Cap. 57

2. Mandatory Provident Fund Schemes Ordinance Cap. 485

3. Minimum Wage Ordinance Cap. 608

We confirm that Child and forced labour are strictly prohibited in our businesses and operation.

B2. Health and Safe

Occupational Health and Safety

On top of current practice of providing appropriate and adequate tools for employees to operate effectively, the Group has designed and implemented on-site and mechanical safety training to minimise the possibilities of significant occupational safety and health impacts.

The Group is formulating occupational safety education and training to employees to enhance their safety awareness by introducing training course based on health and safety rules and regulations as stipulated in the Occupational Safety and Health Ordinance. The Group is not subject to any claim or penalty or request of such in relation to health, work safety and had not been involved in any accident or fatality.

During the Reporting Period, the Group has complied with applicable laws and regulations in relation to health and safety, including, but not limited to Occupational Safety and Health Ordinance Cap.509a.

B3. Staff Development and Training

The Group values its employees as human capital and invest resources to educate and enhance their skills in order so that they can make a greater contribution to the Group's success.

We believe that the quality and skill of our employees are closely related to the Group's performance. Although we have not kept detailed records of the training hours in the Reporting Period, We have provided on-the-job training to enhance our staff's professional knowledge and expertise. Some external training courses and seminars were also provided to senior management to enable them to improve their expertise. In the Reporting Period, the Group provided a wide range of development and training programs are as follows:

2017 — July	Tissue adhesive for the closure of surgical wound
2017 — August	Device for blood drainage from wound after operation
2017 — November	Surgical products
2018 — February	Laryneal masks airway training

We will be recording and analysing our staff training results and disclosing the relevant KPI under the recommended code provision in the coming year.

B5. Supply Chain Management

In the Reporting Period, we sourced a wide spectrum of medical devices from over 40 suppliers who mainly located in United States, Germany, France, Mexico, Malaysia and the PRC. Unless our customs specify, we usually select our suppliers from our internal list of approved suppliers which is reviewed and updated periodically based on various factors such as track record, pricing, product quality, market reputation, timeliness of delivery, financial conditions and after-sales services.

We serve as a bridge between our overseas suppliers of medical devices and the manufacturers to manage the pre-market and post-market matters of the relevant medical devices, such that any updated medical device information can be disseminated to the relevant parties while feedbacks can be collected and delivered to the manufacturers for actions:

Our quality management rest on:

1. Efficient communication channels
2. Application for listing medical devices
3. Keeping detail distribution records
4. Prompt feedback handling
5. Maintenance and service arrangements
6. Product alerts, modifications and recalls

We continuously perform assessment on our suppliers' performance, pricing competitiveness and compliance status through close communications and monitoring over daily operations.

B6. Product Responsibility

The Group pays high attention to the quality and safety of its services and products. The Group has designed and implemented certain measures in ensuring our services and products meet a high standard of quality and safety and, that the risk of our product liability is contained. Our key measures includes, but not limited to:

1. Procurement from approved vendors only;

2. Appointed designated staff and engineers to inspect our medical devices and equipment on a regular basis;

3. Regularly review our inventory levels for slow moving inventory, obsolescence or declines in market values;

4. Accepted reasonable returns or exchanges for minor defective products after careful examination;

5. Offered warranty (generally in one year term) on products to our customers; and

6. Established mechanism to report obsolete or expired products to senior executives.

As a risk transfer measure, we have procured insurance over our product liability. The Board continuously assess the reasonable sufficiency and cost effectiveness of such insurance policy and coverage. In addition, the suppliers may be required to indemnify us against any liabilities, losses and damages on account of any infringement by the products of any patent or trademark or any property damage or personal injury arising solely out of any defect in suppliers' manufacture, materials or workmanship of any products.

We did not experience any material product returns or product recalls, as well as any liability claims in relation to the same. There were no disputes or infringements in connection with our intellectual property rights pending or threatened against the Group which could have a material adverse effect on our operations or financial performance.

During the Reporting Period, the Group has complied with all applicable laws and regulations in relation to Product Liability, including, but not limited to The Trade Descriptions Ordinance, Chapter 362 and Trade Marks Ordinance Cap. 559.

B7. Anti-Corruption

All Directors and staff of the Group are expected to carry out their work in an honest and ethical manner as outlined by the Code.

Anti-Corruption Policy

We understand potential bribery and corruption risks could arise in any industry and in our business. It is our culture, value and policy to adopt a zero-tolerance approach to all forms of bribery and corruption, including deception, bribery, forgery, extortion, conspiracy, embezzlement and collusion.

According to our anti-bribery policy, we have designed and implemented certain key anti-bribery measures include:

1. At least three suppliers must be invited to bid for deals that involve large amount;

2. According to our approval matrix, material transactions must be approved by different work personnel and the senior management; and

3. Prohibit the use of business opportunities or authority to gain personal benefits or advantages.

We will take disciplinary or legal actions against any acts of bribery and corruption and/or violations of our anti-corruption policy.

Reporting Mechanism

We welcome and provide channels for our stakeholders, including suppliers, customers and employees to report instances of suspected unethical act or potential breach of our policy. Suspected non-compliance may be reported to a manager, department head or senior executives.

Stakeholders may also submit enquiries or report suspected cases to our management through e-mail us to info@grandbrilliance.com or by calling the Group (tel: +852 2425 0926).

During the Reporting Period, the Group has complied with all applicable laws and regulations in relation to Anti-Corruption, including, but not limited to The Prevention of Bribery Ordinance (Cap. 201); and The Competition Law (Cap. 619).

There are no legal cases regarding corrupt practices brought against us or its employees during the Reporting Period.

B8. Community

Subsequent to the listing, our ESG working group has started studying and designing a Community Engagement program, which includes, but not limited to the following focus areas.

1. children development and education

2. environmental protection

3. labour right protection

4. health and safety

In the coming year, we will study, identify and asses the focus areas of social contribution and related resources for improving the relationship with our focused community. We will disclose further information regarding our engagement and contribution with the Community in next reporting year.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

APPENDIX 1: SEHK ESG REPORTING GUIDE INDEX

HKEx ESG Reporting Guide General Disclosures		Reference Section/Remark	Comply or Explain
A. Environment			
A1 Emission	Information on: (a) the policies; and (b) compliance and material non-compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, generation of hazardous and non-hazardous wastes, etc.	Our Environment	Complied
KPI A1.1	The types of emissions and respective emissions data.	Air Pollution Control	Complied
KPI A1.2	Greenhouse gas emissions in total, and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Greenhouse Gas Emission	Complied
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Not applicable — No hazardous waste is generated	Explained
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Not applicable — Waste generation is considered insignificant	Explained
KPI A1.5	Description of measures to mitigate emissions and results achieved.	Emission	Complied
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Not applicable — No hazardous waste is generated while non-hazardous waste were insignificant.	Explained
A2 Use of Resource	Policies on efficient use of resources including energy, water and other raw materials.	Our Environment	Complied
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Use of Resources	Complied
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Use of Resources	Complied
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	Use of Resources	Complied

HKEx ESG Reporting Guide General Disclosures		Reference Section/Remark	Comply or Explain
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Not applicable — water consumption were insignificant	Explained
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Not applicable — Packaging materials used in operation were insignificant.	Explained
A3 The Environment and Natural Resources	Policies on minimising the operation's significant impact on the environment and natural resources.	Our environment	Complied
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Not applicable. We do have significant impacts of activities on the environment and natural resources.	Explained
B. Social			
B1 Employment	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employment and Labour Standards	Complied
B2 Health and Safety	Information on: (a) the policies; and (b) compliance and material non-compliance with relevant standards, rules and regulations on providing a safe working environment and protecting employees from occupational hazards.	Health and Safety	Complied
B3 Development and Training	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Staff Development and Training	Complied
B4 Labour Standards	Information on: (a) the policies; and (b) compliance and material non-compliance with relevant standards, rules and regulations on preventing child or forced labour.	Employment and Labour Standards	Complied
B5 Supply Chain Management	Policies on managing environmental and social risks of supply chain.	Supply Chain Management	Complied

HKEx ESG Reporting Guide General Disclosures		Reference Section/Remark	Comply or Explain
B6 Product Responsibility	Information on: (a) the policies; and (b) compliance and material non-compliance with relevant standards, rules and regulations on health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product Responsibility	Complied
B7 Anti-corruption	Information on: (a) the policies; and (b) compliance and material non-compliance with relevant standards, rules and regulations on bribery, extortion, fraud and money laundering.	Anti-Corruption	Complied
B8 Community Investment	Policies on community engagement to understand the community's needs where it operates and to ensure its activities take into consideration communities' interests.	We have not formulated community policies before our listing. Upon Listing, our ESG working group has started studying and designing a Community Engagement program and will report our efforts in next reporting period.	Explained

DIRECTORS' REPORT

The Directors present their report and the audited consolidated financial statements of the Group for the year ended 31 March 2018.

CORPORATE REORGANISATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 5 July 2017. The companies now comprising the Group underwent a reorganisation (the "Reorganisation") to rationalise the structure of the Group in preparation for the Listing on GEM of the Hong Kong Stock Exchange. Pursuant to the Reorganisation, the Company became the holding company of the subsidiaries now comprising the Group. Further details of the Reorganisation are set out in the section headed "History, Reorganisation and Group Structure" of the Prospectus. The Shares were listed on the GEM of the Hong Kong Stock Exchange on 29 March 2018.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The activities of the subsidiaries are set out in note 31 to the consolidated financial statements.

BUSINESS REVIEW

A fair review of the Group's business and the analysis of the Group's performance for the year ended 31 March 2018 as well as outlook/prospects of the Group's business are provided in the sections "Chairman's Statement" on page 4, and "Management Discussion and Analysis" on pages 5 to 9 of this annual report.

SEGMENTAL INFORMATION

An analysis of the Group's revenue from operations by geographical locations of customers for the year ended 31 March 2018 is set out in note 7 to the consolidated financial statements.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 March 2018 and its consolidated financial position as at that date are set out in the consolidated financial statements on pages 47 and 48 of this annual report respectively. The Directors do not recommend the payment of a final dividend for the year ended 31 March 2018.

CLOSURE OF THE REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the forthcoming AGM, the transfer books and the register of members of the Company will be closed from Friday, 21 September 2018 to Thursday, 27 September 2018, both days inclusive, during which period no transfer of the Shares will be registered. In order to establish the right to attend and vote at the AGM, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, located at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:00 p.m. on Thursday, 20 September 2018.

SUMMARY OF FINANCIAL INFORMATION

A summary of the published results and assets and liabilities of the Group for the last three financial years, as extracted from the audited financial statements and the Prospectus, is set out on page 96 in this annual report.

DIRECTORS' REPORT

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the financial year are set out in note 15 to the consolidated financial statements.

SHARE CAPITAL

Details of the Company's share capital are set out in note 24 to the consolidated financial statements.

RESERVES

Details of the movements in the reserves of the Company and the Group are set out in note 25 to the consolidated financial statements and the consolidated statement of changes in equity, respectively.

PRE-EMPTIVE RIGHTS

There are no provision for pre-emptive rights under the Articles of the Company or the laws of the Cayman Islands, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

DISTRIBUTABLE RESERVES

As at 31 March 2018, the distributable reserves of the Company amounted to approximately HK$57.6 million.

Under the Companies Law of the Cayman Islands, subject to the provisions of Articles of the Company, the Company's share premium account may be applied to pay distributions or dividends to shareholders provided that immediately following the date of distribution or dividend is proposed to be paid, the Company is able to pay its debts as they fall due in the ordinary course of business.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 March 2018, so far as the Company is aware, the aggregate revenue attributable to our five largest customers and the largest customer accounted for approximately 41.2% and 9.4%, respectively, of the Group's total revenue for the financial year. Purchases from the Group's five largest suppliers accounted for approximately 90.6% of the Group's total purchases for the financial year and the purchase from the largest supplier included therein amounted to approximately 32.0%.

None of the Directors, or any of his close associates (as defined under the GEM Listing Rules) or shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital), had any beneficial interest in the Group's five largest customers or suppliers during the financial year.

TAX RELIEF AND EXEMPTION OF HOLDERS OF LISTED SECURITIES

The Company is not aware of any tax relief or exemption available to the shareholders of the Company by reason of their holding of the Company's securities.

DIRECTORS' REPORT

DIRECTORS

The Directors during the year and up to the date of this report were as follows:

Executive Directors

Ms. Wong Bik Kwan Bikie *(Chairman and Chief Executive Officer)*
Mr. Chan Chun Sing

Non-executive Directors

Dr. Miu Yin Shun Andrew
Mr. Chiu Man Wai

Independent non-executive Directors

Mr. Ng Leung Sing *SBS, JP*
Mr. Wong Lung Wo James
Mr. Chan Ping Keung

In accordance with Article 83(3) of the Articles of the Company, Ms. Wong Bik Kwan Bikie, Mr. Chan Chun Sing, Dr. Miu Yin Shun Andrew and Mr. Chiu Man Wai who were appointed by the Board during the year will retire at the forthcoming AGM of the Company, and being eligible, offer themselves, for re-election. In accordance with Article 84(1), Mr. Chan Ping Keung will retire by rotation at the forthcoming AGM of the Company and will offer himself for re-election.

PERMITTED INDEMNITY PROVISION

Every Director shall be entitled under the Articles of the Company to be indemnified out of the assets of the Company against all actions, costs, charges, losses or liabilities incurred or sustained by him or her as a Director in the execution or discharge of his or her duty.

The Company has taken out insurance against the liability and costs associated with defending any proceedings which may be brought against the Directors.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors entered into a service contract with the Company on 1 March 2018 and the Company entered into letter of appointment with each of the non-executive Directors and independent non-executive Directors. The service contract with each of the executive Directors and the letter of appointment with each of the non-executive Directors and independent non-executive Directors is for an initial term of three years commencing 1 March 2018. The service contracts and the letters of appointment are subject to termination in accordance with their respective terms. The service contracts may be renewed in accordance with the Articles of the Company and the applicable GEM Listing Rules.

None of the Directors has or is proposed to have a service contract with the Company or any of its subsidiaries other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation).

DIRECTORS' REPORT

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the senior management of the Company are set out on pages 10 to 13 of this annual report.

EMOLUMENTS OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the Directors and the five highest paid individuals of the Group are set out in note 12 to the consolidated financial statements.

REMUNERATION POLICY

The Company's remuneration policy comprises primarily a fixed component (in the form of a base salary) and a variable component (which includes commissions, discretionary bonus and other merit payments), taking into account factors such as their experience, level of responsibility, individual performance, the profit performance of our Group and general market conditions.

The remuneration of the Directors is determined on the basis of the relevant Director's experience, responsibility, performance and the time devoted to the business.

The Remuneration Committee will meet at least once for each year to discuss remuneration related matters (including the remuneration of the Directors and the senior management of the Company) and review the remuneration policy of the Group.

RETIREMENT BENEFITS PLAN

Particulars of retirement benefits plan of the Group for the year ended 31 March 2018 are set out in note 5(k)(ii) to the consolidated financial statements.

MANAGEMENT CONTRACTS

During the financial year, the Company did not enter into or have any management and administration contracts in respect of the whole or any principal business of the Company.

INTERESTS OF THE COMPLIANCE ADVISER

As notified by the compliance adviser of the Company, Guotai Junan Capital Limited, save for the compliance adviser agreement dated 19 September 2017 entered into between the Company and Guotai Junan Capital Limited, none of Guotai Junan Capital Limited, its directors, employees and close associates had any interest in the securities of the Group which is required to be notified to the Group pursuant to Rule 6A.32 of the GEM Listing Rules as at 31 March 2018.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

At no time during the financial year were rights to acquire benefits by means of the acquisition of shares or debentures of the Company granted to any Director or their respective associates, or were any such rights exercised by them; or was the Company, or any of the Company's subsidiaries a party to any arrangement to enable the Directors or their respective associates to acquire such rights in any other body corporate.

DIRECTORS' AND CHIEF EXECUTIVE'S INTEREST AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY

As at 31 March 2018, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which shall have to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which shall be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which shall be required to notify the Company and the Hong Kong Stock Exchange pursuant to Rule 5.46 to Rule 5.67 of the GEM Listing Rules, were as follows:

Long position in the Shares

Name of Director/ chief executive	Name of Group member/ associated corporation	Nature of interest	Total number of Shares	Approximate percentage of shareholding
Ms. Wong	the Company	Interest in a controlled corporation	557,424,000 (Note 1)	69.68%
	B&A Success Limited ("B&A Success")	Beneficial interest	557,424,000	69.68%
Dr. Miu	the Company	Interest of spouse	557,424,000 (Note 2)	69.98%
Mr. Chiu	the Company	Interest in a controlled corporation	40,448,000 (Note 3)	5.06%
	Infinite Crystal Limited ("Infinite Crystal")	Beneficial interest	40,448,000	5.06%

Notes:

1. The Shares are registered in the name of B&A Success, the entire issued share capital of which is legally and beneficially owned by Ms. Wong. Under the SFO, Ms. Wong is deemed to be interested in the same number of Shares held by B&A Success.

2. Dr. Miu is the spouse of Ms. Wong. Under the SFO, Dr. Miu is deemed to be interested in the same number of Shares deemed to be held by Ms. Wong.

3. The Shares are registered in the name of Infinite Crystal, approximately 61.11% of the issued share capital of which is legally and beneficially owned by Mr. Chiu. Under the SFO, Mr. Chiu is deemed to be interested in the same number of Shares deemed to be held by Infinite Crystal.

Save as disclosed above, as at 31 March 2018, none of the Directors and chief executive of the Company had any interests or short positions in any shares, underlying shares and debenture of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required to be notified to the Company and the Hong Kong Stock Exchange, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES OR UNDERLYING SHARES OF THE COMPANY

As at 31 March 2018, so far as the Directors are aware, other than a Director or chief executive of the Company whose interests are disclosed under the paragraph headed "Directors' and chief executive's interest and short positions in shares, underlying shares or debentures of the Company" above, the following persons had an interest or short position in the shares or underlying shares of the Company which shall be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, are interested in 5.0% or more of the issued voting shares of any member of the Group:

Long position in the Shares

Name of shareholders	Nature of interest	Total number of Shares	Approximate percentage of shareholding
B&A Success	Beneficial owner	557,424,000	69.68%
Infinite Crystal	Beneficial owner	40,448,000	5.06%
Ms. Lai Wing Sze Teresa Francesca ("Ms. Lai")	Interest of spouse	40,448,000 (Note 1)	5.06%
Sunstrike Investments Limited	Interest in controlled corporation	40,448,000 (Note 2)	5.06%
Sunfund Asia Capital Holdings Limited	Interest in controlled corporation	40,448,000 (Note 2)	5.06%
Sunfund (Hong Kong) Company Limited	Interest in controlled corporation	40,448,000 (Note 2)	5.06%
Sunfund Investment & Management Co. Ltd.* (耀盛投資管理集團有限公司)	Interest in controlled corporation	40,448,000 (Note 2)	5.06%
Mr. Yuan Xulin ("Mr. Yuan")	Interest in controlled corporation	40,448,000 (Note 2)	5.06%
Ms. Liu Huijun ("Ms. Liu")	Interest of spouse	40,448,000 (Notes 2 and 3)	5.06%

* The English name is for identification purpose only.

Notes:

1. Ms. Lai is the spouse of Mr. Chiu. Under the SFO, Ms. Lai is deemed to be interested in the same number of Shares deemed to be held by Mr. Chiu.

2. Infinite Crystal is owned as to approximately 38.89% by Sunstrike Investments Limited. Sunstrike Investments Limited is wholly-owned by Sunfund Asia Capital Holdings Limited, which in turn is wholly-owned by Sunfund (Hong Kong) Company Limited, which in turn is wholly-owned by Sunfund Investment & Management Co. Ltd., which is owned as to 91.33% by Mr. Yuan. Under the SFO, Sunstrike Investments Limited, Sunfund Asia Capital Holdings Limited, Sunfund (Hong Kong) Company Limited, Sunfund Investment & Management Co. Ltd. and Mr. Yuan are all deemed to be interested in the same number of Shares held by Infinite Crystal.

3. Ms. Liu is the spouse of Mr. Yuan. Under the SFO, Ms. Liu is deemed to be interested in the same number of Shares deemed to be held by Mr. Yuan.

Saved as disclosed above and so far as is known to the Directors, the Directors were not aware of any other persons other than the Directors or chief executive of the Company who held an interest or short positions in the shares and underlying shares of the Company as at 31 March 2018 which required to be recorded pursuant to section 336 of the SFO.

SHARE OPTION SCHEME

The Company has adopted a share option scheme (the "Share Option Scheme") on 1 March 2018. The total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme shall not in aggregate exceed 80,000,000 Shares, being 10% of the total number of Shares in issue at the time dealings in the Shares first commenced on the Hong Kong Stock Exchange. The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option scheme of the Group (including both exercised and outstanding options) to each participant in any 12-month period shall not exceed 1.0% of the Shares in issue as at the date of grant.

The purpose of the Share Option Scheme is to enable the Group to grant options to selected participants as incentives or rewards for their contribution to the Group. The Directors consider the Share Option Scheme will enable the Group to reward the employees, Directors and other selected participants for their contributions to the Group. The Board may, at its discretion, grant an option to the eligible participants to subscribe for Shares at an exercise price (note) and subject to the other terms of the Share Option Scheme.

The Share Option Scheme will remain in force for a period of ten years commencing on the date on which the Share Option Scheme is adopted. Subject to certain restrictions contained in the Share Option Scheme, an option may be exercised in accordance with the terms of the Share Option Scheme and the terms of grant thereof at any time during the applicable option period, which is not more than ten years from the date of grant of option. There is no general requirement on the minimum period under the Share Option Scheme for the holding of an option before it can be exercised. However, at the time of granting any option, the Board may, on a case by case basis, make such grant subject to such conditions, restrictions or limitations including (without limitation) those in relation to the minimum period of the options to be held and/or the performance targets to be achieved as the Board may determine in its absolute discretion.

A nominal consideration of HK$1.0 is payable on acceptance of the grant of an option.

The Board confirms that the Share Option Scheme is in compliance with Chapter 23 of the GEM Listing Rules. As at 31 March 2018, no option had been granted, exercised, cancelled or lapsed under the Share Option Scheme. A total of 80,000,000 Shares are available for issue under the Share Option Scheme, representing 10% of the total issued capital of the Company immediately after the Listing.

DIRECTORS' REPORT

For financial year 2018, no share option was granted, exercised, expired or lapsed and there are no outstanding share option under the Scheme as at 31 March 2018.

Note: The subscription price for Shares under the Share Option Scheme will be a price determined by the Board and shall be the highest of (i) the closing price of the Shares as stated in the Hong Kong Stock Exchange's daily quotations sheet on the date of the offer of grant; (ii) the average closing price of the Shares as stated in the Hong Kong Stock Exchange's daily quotations sheet for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of a Share.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

The Shares were listed on GEM on 29 March 2018. Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities from the date of Listing to the date of this annual report.

DIRECTORS' INTEREST IN COMPETING BUSINESS

None of the Directors and Directors of the Company's subsidiaries, or any of their respective associates, as defined in the GEM Listing Rules, had interest in any business that competes or may compete, either directly or indirectly, with the businesses of the Group or has any other conflict of interests with the Group (other than being a director of the Company and/or its subsidiaries and their respective associates) during year ended 31 March 2018.

DEED OF NON-COMPETITION

Ms. Wong Bik Kwan Bikie and B&A Success (collectively the "Controlling Shareholders") have confirmed to the Company of their compliance with the non-competition undertakings provided to the Company under a deed of non-competition dated 1 March 2018. The independent non-executive Directors have reviewed the status of compliance and confirmed that all the undertakings under the deed of non-competition have been complied with by the Controlling Shareholders during financial year 2018.

RELATED PARTY TRANSACTIONS

Save as disclosed in note 29 to the consolidated financial statements, no other related party transactions were conducted by the Group during the year ended 31 March 2018.

CONNECTED TRANSACTIONS

The "related party transactions" as disclosed in note 29 to the consolidated financial statements for the year ended 31 March 2018 do not constitute a connected transaction or a continuing connected transaction as defined in Chapter 20 of the GEM Listing Rules.

There are no other non-exempt connected and continuing connected transactions during the Reporting Period.

DIRECTORS'/CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as the related party transactions disclosed in note 29 to the consolidated financial statements, no Director or Controlling Shareholder had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party and subsisted as at 31 March 2018 or during the financial year.

DIRECTORS' REPORT

USE OF PROCEEDS FROM THE LISTING

Details of the use of proceeds from the Listing are set out in the section headed "Management Discussion and Analysis" of this annual report.

CORPORATE GOVERNANCE

Details of the Company's corporate governance practices are set out in the Corporate Governance Report on pages 14 to 20 of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge of the Directors, the Company has maintained the public float as required under the GEM Listing Rules since the Listing.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive Directors in writing an annual confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules and the Company considers all the independent non-executive Directors to be independent.

INDEPENDENT AUDITOR

The financial statements of the Company for the year ended 31 March 2018 were audited by BDO Limited. A resolution will be proposed at the forthcoming AGM of the Company to re-appoint BDO Limited as auditor of the Company.

EVENTS AFTER THE REPORTING PERIOD

There is no significant event after the Reporting Period of the Group.

ON BEHALF OF THE BOARD

Wong Bik Kwan Bikie
Chairman and Chief Executive Officer

Hong Kong, 25 June 2018

INDEPENDENT AUDITOR'S REPORT

Tel : +852 2218 8288
Fax: +852 2815 2239
www.bdo.com.hk

電話：+852 2218 8288
傳真：+852 2815 2239
www.bdo.com.hk

25th Floor Wing On Centre
111 Connaught Road Central
Hong Kong

香港干諾道中111號
永安中心25樓

TO THE SHAREHOLDERS OF GRAND BRILLIANCE GROUP HOLDINGS LIMITED
(君百延集團控股有限公司)
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Grand Brilliance Group Holdings Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 47 to 95, which comprise the consolidated statement of financial position as at 31 March 2018, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the HKICPA's "Code of Ethics for Professional Accountants" (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INVENTORIES PROVISION

(Refer to Notes 6(ii) and 19 to the consolidated financial statements)

As at 31 March 2018, the carrying amount of inventories was approximately HK$14,499,000. The associated provision for, and write off of, inventories for the year ended 31 March 2018 was approximately HK$226,000 and HK$158,000 respectively. Management estimated the net realisable value of inventories at the end of the reporting period, and made provision for write-down in value, if any.

INVENTORIES PROVISION *(Continued)*

The considerations of an appropriate level of provision for inventories included inventory ageing, condition of inventories, historical and current sales information, as well as different market factors impacting the selling price of these inventories. In addition, the determination of provision on inventories as a result of the changed prevailing market conditions, requires an exercise of significant judgement of the management, based on historical experience.

Accordingly, the provisions carried against inventory are considered to be a key audit matter.

Our response:

Our procedures in relation to inventory provision included:

— Understanding and evaluating the Group's provision policy on inventories and basis of the assessment;

— Reviewing and assessing management's process of the identification of slow moving inventories and estimation of the net realisable value of these inventories;

— Evaluating historical accuracy of inventory provisioning by comparing historical provision made to the loss incurred for actual sales;

— Reviewing inventory ageing analysis and analysing the level of aged inventory and their associated provisions;

— Performing substantive procedures related to the purchase cost and selling price with reference to the purchase invoices and subsequent sales records; and

— Recalculating the provision.

OTHER INFORMATION IN THE ANNUAL REPORT

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibility in this regard.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with the terms of our engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

BDO Limited
Certified Public Accountants

Leung Tze Wai
Practising Certificate Number P06158
Hong Kong, 25 June 2018

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2018

	Notes	2018 HK$'000	2017 HK$'000
Revenue	8	**53,703**	51,657
Cost of revenue		**(23,775)**	(25,631)
Gross profit		**29,928**	26,026
Other income	9	**55**	74
Other gains or losses		**235**	162
Distribution and selling expenses		**(841)**	(795)
Administrative and other operating expenses		**(14,651)**	(11,277)
Listing expenses		**(15,173)**	–
(Loss)/Profit before income tax	10	**(447)**	14,190
Income tax expense	11	**(2,633)**	(2,388)
(Loss)/Profit for the year attributable to owners of the Company		**(3,080)**	11,802
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Available-for-sale financial assets			
— Changes in fair value		**(20)**	225
Other comprehensive income for the year		**(20)**	225
Total comprehensive income attributable to owners of the Company		**(3,100)**	12,027
		HK cent	HK cent
(Loss)/Earnings per share attributable to owners of the Company	14		
Basic and diluted (loss)/earnings per share		**(0.49)**	1.87

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2018

	Notes	2018 HK$'000	2017 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	15	**1,490**	307
Other asset	16	**2,690**	2,690
Available-for-sale financial asset	17	**750**	770
Long-term deposit		**417**	–
Deferred tax assets	18	**–**	180
		5,347	3,947
Current assets			
Inventories	19	**14,499**	13,718
Trade and other receivables, deposits and prepayments	20	**7,675**	7,689
Amount due from a director	21	**–**	169
Tax recoverable		**57**	19
Cash and bank balances	22	**61,067**	9,776
		83,298	31,371
Current liabilities			
Trade and other payables	23	**13,818**	3,915
Deferred revenue		**204**	66
Amount due to a director	21	**–**	80
Tax payable		**–**	25
		14,022	4,086
Net current assets		**69,276**	27,285
Total assets less current liabilities		**74,623**	31,232
Non-current liabilities			
Deferred tax liabilities	18	**32**	–
Net assets		**74,591**	31,232
CAPITAL AND RESERVES			
Share capital	24	**8,000**	1,500
Reserves	25	**66,591**	29,732
Total equity		**74,591**	31,232

On behalf of the directors

Wong Bik Kwan Bikie
Chairman and Executive Director

Chan Chun Sing
Executive Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2018

	Share capital (note 24) HK$'000	Share premium* (note 25) HK$'000	Merger reserve* (note 25) HK$'000	Available-for-sale financial assets revaluation reserve* HK$'000	Retained earnings* HK$'000	Total HK$'000
At 1 April 2016	1,500	–	–	–	30,165	31,665
Profit for the year	–	–	–	–	11,802	11,802
Other comprehensive income for the year						
— Fair value changes of available-for-sale financial asset	–	–	–	225	–	225
Total comprehensive income for the year	–	–	–	225	11,802	12,027
Dividend declared *(note 13)*	–	–	–	–	(12,460)	(12,460)
At 31 March 2017 and 1 April 2017	**1,500**	**–**	**–**	**225**	**29,507**	**31,232**
Loss for the year	**–**	**–**	**–**	**–**	**(3,080)**	**(3,080)**
Other comprehensive income for the year						
— Fair value changes of available-for-sale financial asset	**–**	**–**	**–**	**(20)**	**–**	**(20)**
Total comprehensive income for the year	**–**	**–**	**–**	**(20)**	**(3,080)**	**(3,100)**
Dividend declared *(note 13)*	**–**	**–**	**–**	**–**	**(14,040)**	**(14,040)**
Arising from group reorganisation	**(1,500)**	**–**	**1,500**	**–**	**–**	**–**
Issue of shares to Pre-IPO investors *(note 24(a)(iii))*	**–**	**14,132**	**–**	**–**	**–**	**14,132**
Issue of shares by capitalisation issue *(note 24(a)(iv))*	**6,320**	**(6,320)**	**–**	**–**	**–**	**–**
Issue of shares under share offers *(note 24(a)(iv))*	**1,680**	**54,600**	**–**	**–**	**–**	**56,280**
Share issuance expenses *(note 24(a)(iv))*	**–**	**(9,913)**	**–**	**–**	**–**	**(9,913)**
At 31 March 2018	**8,000**	**52,499**	**1,500**	**205**	**12,387**	**74,591**

* The total of these equity accounts as at the end of the reporting period represent "Reserves" in the consolidated statement of financial position

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2018

	Notes	2018 HK$'000	2017 HK$'000
Cash flows from operating activities			
(Loss)/Profit before income tax		**(447)**	14,190
Adjustments for:			
Depreciation of property, plant and equipment		**400**	453
Allowance for inventories		**226**	380
Write-off of inventories		**158**	220
Operating profit before working capital changes		**337**	15,243
(Increase)/Decrease in inventories		**(1,165)**	388
Decrease/(Increase) in trade and other receivables, deposits and prepayments		**14**	(148)
Increase/(Decrease) in trade and other payables		**9,903**	(6,704)
Increase/(Decrease) in deferred revenue		**138**	(227)
Increase in long-term deposit		**(417)**	–
Increase in pledged bank deposit		**(3,030)**	–
Cash generated from operations		**5,780**	8,552
Income tax paid		**(2,484)**	(3,805)
Net cash generated from operating activities		**3,296**	4,747
Cash flows from investing activities			
Purchase of property, plant and equipment		**(1,583)**	(43)
Increase in amount due from a related company		**–**	(250)
Changes in amount due from a director		**(2,671)**	(11,353)
Net cash used in investing activities		**(4,254)**	(11,646)
Cash flows from financing activities			
Dividend paid		**(11,200)**	–
Decrease in amounts due to directors	*28(b)*	**(80)**	(247)
Proceeds from issue of shares to Pre-IPO investors	*24(a)(iii)*	**14,132**	–
Proceeds from issue of shares under share offers	*24(a)(iv)*	**56,280**	–
Share issuance expenses	*24(a)(iv)*	**(9,913)**	–
Net cash generated from/(used in) financing activities		**49,219**	(247)
Net increase/(decrease) in cash and cash equivalents		**48,261**	(7,146)
Cash and cash equivalents at beginning of year		**9,776**	16,922
Cash and cash equivalents at end of year		**58,037**	9,776
Analysis of the balances of cash and cash equivalents			
Bank balances and cash		**58,037**	9,776

1. GENERAL INFORMATION

Grand Brilliance Group Holdings Limited (the "Company") was incorporated in the Cayman Islands with limited liability under the Companies Law, Cap.22 of the Cayman Islands on 5 July 2017. Its shares have been listed on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 29 March 2018 (the "Listing"). The address of the Company's registered office is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Company is situated at Units 2901-03 and 2905, 29/F, The Octagon, 6 Sha Tsui Road, Tsuen Wan, New Territories, Hong Kong.

The Company is an investment holding company. The Company and its subsidiaries (collectively referred hereafter as the "Group") are principally engaged in supplying medical devices and providing medical device solutions including market trend analysis, sourcing of medical devices, after-sale services, technical support and training services, medical devices leasing services and quality assurance (the "Business").

The Company's parent is B&A Success Limited ("B&A Success"), a company incorporated in the British Virgin Islands ("BVI"). In the opinion of the directors, B&A Success is also the ultimate parent of the Company.

The financial statements for the year ended 31 March 2018 were approved and authorised for issue by the directors on 25 June 2018.

2. REORGANISATION AND BASIS OF PRESENTATION

Prior to the incorporation of the Company and the Group's reorganisation, the Business was carried on by Solar-Med Limited ("Solar-Med"), Sonne International Company Limited ("Sonne International"), Sonne Technology International Limited ("Sonne Technology") and Sonne (UK) Limited ("Sonne UK") (together the "Operating Companies") which were under common controlled by Ms. Wong Bik Kwan Bikie ("Ms. Wong").

In preparation for the Listing, the companies now comprising the Group underwent a group reorganisation (the "Reorganisation") to rationalise the corporate structure. The steps under the Reorganisation are described below:

(a) The Company was incorporated in the Cayman Islands on 5 July 2017 with an authorised share capital of HK$380,000 divided into 38,000,000 ordinary shares of HK$0.01 each. On the same day, one nil-paid share was allotted and issued to the initial subscriber, which was subsequently transferred to Ms. Wong on the same day.

(b) A&A Brilliance Limited ("A&A Brilliance") was incorporated in the BVI on 4 July 2017 and is authorised to issue a maximum of 50,000 shares of a single class with a par value of United States dollars ("US$") 1 each. On 5 July 2017, A&A Brilliance allotted 100 fully paid shares to the Company, pursuant to which A&A Brilliance become a direct wholly-owned subsidiary of the Company.

2. REORGANISATION AND BASIS OF PRESENTATION *(Continued)*

(c) On 24 July 2017, the Company through A&A Brilliance, acquired one share of Sonne UK (representing its entire share capital) from Ms. Wong and in consideration of the acquisition, the Company allotted and issued 220 fully paid shares to Ms. Wong. Upon completion of the acquisition, Sonne UK became an indirect wholly-owned subsidiary of the Company.

(d) On 24 July 2017, the Company, through A&A Brilliance, acquired (i) 1,499,999 shares of Solar-Med from Ms. Wong, in consideration of the acquisition, the Company allotted and issued 220 fully paid shares to Ms. Wong and credited as fully paid the nil-paid subscriber share held by Ms. Wong; and (ii) the remaining one issued share of Solar-Med from Ms. Ching Kit Fong ("Ms. Ching"), the mother of Ms. Wong, in consideration of the acquisition and under the direction of Ms. Ching, the Company allotted and issued one fully paid share to Ms. Wong.

Upon completion of the acquisitions, Solar-Med became an indirect wholly-owned subsidiary of the Company.

(e) On 24 July 2017, the Company through A&A Brilliance, acquired one share of Sonne International (representing its entire share capital) from Ms. Wong and in consideration of the acquisition, the Company allotted and issued 220 fully paid shares to Ms. Wong. The aforesaid one share of Sonne International was held in trust by Mr. Lee Chun Sing for Ms. Wong before the Reorganisation. Upon completion of the acquisition, Sonne International became an indirect wholly-owned subsidiary of the Company.

(f) On 24 July 2017, the Company through A&A Brilliance, acquired one share of Sonne Technology (representing its entire share capital) from Ms. Wong and in consideration of the acquisition, the Company allotted and issued 220 fully paid shares to Ms. Wong. Upon completion of the acquisition, Sonne Technology became an indirect wholly-owned subsidiary of the Company.

(g) On 31 July 2017, the Company as issuer, Infinite Crystal Limited ("Infinite Crystal") as subscriber and Ms. Wong as guarantor entered into a subscription agreement pursuant to which Infinite Crystal agreed to subscribe for 64 fully paid shares of the Company at consideration of HK$7,632,000. Infinite Crystal fully settled the consideration of HK$7,632,000 on 31 July 2017 and the Company allotted and issued 64 fully paid shares to Infinite Crystal on 1 August 2017. Infinite Crystal is a company incorporated in the BVI and is owned as to approximately 61.11% by Mr. Chiu Man Wai ("Mr. Chiu"), non-executive director of the Company and as to approximately 38.89% by independent third parties.

(h) On 1 August 2017, the Company as issuer, Akatsuki Corp. ("Akatsuki") as subscriber and Ms. Wong as guarantor entered into a subscription agreement pursuant to which Akatsuki agreed to subscribe for 54 fully paid shares of the Company at consideration of HK$6,500,000. On 1 August 2017, Akatsuki fully settled the consideration of HK$6,500,000 and the Company allotted and issued 54 fully paid shares to Akatsuki.

Upon completion of the above subscriptions, the Company is owned as to 88.2% by Ms. Wong, 6.4% by Infinite Crystal and 5.4% by Akatsuki.

2. REORGANISATION AND BASIS OF PRESENTATION *(Continued)*

(i) On 28 February 2018, B&A Success a company incorporated in the BVI and wholly-owned by Ms. Wong, acquired the issued share capital of the Company held by Ms. Wong, in consideration of which B&A Success allotted and issued 99 fully paid shares to Ms. Wong. Upon completion of the acquisition, the Company was owned as to 88.2% by B&A Success, 6.4% by Infinite Crystal and 5.4% by Akatsuki.

Upon completion of the steps (a) to (h) of the Reorganisation, the Company became the holding company of the subsidiaries now comprising the Group.

Pursuant to the Reorganisation as described above, the Company through its wholly-owned subsidiary, A&A Brilliance acquired the entire issued capital of the Operating Companies from Ms. Wong by way of issuing its shares to B&A Success which is owned by Ms. Wong (the "Share Swap").

In effect, the Operating Companies are restructured so that A&A Brilliance becomes the immediate holding company of the Operating Companies after the Reorganisation. As the Operating Companies were previously under the common control of Ms. Wong, the combination of the Operating Companies to form a new reporting entity under a new parent entity is accounted for as business combination under common control using the principles of merger accounting in accordance with Accounting Guideline 5 *Merger Accounting for Common Control Combinations* issued by the HKICPA.

As to the Share Swap, it does not result in any change of economic substance and does not form a business combination. Accordingly, the Share Swap is accounted for as a continuation of A&A Brilliance and the Operating Companies and the financial information of the Company was combined with that of A&A Brilliance and the Operating Companies using the predecessor carrying amounts as if the group structure under the Reorganisation had been in existence throughout the current year and prior years by adopting merger basis of accounting.

The consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group include the financial performance and cash flows of the companies now comprising the Group as if the current group structure had been in existence throughout the current year and in prior years, or since their respective dates of incorporation, whichever was shorter. The consolidated statement of financial position of the Group as at 31 March 2017 has been prepared to present the financial position of the companies now comprising the Group as if the current group structure had been in existence as at that date.

3. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Adoption of new/revised HKFRSs — effective 1 April 2017

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Annual Improvements to HKFRSs 2014–2016 Cycle	Amendments to HKFRS 12, Disclosure of Interests in Other Entities

Amendments to HKAS 7 — Disclosure Initiative

The amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities.

The adoption of the amendments has led to the additional disclosure presented in the notes to the consolidated statement of cash flows, note 28.

Amendments to HKAS 12 — Recognition of Deferred Tax Assets for Unrealised Losses

The amendments relate to the recognition of deferred tax assets and clarify some of the necessary considerations, including how to account for deferred tax assets related to debt instruments measured of fair value.

The adoption of the amendments has no impact on these financial statements as the clarified treatment is consistent with the manner in which the Group has previously recognised deferred tax assets.

Annual Improvements to HKFRSs 2014–2016 Cycle — Amendments to HKFRS 12, Disclosure of Interests in Other Entities

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKFRS 12, *Disclosure of Interests in Other Entities*, to clarify that the disclosure requirements of HKFRS 12, other than the requirements to disclose summarised financial information, also apply to an entity's interests in other entities classified as held for sale or discontinued operations in accordance with HKFRS 5, *Non-Current Assets Held for Sale and Discontinued Operations*.

The adoption of the amendments to HKFRS 12 has no impact on these financial statements as the Group did not has interests in other entities classified as held for sale or discontinued operations at the end of the reporting period.

3. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")
(Continued)

(b) New/revised HKFRSs that have been issued but are not yet effective

The following new/revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Annual Improvements to HKFRSs 2014–2016 Cycle	Amendments to HKFRS 1, First-time adoption of Hong Kong Financial Reporting Standards[1]
Annual Improvements to HKFRSs 2014–2016 Cycle	Amendments to HKAS 28, Investments in Associates and Joint Ventures[1]
Amendments to HKAS 40	Transfers of Investment Property[1]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
Amendments to HKFRS 2	Classification and Measurement of Share-Based Payment Transactions[1]
Amendments to HKFRS 1	First time adoption of HKFRS[1]
HKFRS 9	Financial Instruments[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[2]
HKFRS 15	Revenue from Contracts with Customers[1]
Amendments to HKFRS 15	Revenue from Contracts with Customers (Clarifications to HKFRS 15)[1]
HKFRS 16	Leases[2]
HKFRS 17	Insurance Contracts[3]
HK (IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK (IFRIC)-Int 23	Uncertainty over Income Tax Treatments[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for annual periods beginning on or after 1 January 2019
3 Effective for annual periods beginning on or after 1 January 2021
4 The amendments were originally intended to be effective for periods beginning on or after 1 January 2016. The effective date has now been deferred/removed. Early application of the amendments of the amendments continue to be permitted

The directors of the Company anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncement. The directors of the Company are currently assessing the possible impact of these new or revised standards on the Group's results and financial position in the first year of application. Those new or revised HKFRSs that are expected to have a material impact on the Group's financial statements are set out below.

3. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

(b) New/revised HKFRSs that have been issued but are not yet effective *(Continued)*

HKFRS 9 Financial Instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at fair value through other comprehensive income if the objective of the entity's business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at fair value through other comprehensive income. All other debt and equity instruments are measured at fair value through profit or loss.

HKFRS 9 includes a new expected loss impairment model (i.e. expected credit loss model) for all financial assets not measured at fair value through profit or loss replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2018. The Group has assessed that its financial assets currently measured at amortised cost will continue with their respective classification and measurements upon the adoption of HKFRS 9. However, the Group's available-for-sale financial asset will be measured at fair value through profit or loss starting from the annual period beginning on 1 April 2018. Also, the fair value gain of HK$205,000 will be transferred from the available-for-sale financial assets revaluation reserve to retained earnings as at 1 April 2018. Since both of the available-for-sale financial assets under HKAS 39 and the financial assets stated at fair value through profit or loss under HKFRS 9 are measured at fair value, the application of HKFRS 9 will not result in the change in the carrying amount of the financial asset (i.e. the club debenture) in the consolidated financial position of the Group.

In general, the expected credit loss model may result in early recognition of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised cost. However, the directors of the Company do not anticipate that the application of HKFRS 9 will have a significant impact on financial results of the Group.

HKFRS 9 also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of HKFRS 9.

3. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

(b) New/revised HKFRSs that have been issued but are not yet effective *(Continued)*

HKFRS 15 Revenue from Contracts with Customers and related amendment

The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and related interpretations.

HKFRS 15 requires the application of a 5 steps approach to revenue recognition:

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to each performance obligation
Step 5: Recognise revenue when each performance obligation is satisfied

Under HKFRS 15, an entity recognises revenue when a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

In 2016, the HKICPA issued clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

HKFRS 15 is effective for annual periods beginning on or after 1 January 2018. The Group performed a preliminary assessment of HKFRS 15 and expects to adopt HKFRS 15 on 1 April 2018. The impact to the Group includes more comprehensive disclosure as required by the new standard. However, the Group does not expect that the adoption of HKFRS 15 will have a significant impact on the financial statements in the period of initial application.

HKFRS 16 Leases

The new standard specifies how an entity to recognise, measure, present and disclose leases.

A lessee is required to recognise a right-of-use asset and a lease liability at the commencement of the lease arrangement. Right-of-use asset includes the amount of initial measurement of lease liability, any lease payment made to the lessor at or before the lease commencement date, estimated cost to be incurred by the lessee for dismantling or removing the underlying assets from and restoring the site, as well as any other initial direct cost incurred by the lessee. Lease liability represents the present value of the lease payments. Subsequently, depreciation and impairment expenses, if any, on the right-of-use asset will be charged to profit or loss following the requirements of HKAS 16 *Property, plant and equipment*, while lease liability will be increased by the interest accrual, which will be charged to profit or loss, and deducted by lease payments.

3. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

(b) New/revised HKFRSs that have been issued but are not yet effective *(Continued)*

HKFRS 16 Leases *(Continued)*

Lessors continue to classify leases as operating or finance with HKFRS 16's approach to lessor accounting substantially unchanged from its predecessor HKAS 17.

As set out in note 26, total operating lease commitment of the Group in respect of leased premises and warehouses as at 31 March 2018 amounted to HK$4,063,000. The Group does not expect the adoption of HKFRS 16 as compared with the current accounting policy would result in significant impact on the Group's results but it is expected that certain portion of these lease commitments will be required to be recognised in the statement of financial position as right-of-use assets and lease liabilities. In addition, more quantitative and qualitative disclosures about the leases will be made following the requirements of HKFRS 16.

Except for the above, other new or revised HKFRSs that have been issued but are not yet effective are unlikely to have material impact on the Group's results and financial position upon application.

4. BASIS OF PREPARATION

(a) Basis of preparation

The financial statements have been prepared in accordance with all applicable HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRS") and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of the Stock Exchange.

(b) Basis of measurement

The financial statements have been prepared under the historical cost basis except for certain financial instruments, which are measured at fair values as explained in the accounting policies set out below.

(c) Functional and presentation currency

The financial statements are presented in Hong Kong dollars ("HK$"), which is the same as the functional currency of the Company and its major subsidiaries.

5. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Amounts previously recognised in other comprehensive income in relation to the subsidiaries are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

(b) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other costs, such as repairs and maintenance, are recognised as an expense in profit or loss during the financial period in which they are incurred.

Property, plant and equipment are depreciated so as to write off their cost net of expected residual value over their estimated useful lives on a straight-line basis as follows:

Furniture, fixtures, moulds and equipment	20%
Leasehold improvements	Over the shorter of the remaining lease terms or 20%
Motor vehicles	30%

The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount (note 5(l)).

The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in profit or loss on disposal.

(c) Other asset

Other asset represents club membership held for long-term purposes and are stated at cost less accumulated impairment losses (note 5(l)).

5. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(d) Leasing

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to lessee. All other leases are classified as operating leases.

The Group as lessee under operating lease

The total rentals payable under the operating leases are recognised in profit or loss on a straight-line basis over the lease term. Lease incentives received are recognised as an integrated part of the total rental expense, over the term of the lease.

(e) Financial instruments

(i) Financial assets

The Group classifies its financial assets at initial recognition, depending on the purpose for which the asset was acquired. Financial assets are initially measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial assets. Regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (trade debtors) and also incorporated other types of contractual monetary asset. Subsequent to initial recognition, they are carried at amortised cost using the effective interest method, less any identified impairment losses.

Available-for-sale financial assets

These assets are non-derivative financial assets that are designated as available-for-sale or are not included in other categories of financial assets. Subsequent to initial recognition, these assets are carried at fair value with changes in fair value recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses on monetary instruments, which are recognised in profit or loss.

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses.

5. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(e) Financial instruments *(Continued)*

(ii) Impairment loss on financial assets

The Group assesses, at the end of each reporting period, whether there is any objective evidence that financial asset is impaired. Financial asset is impaired if there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include:

— significant financial difficulty of the debtor;

— a breach of contract, such as a default or delinquency in interest or principal payments;

— granting concession to a debtor because of debtor's financial difficulty; or

— it becoming probable that the debtor will enter bankruptcy or other financial reorganisation.

For loans and receivables

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of loans and receivables is reduced through the use of an allowance account. The amount of impairment loss is recognised in profit or loss of the period in which the impairment occurs. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral, if any, has been realised or has been transferred to the Group.

Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

For available-for-sale financial assets

Where a decline in the fair value constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognised in profit or loss.

Any impairment losses on available-for-sale debt instruments are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

For available-for-sale equity investment, any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income.

5. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(e) Financial instruments *(Continued)*

(ii) Impairment loss on financial assets *(Continued)*

For available-for-sale equity investment that is carried at cost, the amount of impairment loss is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss is not reversed.

(iii) Financial liabilities

The Group classifies its financial liabilities depending on the purpose for which the liabilities were incurred. Financial liabilities at fair value through profit or loss are initially measured at fair value and financial liabilities at amortised cost are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at amortised cost

The Group classifies its financial liabilities as financial liabilities at amortised cost, which include trade and other payables and amounts due to directors, are subsequently measured at amortised cost, using the effective interest method. The related interest expense is accounted for in accordance with the accounting policy set out in note 5(m).

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(iv) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the reporting period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(v) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

5. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(e) Financial instruments *(Continued)*

(vi) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract issued by the Group and not designated as at fair value through profit or loss is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contact at the higher of: (i) the amount determined in accordance with HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with HKAS 18 *Revenue*.

(vii) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKAS 39.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expired.

(f) Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

(g) Recognition of revenue and other income

Revenue and other income is recognised when it is probable that the economic benefits will flow to the Group and when the income can be measured reliably, on the following basis:

(i) Sales of goods are recognised upon transfer of the significant risks and rewards of ownership to the customer. This is usually taken as the time when the goods are delivered and the customer has accepted the goods.

(ii) Service income is recognised when the relevant services are provided.

(iii) Rental income under operating leases is recognised on a straight-line basis over the term of the relevant lease.

(iv) Interest income is recognised on a time proportion basis by reference to the principal outstanding and using the effective interest method.

5. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(h) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid investments with original maturities of three months or less that are readily convertible into known amount of cash and which are subject to an insignificant risk of changes in value.

(i) Income taxes

Income taxes comprise current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for goodwill and recognised assets and liabilities that affect neither accounting nor taxable profits, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realised or settled and that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax liabilities are recognised for taxable temporary differences arising from investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income or when they relate to items recognised directly in equity in which case the taxes are also recognised directly in equity.

(j) Foreign currency

Transactions entered into by group entities in currencies other than the currency of the primary economic environment in which they operate (the "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the re-translation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on re-translation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income, in which case, the exchange differences are also recognised in other comprehensive income.

5. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(k) Employee benefits

(i) Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short-term employee benefits are recognised in the period when the employees render the related service.

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

Non-accumulating compensated absence such as sick leave and maternity leave are not recognised until the time of leave.

(ii) Defined contribution retirement plan

Retirement benefits to employees are provided through defined contribution plans. The Group operates a defined contribution retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for all its employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' relevant income. Contributions are recognised as an expense in profit or loss when the services are rendered by the employees.

The Group's obligations under these plans are limited to the fixed percentage contribution payable.

(iii) Termination benefits

Termination benefits are recognised on the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

(l) Impairment of non-financial assets

Property, plant and equipment and other assets are subject to impairment testing. Intangible assets with indefinite useful life or those not yet available for use are tested for impairment at least annually, irrespective of whether there is any indication that they are impaired. All other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash-generating unit). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

5. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(l) Impairment of non-financial assets *(Continued)*

An impairment loss is recognised as an expense immediately for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the asset.

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's or cash-generating unit's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. A reversal of such impairment is credited to profit or loss in the period in which it arises.

(m) Borrowing costs

Borrowing costs attributable directly to the acquisition, construction or production of qualifying assets which require a substantial period of time to be ready for their intended use or sale, are capitalised as part of the cost of those assets. Income earned on temporary investments of specific borrowings pending their expenditure on those assets is deducted from borrowing costs capitalised. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(n) Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

(o) Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

— the technical feasibility of completing the intangible asset so that it will be available for use or sale;

— the intention to complete the intangible asset and use or sell it;

— the ability to use or sell the intangible asset;

— how the intangible asset will generate probable future economic benefits;

— the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and

— the ability to measure reliably the expenditure attributable to the intangible asset during its development.

5. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(o) Research and development expenditure *(Continued)*

The amount initially recognised for an internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible asset is measured at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets acquired separately.

(p) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which will probably result in an outflow of economic benefits that can be reasonably estimated.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(q) Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors for their decisions about resources allocation to the Group's business components and for their review of the performance of those components.

(r) Related parties

(a) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of key management personnel of the Group or the Company's parent.

(b) An entity is related to the Group if any of the following conditions apply:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

5. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(r) Related parties *(Continued)*

(v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Company's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(i) that person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; and

(iii) dependents of that person or that person's spouse or domestic partner.

6. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

6. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Key sources of estimation uncertainty

The estimates and assumptions that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

(i) Impairment of non-financial assets

Management assesses impairment by evaluating conditions specific to the Group that may lead to impairment of non-financial assets. When an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates and assumptions about future events, which are subject to uncertainty and might materially differ from the actual results. In making these key estimates and judgments, the directors take into consideration assumptions that are mainly based on market conditions existing at the end of the reporting period and appropriate market and discount rates. These estimates are regularly compared to actual market data and actual transactions entered into by the Group. Future changes in the events and conditions underlying the estimates and judgments would affect the estimation of recoverable amounts and result in adjustments to their carrying amounts.

(ii) Allowance for inventories

Management carries out inventory review on a product-by-product basis at the end of each reporting period and makes allowance for obsolete items. A considerable amount of judgment and estimates is required in determining such allowance. If conditions which have an impact on the net realisable value of inventories deteriorate, additional allowances may be required. Management reviews the inventory aging analysis at the end of the reporting period to identify slow-moving inventories that are no longer suitable for consumption and saleable. Management estimates the net realisable value for such inventories based primarily on the latest invoice prices and current market conditions.

(iii) Impairment of receivables

The impairment policy for bad and doubtful debts of the Group is based on management's evaluation of collectability and aging analysis of receivables and on the specific circumstances for each account. Judgment is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer or debtor. If the financial condition of the customers or debtors was to deteriorate resulting in an impairment of their ability to make payments, additional provision will be required.

7. SEGMENT INFORMATION

(a) Operating segment information

The Group determines its operating segments based on the reports reviewed by the chief operating decision-maker, i.e. directors of the Company who are used to make strategic decisions.

During the reporting periods, the directors assess the operating performance and allocate the resources of the Group as a whole as the Group is primarily engaged in supplying medical devices and providing medical device solutions including market trend analysis, sourcing of medical devices, after-sale services, technical support and training services, medical devices leasing services and quality assurance. Therefore the Group has only one operating segment that qualifies as reportable segment under HKFRS 8 Operating Segment.

(b) Geographical segment information

The Company is an investment holding company and the principal place of the Group's operations is in Hong Kong. Accordingly, management determines that the Group is domiciled in Hong Kong. All of the Group's revenue are derived from and most of the Group's non-current assets are located in Hong Kong. Accordingly, no separate segmental analysis is presented.

(c) Information about major customers

For the year ended 31 March 2018, no revenue from a single customer accounted for 10% or above of the total revenue of the Group. For the year ended 31 March 2017, revenue from one customer amounted to HK$9,077,000 which represented more than 10% of the Group's revenue.

8. REVENUE

The Group is principally engaged in supplying medical devices and providing medical device solutions including market trend analysis, sourcing of medical devices, after-sale services, technical support and training services, medical devices leasing services and quality assurance. Revenue derived from the principal activities comprises the following:

	2018 HK$'000	2017 HK$'000
Sales of medical devices and products		
Medical consumables	**38,388**	33,578
Medical equipment	**11,188**	13,843
Medical instruments	**2,075**	2,454
Others	**–**	74
	51,651	49,949
Rendering of maintenance services	**1,900**	1,650
Rental income from leasing medical devices	**152**	58
	53,703	51,657

9. OTHER INCOME

	2018 HK$'000	2017 HK$'000
Commission income	**–**	5
Government grants	**50**	67
Sundry income	**5**	2
	55	74

10. (LOSS)/PROFIT BEFORE INCOME TAX

(Loss)/Profit before income tax is arrived at after charging/(crediting):

	2018 **HK$'000**	2017 HK$'000
Auditor's remuneration	**550**	230
Cost of inventories recognised as expense#		
— Carrying amount of inventories consumed	**21,940**	23,446
— Allowance for inventories	**226**	380
— Write-off of inventories	**158**	220
	22,324	24,046
Depreciation of property, plant and equipment*	**400**	453
Employee costs (including directors' emoluments *(note 12(a))*)		
— Salaries, allowances and other benefits	**7,391**	6,675
— Contributions to defined contribution retirement plan	**278**	257
	7,669	6,932
Bank interest income	**(3)**	–
Exchange gains, net	**(163)**	(125)
Operating lease charges in respect of buildings	**2,360**	2,105
Research and development expenditure^	**499**	541

Included in cost of revenue

* Included in administrative and other operating expenses

^ Included in research and development expenditure are staff costs amounted to approximately HK$468,000 for the year (2017: HK$478,000) which have been included in the employee costs above.

11. INCOME TAX EXPENSE

The amount of income tax expense in the consolidated statement of comprehensive income represents:

	2018 HK$'000	2017 HK$'000
Current tax for the year		
— Hong Kong Profits Tax	**2,395**	2,432
Under-provision in respect of prior years	**26**	–
	2,421	2,432
Deferred tax *(note 18)*	**212**	(44)
	2,633	2,388

Hong Kong Profits Tax is calculated at 16.5% (2017: 16.5%) on the estimated assessable profits for the year.

The income tax expense for the year can be reconciled to the loss/profit before income tax in the consolidated statement of comprehensive income as follows:

	2018 HK$'000	2017 HK$'000
(Loss)/Profit before income tax	**(447)**	14,190
Tax calculated at Hong Kong Profits Tax rate of 16.5%	**(74)**	2,342
Tax effect of expenses not deductible for tax purposes	**2,585**	11
Tax effect of tax losses not recognised	**96**	55
Under-provision in respect of prior years	**26**	–
Others	**–**	(20)
Income tax expense	**2,633**	2,388

12. DIRECTORS' EMOLUMENTS, FIVE HIGHEST PAID INDIVIDUALS AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Directors' emoluments

The emoluments of each of the directors are set out as follows:

	Fees	Salaries, allowances and other benefits	Discretionary bonuses	Pension scheme contribution	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Year ended 31 March 2018					
Executive directors					
Ms. Wong *(note (i))*	**–**	**35**	**600**	**3**	**638**
Mr. Chan Chun Sing *(note (i))*	**–**	**783**	**80**	**18**	**881**
Non-executive directors					
Dr. Miu Yin Shun Andrew ("Dr. Miu") *(note (ii))*	**1**	**–**	**–**	**–**	**1**
Mr. Chiu *(note (ii))*	**1**	**–**	**–**	**–**	**1**
Independent non-executive directors					
Mr. Ng Leung Sing *SBS, JP (note (iii))*	**1**	**–**	**–**	**–**	**1**
Mr. Wong Lung Wo James *(note (iii))*	**1**	**–**	**–**	**–**	**1**
Mr. Chan Ping Keung *(note (iii))*	**1**	**–**	**–**	**–**	**1**
	5	**818**	**680**	**21**	**1,524**
Year ended 31 March 2017					
Executive directors					
Ms. Wong	–	615	–	2	617
Mr. Chan Chun Sing	–	767	65	18	850
Non-executive directors					
Dr. Miu	–	–	–	–	–
Mr. Chiu	–	–	–	–	–
	–	1,382	65	20	1,467

No emoluments were paid or payable to the independent non-executive directors during the year ended 31 March 2017.

12. DIRECTORS' EMOLUMENTS, FIVE HIGHEST PAID INDIVIDUALS AND SENIOR MANAGEMENT'S EMOLUMENTS *(Continued)*

(a) Directors' emoluments *(Continued)*

Notes:

(i) Ms. Wong was appointed as director of the Company on 5 July 2017 and redesignated as executive director of the Company on 18 September 2017. Mr. Chan Chun Sing was appointed as executive director of the Company on 18 September 2017.

(ii) Dr. Miu and Mr. Chiu were appointed as non-executive directors on 18 September 2017.

(iii) Mr. Ng Leung Sing *SBS, JP*, Mr. Wong Lung Wo James and Mr. Chan Ping Keung were appointed as independent non-executive directors on 1 March 2018

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year ended 31 March 2018 included 2 (2017: 2) directors of the Company whose emoluments are reflected in the analysis presented in note (a) above. The emoluments payable to the remaining 3 (2017: 3) highest paid individuals for the year ended 31 March 2018 are as follows:

	2018 HK$'000	2017 HK$'000
Salaries, allowances and other benefits	**1,248**	1,305
Discretionary bonuses	**281**	173
Contributions to defined contribution retirement plan	**51**	105
	1,580	1,583

The emoluments of the above non-director highest paid individuals were within the following bands:

	2018 Number of individuals	2017 Number of individuals
Nil to HK$500,000	**1**	1
HK$500,001 to HK$1,000,000	**2**	2

During the year, no emoluments were paid by the Group to the directors or the highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office (2017: Nil). In addition, none of the directors waived or agreed to waive any emoluments during the year (2017: Nil).

12. DIRECTORS' EMOLUMENTS, FIVE HIGHEST PAID INDIVIDUALS AND SENIOR MANAGEMENT'S EMOLUMENTS *(Continued)*

(c) Senior management's emoluments

The emoluments paid or payable to members of senior management who are not directors were within the following bands:

	2018 Number of individuals	2017 Number of individuals
Nil to HK$500,000	**2**	2
HK$500,001 to HK$1,000,000	**2**	2

13. DIVIDENDS

	2018 HK$'000	2017 HK$'000
Interim dividends *(note (a))*	**2,840**	12,460
Special dividend *(note (b))*	**11,200**	–
	14,040	12,460

Notes:

(a) The interim dividends for the year ended 31 March 2018 amounting to HK$2,840,000 (2017: HK$12,460,000) represented interim dividends declared by a subsidiary of the Company to their then shareholders.

(b) On 17 July 2017, a special dividend of HK$11,200,000 was declared by a subsidiary of the Company to their then shareholders, and was fully settled during the year.

14. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic (loss)/earnings per share is based on the following data:

	2018 HK$'000	2017 HK$'000
(Loss)/Earnings		
(Loss)/Profit for the year attributable to owners of the Company	**(3,080)**	11,802

	'000	'000
Weighted average number of ordinary shares in issue		
Weighted average number of ordinary shares in issue during the year	**633,381**	632,000

The weighted average number of ordinary shares used for the purposes of calculating the basic earnings per share for the year ended 31 March 2017 of 632,000,000 represents the number of shares of the Company in issue immediately after the completion of the capitalisation issue as further described in note 24(iv), as if these shares had been issued throughout the year.

The weighted average number of ordinary shares used for the purposes of calculating the basic loss per share for the year ended 31 March 2018 of approximately 633,381,000 shares includes the weighted average number of shares issued pursuant to the share offer *(note 24(iv))* of approximately 1,381,000 shares, in addition to the aforementioned 632,000,000 shares in issue immediately after the capitalisation issue.

Diluted loss/earnings per share are same as the basic loss/earnings per share as there are no dilutive potential ordinary shares in existence during the year or in prior year.

15. PROPERTY, PLANT AND EQUIPMENT

	Furniture, fixtures, moulds and equipment HK$'000	Leasehold improvements HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost				
At 1 April 2016	681	1,884	1,339	3,904
Additions	43	–	–	43
At 31 March 2017 and 1 April 2017	724	1,884	1,339	3,947
Additions	541	1,042	–	1,583
Written off	–	(1,884)	–	(1,884)
At 31 March 2018	1,265	1,042	1,339	3,646
Accumulated depreciation				
At 1 April 2016	383	1,884	920	3,187
Depreciation	102	–	351	453
At 31 March 2017 and 1 April 2017	485	1,884	1,271	3,640
Depreciation	151	181	68	400
Written off	–	(1,884)	–	(1,884)
At 31 March 2018	636	181	1,339	2,156
Net carrying amount				
At 31 March 2018	629	861	–	1,490
At 31 March 2017	239	–	68	307

16. OTHER ASSETS

Other asset represents club membership held by the Company for long-term investment purposes. In the opinion of the directors, club membership worth at least its carrying value as at 31 March 2018 and 2017.

17. AVAILABLE-FOR-SALE FINANCIAL ASSET

	2018 **HK$'000**	2017 HK$'000
Unlisted investment:		
— Club debenture	**750**	770

The Group does not intend to dispose of the club debenture in the near future.

18. DEFERRED TAX

Details of the deferred tax assets/(liabilities) recognised and movements during the year are as follows:

	Depreciation in excess of related depreciation allowance/ (Accelerated tax depreciation) HK$'000
At 1 April 2016	136
Credit to profit or loss for the year *(note 11)*	44
At 31 March 2017 and 1 April 2017	180
Charge to profit or loss for the year *(note 11)*	(212)
At 31 March 2018	(32)

As at 31 March 2018, the Group had unused tax losses of HK$918,000 (2017: HK$335,000) available for offset against future profits. No deferred tax assets have been recognised in respect of these tax losses due to the unpredictability of future profit streams. These tax losses have no expiry date.

19. INVENTORIES

	2018 HK$'000	2017 HK$'000
Finished goods	**14,499**	13,718

20. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2018 HK$'000	2017 HK$'000
Trade receivables	**8,349**	7,558
Less: Provision for impairment	**(1,418)**	(1,418)
Trade receivables, net *(note)*	**6,931**	6,140
Other receivables	**35**	11
Deposits and prepayments	**709**	1,538
	7,675	7,689

Note:

The credit period granted to trade debtors ranged from 0 to 30 days.

There were no movements in the allowance for impairment of trade receivables during the current and prior years.

Trade receivables as at 31 March 2018 amounting to HK$1,418,000 (2017: HK$1,418,000) were impaired and full provision has been made for the balances.

The ageing analysis of the trade receivables (net), based on invoice date, as of the end of the reporting period is as follows:

	2018 HK$'000	2017 HK$'000
0–30 days	**4,283**	3,178
31–60 days	**1,355**	1,587
61–90 days	**678**	810
Over 90 days	**615**	565
	6,931	6,140

20. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS *(Continued)*

The ageing analysis of the trade receivables (net), based on due date, as of the end of the reporting period is as follows:

	2018 HK$'000	2017 HK$'000
Neither past due nor impaired	**4,283**	3,283
Past due but not impaired		
Past due less than 30 days	**1,355**	1,476
Past due for 30 or more but less than 60 days	**678**	815
Past due for 60 or more but less than 90 days	**259**	66
Past due for 90 days or more	**356**	500
	2,648	2,857
	6,931	6,140

Receivables that were neither past due nor impaired related to a range of customers for whom there was no recent history of default. Receivables that were past due but not impaired related to customers with long business relationship and have good settlement record with the Group. Based on past experience, management believes that no impairment allowance is necessary as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

21. AMOUNTS DUE FROM/(TO) DIRECTORS

The amounts due from/(to) directors are as follows:

Name	**As at 1 April 2017** HK$'000	**As at 31 March 2018** HK$'000	**Maximum outstanding balance during the year** HK$'000
Ms. Wong	169	–	3,000
Dr. Miu	(80)	–	N/A

21. AMOUNTS DUE FROM/(TO) DIRECTORS *(Continued)*

Name	As at 1 April 2016 HK$'000	As at 31 March 2017 HK$'000	Maximum outstanding balance during the year HK$'000
Ms. Wong	(247)	169	11,872
Dr. Miu	(80)	(80)	N/A

The amounts due are unsecured, interest-free and repayable on demand.

22. CASH AND BANK BALANCES

	2018 HK$'000	2017 HK$'000
Cash at bank and on hand	**61,067**	9,776
Pledged bank deposit	**(3,030)**	–
Cash and cash equivalents	**58,037**	9,776

Cash at banks earns interest at floating rate based on daily bank deposits rates.

Pledged bank deposit is placed in a bank to secure the banking facilities of the Group *(note 29(a))*.

23. TRADE AND OTHER PAYABLES

	2018 HK$'000	2017 HK$'000
Trade payables	**3,333**	2,987
Accruals and other payables	**10,284**	854
Deposits received	**201**	74
	13,818	3,915

The credit period granted by suppliers ranged from 0 to 90 days.

23. TRADE AND OTHER PAYABLES *(Continued)*

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

	2018	2017
	HK$'000	HK$'000
0–30 days	**2,619**	1,678
31–60 days	**257**	396
61–90 days	**–**	454
Over 90 days	**457**	459
	3,333	2,987

24. SHARE CAPITAL

(a) The share capital balance as at 31 March 2018 represented the issued share capital of the Company. Details of the movements in the authorised and issued and fully paid share capital of the Company during the period from 5 July 2017 (date of incorporation) to 31 March 2018 are summarised as follows:

Ordinary shares	**Par value**	**Number of shares**	**Amount**
	HK$		HK$'000
Authorised:			
Upon incorporation *(note (i))*	0.01	38,000,000	380
Increase in authorised share capital *(note (i))*	0.01	7,962,000,000	79,620
At 31 March 2018	0.01	8,000,000,000	80,000
Issued and fully paid:			
Issue of shares upon incorporation *(note (i))*	0.01	1	–
Issue of shares for acquisition of subsidiaries *(note (ii))*	0.01	881	–
Issue of shares to Infinite Crystal and Akatsuki *(note (iii))*	0.01	118	–
Issue of shares by capitalisation issue *(note (iv))*	0.01	631,999,000	6,320
Issue of shares under share offers *(note (iv))*	0.01	168,000,000	1,680
At 31 March 2018		800,000,000	8,000

24. SHARE CAPITAL *(Continued)*

Notes:

(i) The Company was incorporated on 5 July 2017 with an authorised share capital of HK$380,000 divided into 38,000,000 ordinary shares of HK$0.01 each. Upon incorporation, one nil-paid subscriber share was allotted and issued to the initial subscriber, which was subsequently transferred to Ms. Wong on the same day.

Pursuant to the resolution passed by the shareholders of the Company on 1 March 2018, the authorised share capital of the Company has been increased from HK$380,000 to HK$80,000,000 by the creation of an additional 7,962,000,000 shares of HK$0.01 each.

(ii) On 24 July 2017, the Company allotted and issued 881 shares in aggregate to Ms. Wong which were credited as fully paid and credited the one nil-paid subscriber share held by Ms. Wong as fully paid as consideration for transferring her equity interests in Solar-Med, Sonne International, Sonne Technology and Sonne UK and on the same date, at the direction of Ms. Ching, the Company allotted and issued one share to Ms. Wong which was credited as fully paid (included in those 881 issued and fully paid shares) as consideration for transferring Ms. Ching's equity interest in Solar-Med (Steps (c) to (f) in note 2).

(iii) On 1 August 2017, the Company allotted and issued 64 shares to Infinite Crystal and 54 shares to Akatsuki respectively at consideration of HK$14,132,000 in aggregate. Upon completion of the subscriptions, the Company is owned as to 88.2% by Ms. Wong, 6.4% by Infinite Crystal and 5.4% by Akatsuki (Steps (g) and (h) in note 2).

(iv) The Company's shares were listed on GEM of the Stock Exchange on 29 March 2018 and the issue of 168,000,000 new shares by the Company becomes unconditional. In connection to this, (i) the Company issued a total of 168,000,000 ordinary shares at HK$0.335 per share for subscription (the "Share Offer"); and (ii) the Company issued a total of 631,999,000 ordinary shares by way of capitalising an amount of HK$6,319,990 from the share premium account of the Company (the "Capitalisation Issue") arising from the Share Offer. The Company's total number of issued shares upon completion of the Share Offer and the Capitalisation issue was increased to 800,000,000 ordinary shares.

Among the gross proceeds from the Share Offer of HK$56,280,000, HK$1,680,000 representing the aggregate par value of share issued was credited to the Company's share capital whereas the remaining amount of HK$54,600,000 was credited to share premium account.

The share issuance expenses, which amounted to approximately HK$9,913,000 were deducted from the share premium account.

(b) The share capital balance as at 31 March 2017 represented the issued share capital of Solar-Med, Sonne International, Sonne Technology and Sonne UK as at that date.

25. RESERVES

The Group

Details of the movements of the Group's reserves for the years ended 31 March 2018 and 2017 are presented in the consolidated statement of changes in equity. The nature of the reserves within equity is as follows:

Share premium

Share premium is the excess of the proceeds received over the nominal value of the shares issued at a premium, less expenses incurred in connection with the issue of the shares.

Merger reserve

Merger reserve arose from combining the financial statements of the companies now comprising the Group under the Reorganisation.

Available-for-sale financial assets revaluation reserve

Available-for-sale financial assets revaluation reserve comprises the cumulated net changes in the fair value of available-for-sale financial assets and is dealt with in accordance with the accounting policy set out in note 5(e).

Retained earnings

Retained earnings is the cumulated net gains and losses recognised in profit or loss.

25. RESERVES *(Continued)*

The Company

The movement of the Company's reserves during the period from 5 July 2017 (date of incorporation) to 31 March 2018 are as follows:

	Share premium HK$'000	Accumulated loss HK$'000	Total HK$'000
Loss and total comprehensive income for the period	–	(12,753)	(12,753)
Issue of shares for acquisition of subsidiaries *(note)*	17,809	–	17,809
Issue of shares to Infinite Crystal and Akatsuki *(note 24(a)(iii))*	14,132	–	14,132
Capitalisation Issue *(note 24(a)(iv))*	(6,320)	–	(6,320)
Share Offer *(note 24(a)(iv))*	54,600	–	54,600
Share issuance expenses *(note 24(a)(iv))*	(9,913)	–	(9,913)
	70,308	(12,753)	57,555

Note:

The issue of shares for acquisition of subsidiaries represents the difference between the investment costs of A&A Brilliance amounting to approximately HK$17,809,000 and the shares issued by the Company for the Share Swap at par totalling HK$9 as described in note 24(a)(ii) which was amounted to approximately HK$17,809,000 credited to the share premium account of the Company.

26. OPERATING LEASE COMMITMENTS

Operating leases — The Group as lessee

The Group leases office premises and warehouses under operating lease arrangement. The leases run for an initial period of two to three years. Certain tenancy agreements grant the Group and the landlord an option to terminate the tenancy after specified date stipulated in the agreements.

The total future minimum lease payments under non-cancellable operating leases are due as follows:

	2018 HK$'000	2017 HK$'000
Within one year	**2,068**	498
Later than one year and not more than two years	**1,995**	–
	4,063	498

27. STATEMENT OF FINANCIAL POSITION OF THE COMPANY AS AT 31 MARCH 2018

	Notes	HK$'000
ASSETS AND LIABILITIES		
Non-current asset		
Investment in a subsidiary		**17,809**
Current assets		
Amount due from a subsidiary		**5,494**
Cash and bank balances		**50,206**
		55,700
Current liabilities		
Trade and other payables		**7,953**
Amount due to a subsidiary		**1**
		7,954
Net current assets		**47,746**
Net assets		**65,555**
CAPITAL AND RESERVES		
Share capital	*24*	**8,000**
Reserves	*25*	**57,555**
Total equity		**65,555**

On behalf of the directors

Wong Bik Kwan Bikie
Chairman and Executive Director

Chan Chun Sing
Executive Director

28. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) During the year ended 31 March 2018, a subsidiary of the Company declared interim dividends to its then shareholders of HK$2,840,000 *(note 13)* (2017: HK$12,460,000). Such interim dividends were settled by crediting the current account with a director, who is the then shareholder of the subsidiary.

During the year ended 31 March 2017, an amount due to a related company of HK$1,272,000 was settled by crediting the current account with a director.

(b) Reconciliation of liabilities arising from financing activities:

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the consolidated statement of cash flows as cash flows from financing activities.

	Amounts due to directors HK$'000
At 1 April 2016	327
Changes from financing cash flows:	
Decrease in amounts due to directors	(247)
At 31 March 2017 and 1 April 2017	80
Changes from financing cash flows:	
Decrease in amounts due to directors	(80)
At 31 March 2018	–

29. RELATED PARTY TRANSACTIONS

Save as disclosed in notes 21 to these financial statements regarding the amounts due from or due to the related parties, the Group had the following significant transactions with its related parties:

(a) A bank has granted banking facilities to the Group, Ms. Wong and Dr. Miu during the reporting period (the "Shared Facilities"). The Shared Facilities are secured by certain properties of Ms. Wong and Dr. Miu and also guaranteed by Ms. Wong. Ms. Wong is a director and beneficial owner of the Company whereas Dr. Miu is a non-executive director of the Company and the spouse of Ms. Wong.

The Group is jointly and severally liable with Ms. Wong and Dr. Miu for all sums payable or owing to the bank under the Shared Facilities *(note 30)*.

In September 2017, the Shared Facilities were terminated. The separate facilities have been granted to the Group (the "New Facilities") immediately after the termination. The New Facilities are secured by a bank deposit of the Group *(note 22)* of a sum of HK$3,030,000 or its 110% equivalent amount in any other currencies approved by the bank.

(b) The Group provided guarantee to a bank in respect of banking facilities granted to Solaire International Limited ("Solaire") *(note 30)*. Ms. Wong is the sole shareholder and director of Solaire. The corporate guarantee provided by the Group in respect of the banking facilities granted to Solaire was released in October 2017.

(c) Compensation of key management personnel

The remuneration paid and payable to the directors and other members of key management during the reporting periods were as follows:

	2018 **HK$'000**	2017 HK$'000
Salaries, allowances and other benefits	**3,468**	3,253
Contributions to defined contribution retirement plan	**87**	149
	3,555	3,402

30. FINANCIAL GUARANTEE CONTRACTS

The Group provided corporate guarantee of unlimited amount in respect of banking facilities granted to Solaire, a related company of the Company *(note 29(b))*. As at 31 March 2017, banking facilities subject to the guarantee given to the bank by the Group were utilised by Solaire to the extent of HK$6,712,000. No liabilities are recognised for the guarantee given to the bank in respect of banking facilities utilised by Solaire as at 31 March 2017. In October 2017, the corporate guarantee provided by the Group in respect of the banking facilities granted to Solaire was released.

In addition, the Group is jointly and severally liable with Ms. Wong and Dr. Miu for all sums payable or owing to the bank under the Shared Facilities. As disclosed in note 29(a), the Shared Facilities were terminated in September 2017.

The fair values of these financial guarantee contracts were insignificant at initial recognition.

31. SUBSIDIARIES

Details of the Company's subsidiaries are disclosed as follows:

Name of Company	Place and date of incorporation and type of legal entity	Place of operations	Issued and paid up capital	Equity interest held by the Company		Principal activities
				Directly	Indirectly	
A&A Brilliance	The BVI/4 July 2017/ Limited liability company	Hong Kong	100 shares of US$1 each	100%	–	Investment holding
Solar-Med	Hong Kong/15 October 1997/ Limited liability company	Hong Kong	1,500,000 ordinary shares of HK$1,500,000	–	100%	Sourcing of medical devices and provision of after-sale services
Sonne International	Hong Kong/11 March 2009/ Limited liability company	Hong Kong	1 ordinary share of HK$1	–	100%	Sourcing of medical devices and development of healthcare products
Sonne Technology	Hong Kong/4 July 2016/ Limited liability company	Hong Kong	1 ordinary share of HK$1	–	100%	Trademark holding
Sonne (UK)	United Kingdom/ 26 August 2016/ Limited liability company	United Kingdom	1 ordinary share of 1 Great British Pound	–	100%	Trademark holding

The amount due from/to a subsidiary is unsecured, interest-free and have no fixed terms of repayment.

32. CAPITAL MANAGEMENT

The Group's capital management objectives are to safeguard the Group's ability to continue as a going concern so that it can provide returns for shareholders and benefits for other stakeholders, to maintain an optimal capital structure to reduce the cost of capital and to support the Group's stability and growth.

Management regards total equity in the consolidated statement of financial position as capital for capital management purpose. The directors of the Company actively and regularly review and manage the Group's capital structure, taking into consideration the future capital requirements of the Group, to ensure optimal shareholders' returns. The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, raise new debts or sells assets to reduce debt.

The total equity to total assets ratio at the end of the reporting period is as follows:

	2018 **HK$'000**	2017 HK$'000
Total equity	**74,591**	31,232
Total assets	**88,645**	35,318
Total equity to total assets ratio	**0.84:1**	0.88:1

33. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

The following table shows the carrying amounts of financial assets and financial liabilities:

	2018 **HK$'000**	2017 HK$'000
Financial assets		
Available-for-sale financial asset	**750**	770
Loans and receivables		
— Long-term deposit	**417**	–
— Trade and other receivables and deposits	**7,405**	6,609
— Amount due from a director	**–**	169
— Cash and bank balances	**61,067**	9,776
	69,639	17,324
Financial liabilities		
At amortised cost		
— Trade and other payables	**13,617**	3,841
— Amounts due to directors	**–**	80
	13,617	3,921

33. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

(Continued)

(a) Financial instruments not measured at fair value

Financial instruments not measured at fair value include trade and other receivables and deposits, cash and bank balances, trade and other payables and balances with directors.

Due to their short term nature, the carrying values of the above financial instruments approximate their fair values.

(b) Financial instruments measured at fair value

The Group's club debenture disclosed in note 17 is measured at fair value at the end of the reporting period.

The following table provides an analysis of financial instruments carried at fair value by level of the fair value hierarchy:

Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

	Level 1 HK$'000	**Level 2** HK$'000	**Level 3** HK$'000	**Total** HK$'000
At 31 March 2018				
Available-for-sale financial asset:				
— Club debenture *(note)*	–	750	–	750
At 31 March 2017				
Available-for-sale financial asset:				
— Club debenture *(note)*	–	770	–	770

There were no transfers between levels of the fair value hierarchy during the reporting periods.

Note:

The fair values of the club debenture as at 31 March 2018 and 2017 have been estimated with reference to the valuations carried out by Asset Appraisal Limited, an independent professional valuer using sales comparison approach. In the sales comparison approach, value is estimated for the assets appraised through analysis of market price information of comparable club debenture with reference to the prices quoted in the second hand market. There were no changes in valuation technique during the reporting period.

34. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks which comprise credit risk, market risk (including interest rate risk and foreign currency risk), and liquidity risk. The Group's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by key management under the policies approved by the board of directors. The Group does not have written risk management policies. However, the directors of the Company identify and evaluate risks regularly and formulate strategies to manage financial risks.

Generally, the Group employs a conservative strategy regarding its financial risk management. As the directors consider that the Group's exposure to financial risk is kept at a minimum level, the Group has not used any derivatives or other instruments for hedging purposes. The most significant risks to which the Group is exposed to are described below:

(a) Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group.

The Group's credit risk is primarily attributable to its trade and other receivables, amount due from a director and bank balances. Management has a credit policy in place and the exposures to credit risk are monitored on an ongoing basis.

In respect of trade and other receivables, including amount due from a director, it is the Group's policy to deal only with creditworthy counterparties. In order to minimise credit risk, management has formulated a credit policy and delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. Normally, the Group does not obtain collateral from the counterparties.

In respect of bank balances, the credit risk is limited because deposits are placed with reputable banks.

In respect of the guarantees provided by the Group to banks in connection with the banking facilities granted to certain related parties *(note 29)*, if the borrower defaults on the payment of the bank loan during the period of guarantee, the bank may demand the Group to repay the outstanding loan and any interest thereon. The Group's maximum exposure to credit risk in respect of these guarantees as at 31 March 2017 and 2018 are HK$19,246,000 and nil respectively. In the opinion of the directors, the Group's credit risk in respect of such guarantees is remote because the related loans are secured by properties with current market prices higher than the guaranteed amounts.

The credit policies have been consistently applied and are considered to be effective in limiting the Group's exposure to credit risk to a desirable level.

(b) Interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rate. The Group's interest rate risk mainly arises from bank deposits.

The Group's bank balances expose it to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on bank balances. The directors consider the Group's exposure to interest rate risk in respect of bank balances is not significant due to low level of deposit interest rate.

34. FINANCIAL RISK MANAGEMENT *(Continued)*

(c) Foreign currency risk

Foreign currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The functional currencies of the Company and its subsidiaries are mainly HK$. The Group operates in Hong Kong with certain of its business transactions being settled in HK$, US$ and EURO ("EUR"). The Group is thus exposed to currency risk arising from fluctuation in exchange rates of foreign currencies, primarily US$ and EUR against the functional currencies of the relevant group entities.

Management monitors foreign currency exposure of the Group and will consider undertaking foreign exchange hedging activities to reduce the impact of foreign exchange rate movements on the Group's operating result.

The carrying amounts of the Group's major financial assets and financial liabilities denominated in a currency other than the functional currencies of the group entities in net position as at 31 March 2018 and 2017 are as follows:

	2018 HK$'000	2017 HK$'000
Net monetary assets/(liabilities)		
EUR	**1,357**	596
US$	**(2,618)**	(2,151)

Sensitivity analysis

As HK$ is pegged to US$, exposure in respect of US$ is considered insignificant. The following table illustrates the approximate change in the Group's loss/profit for the year and retained earnings in response to reasonably possible changes in the foreign exchange rates to which the Group has significant exposure, i.e. EUR at the end of the reporting period.

	Decrease in loss/Increase in profit for the year and increase in retained earnings	
	Year ended 31 March	
	2018 HK$'000	2017 HK$'000
EUR appreciated by 5%	**57**	25

34. FINANCIAL RISK MANAGEMENT *(Continued)*

(c) Foreign currency risk *(Continued)*

The changes in exchange rates do not affect the Group's other component of equity. The same percentage depreciation in the foreign currencies against the functional currency of the respective group entities would have the same magnitude on profit and retained earnings but of opposite effect.

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the end of the reporting periods and had been applied to each of the group entities; exposure to currency risk for financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant. The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the next annual reporting date.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because exposure at the end of the reporting periods does not reflect the exposure during the respective periods.

(d) Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group is exposed to liquidity risk in respect of settlement of trade and other payables, amounts due to directors and its financing obligations, and also in respect of its cash flow management. The Group's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term. The liquidity policy has been followed by the Group since prior years and is considered to have been effective in managing liquidity risks.

The following tables summarise the remaining contractual maturities of the Group's financial liabilities, based on undiscounted cash flows (including interest payments computed using contractual rates or if floating, based on rates ruling at the end of the reporting period) and the earliest date the Group can be required to pay.

34. FINANCIAL RISK MANAGEMENT *(Continued)*

(d) Liquidity risk *(Continued)*

	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Within 1 year or on demand HK$'000
At 31 March 2018			
Trade and other payables	13,617	13,617	13,617
At 31 March 2017			
Trade and other payables	3,841	3,841	3,841
Amount due to a director	80	80	80
	3,921	3,921	3,921

The contractual financial guarantees provided by the Group are disclosed in note 30. As assessed by the directors, it is not probable that the banks would claim the Group for losses in respect of the guarantee contracts due to securities in place for the bank loans of the related parties. Accordingly, no provision for the Group's obligation under the guarantees has been made. The contractual maturity of such financial guarantees was "on demand" as at 31 March 2017. In October 2017, the financial guarantee provided by the Group had been released.

THREE YEARS FINANCIAL SUMMARY

The consolidated results, assets and liabilities of the Group for last three financial years as extracted from the financial statements of the Groups are summarised below:

RESULTS

	Year ended 31 March		
	2018	2017	2016
	HK$'000	HK$'000	HK$'000
Revenue	**53,703**	51,657	52,876
(Loss)/Profit before taxation	**(447)**	14,190	15,530
Income tax expense	**(2,633)**	(2,388)	(2,551)
(Loss)/Profit for the year attributable to owners of the Company	**(3,080)**	11,802	12,979
Total comprehensive income attributable to owners of the Company	**(3,100)**	12,027	12,979

ASSETS AND LIABILITIES

	As at 31 March		
	2018	2017	2016
	HK$'000	HK$'000	HK$'000
Total assets	**88,645**	35,318	44,279
Total liabilities	**14,054**	4,086	12,614
Total equity	**74,591**	31,232	31,665