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

2021

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.

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This report, for which the directors (the "Directors") of Grand Brilliance Group Holdings Limited (the "Company", together with its subsidiaries, the "Group" or "We") 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 Director

Ms. Wong Bik Kwan Bikie
(Chairman and Chief Executive Officer)

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

Ms. Lee Ka Man

AUTHORISED REPRESENTATIVES

Ms. Wong Bik Kwan Bikie
Ms. Lee Ka Man

COMPLIANCE OFFICER

Ms. Wong Bik Kwan Bikie

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 54, 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 this annual report of the Group for the year ended 31 March 2021.

The global market is full of challenges in the Coronavirus Disease 2019 ("COVID-19") outbreak, As challenges bring opportunities, we strived harder to prepare ourselves and actively leverage our strength to diversify product portfolio, broaden customer base and introduce technology advance.

We have succeeded in supplying the first pharmacy automation system in Hong Kong. Being the pioneer to introduce this kind of automation system in Hong Kong, we are responsible for the supply, installation and maintenance of this system. The successful experience of this new system will certainly help to solve the shortage in medical healthcare manpower and give strong confidence to other potential customers in Hong Kong.

We continue to be optimistic on the outlook of the medical and healthcare industry, attributable to the increase of aging population and rising healthcare awareness of the public in Hong Kong together with our automation solution to eliminate the medical manpower shortage crisis in Hong Kong.

Last but not least, I wish to take this opportunity to express my sincere thanks to our customers, staff, business partners and shareholders for their unremitting confidence in and support for the Group. I would also like to extend by heartfelt appreciation to the Board of Directors for their efforts and contributions to the Group's expeditious business growth.

Wong Bik Kwan Bikie
Chairman and Chief Executive Officer

Hong Kong, 18 June 2021

MANAGEMENT DISCUSSION AND ANALYSIS

We are an established medical device distributor and one-stop medical device solutions provider with over 20 years of experience in the medical device market in Hong Kong.

BUSINESS REVIEW

For the year ended 31 March 2021, the Group continued to implement our business strategy to solidify our position as a major medical device distributor in Hong Kong. We have recruited talented personnel in various business units in order to support and sustain the growth of our business and expand our business. The Group achieved its business growth through diversifying the product portfolio.

During the year ended 31 March 2021, Hong Kong's economy was significantly affected by the COVID-19 outbreak, the number of visitor to Hong Kong had greatly reduced. The spending plans of our customers have been disrupted or postponed by the outbreak of COVID-19. The above raise challenges on our customers' business. The Group will further expand the product portfolio and enhance the customer services to enhance our one-stop medical device solutions services.

FINANCIAL REVIEW

Revenue

The Group's revenue increased by approximately 4.5%, from approximately HK$67.2 million for the year ended 31 March 2020 to approximately HK$70.2 million for the year ended 31 March 2021. The increase was primarily attributable to the increase in revenue generated from medical equipment, resulting from the sales of pharmacy automation system.

Gross profit and gross profit margin

The Group recorded gross profit of approximately HK$33.6 million for the year ended 31 March 2021, representing a decrease by approximately HK$2.8 million or 7.6%, as compared to approximately HK$36.4 million for the year ended 31 March 2020. Gross profit margin decreased from approximately 54.1% for the year ended 31 March 2020 to approximately 47.9% for the year ended 31 March 2021. The decrease in gross profit margin was mainly due to the increase in sales of medical equipment, which had a comparatively lower gross profit 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, recruitment costs, staff costs, travelling and entertainment expenses and other miscellaneous expenses.

Administrative and other operating expenses for the year ended 31 March 2021 amounted to approximately HK$25.4 million, representing an increase by approximately HK$1.0 million or 4.0%, as compared to approximately HK$24.4 million for the year ended 31 March 2020. The increase was primarily attributable to the increase of workforce of the Group for the year ended 31 March 2021.

Income tax expenses

Income tax expenses for the year ended 31 March 2021 amounted to approximately HK$1.5 million (2020: approximately HK$2.3 million).

MANAGEMENT DISCUSSION AND ANALYSIS

Profit for the year

The Group's profit decreased by approximately HK$1.7 million from approximately HK$9.6 million for the year ended 31 March 2020 to approximately HK$7.9 million for the year ended 31 March 2021. The decrease was primarily attribute to the decrease in gross profit.

DIVIDEND

The Board has declared the payment of an interim dividend of HK0.45 cent (2020: HK0.4375 cent) per ordinary share in lieu of final dividend for the year ended 31 March 2021. It is expected that the interim dividend will be paid on or before Monday, 16 August 2021 to the shareholders of the Company whose name appear on the register of members on Friday, 9 July 2021.

LIQUIDITY AND FINANCIAL RESOURCES

Liquidity

As at 31 March 2021, current assets amounted to approximately HK$101.8 million (2020: approximately HK$99.0 million). Current liabilities were approximately HK$17.5 million (2020: approximately HK$16.4 million).

Financial Resources

As at 31 March 2021, the Group had total cash and bank balances of approximately HK$70.2 million (2020: approximately HK$70.6 million).

As at 31 March 2021, the Group had trade receivables of approximately HK$7.7 million (2020: approximately HK$7.7 million).

Gearing Ratio

The gearing ratio of the Group as at 31 March 2021 was nil (2020: nil) 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 2021, 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 26 to the consolidated financial statements in this annual report.

COMMITMENTS

As at 31 March 2021, the Group did not have any significant capital commitments (2020: nil).

SEGMENT INFORMATION

Segment information is disclosed in note 6 to the consolidated financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in the prospectus of the Company dated 19 March 2018 (the "Prospectus"), the Group did not have other plans for material investments and capital assets.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

The Group did not have any material acquisitions or disposals of subsidiaries and affiliated companies during the year ended 31 March 2021.

SIGNIFICANT INVESTMENTS

As at 31 March 2021, there was no significant investment held by the Group (2020: nil).

CONTINGENT LIABILITIES

As at 31 March 2021, the Group had no material contingent liabilities (2020: 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

No pledged bank deposits was placed in bank to secure the banking facilities of the Group as at 31 March 2021 and 2020.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2021, the Group has a total of 34 employees (2020: 33 employees). Staff costs, including Directors' remuneration, of the Group were approximately HK$15.6 million for the year ended 31 March 2021 (2020: approximately HK$14.0 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

COMPARISON OF BUSINESS STRATEGIES AND ACTUAL BUSINESS PROGRESS

The following is a comparison of the Group's business plan as set out in the Prospectus with actual business progress up to 31 March 2021.

Business objectives as stated in the Prospectus	Actual business progress up to 31 March 2021
Further penetrate the medical device market and enhance the market share	The Group has been participating in various local and international trade shows, exhibitions including Hospital Authority Convention, Hong Kong International Medical and Healthcare Fair and Pediatric Society Annual Scientific Meeting.
	The Group has re-designed and enhanced our website to include an e-commerce platform to serve our retail customers online.
Expand the workforce	The Group has recruited and retained seven product representatives, two engineers, one warehouse staff, two R&D staff, one administration staff, two marketing staff, one driver and one accounting staff.
Selectively pursue opportunities for strategic acquisitions	The Group is in the process of identifying potential acquisition target with prudence.
Enhance the research and development and product development effort	The Group has recruited two software engineer to strengthen our product research and development capability and researching certain medical and healthcare automation solutions.
Upgrade the information technology systems	The Group has purchased some new hardware and software and engaged an independent consultant to implement an enterprise resources planning system and upgrade the information technology infrastructure.
Maximise the warehouse space, establish the showroom and upgrade the functionality of office space	The Group is in the process of identifying a suitable place of showroom and has installed racks to fully utilise the vertical space of our warehouses.

USE OF PROCEEDS

The actual net proceeds from the Share Offer, after deducting the listing-related expenses, were approximately HK$31.2 million, compared to the estimated net proceeds of approximately HK$33.1 million as disclosed in the Prospectus. The difference of HK$1.9 million between the actual and estimated amount of the net proceeds has been adjusted in the same manner as stated in the Prospectus.

As at 31 March 2021, the net proceeds had been applied and utilised as follows:

	Net proceeds available HK$ million	Utilised HK$ million	Unutilised HK$ million	Expected timeline of full utilisation of the balance
Further penetrate the medical device market and enhance the market share	6.1	0.6	5.5	By end of 31 March 2022
Expand the workforce	9.7	9.7	–	N/A
Selectively pursue opportunities for strategic acquisitions	7.7	–	7.7	By end of 31 March 2022
Enhance the research and development and product development effort	1.3	0.1	1.2	By end of 30 September 2022
Upgrade the information technology systems	2.5	0.4	2.1	By end of 30 June 2022
Maximise the warehouse space, establish the showroom and upgrade the functionality of office space	2.1	0.4	1.7	By end of 31 March 2022
General working capital	1.8	1.8	–	N/A
	31.2	13.0	18.2	

The business objectives, future plans and planned use of proceeds as stated in the Prospectus were based on the best estimation and assumption of the future market conditions made by the Group at the time of preparing the Prospectus, while the proceeds were applied based on the actual development of the Group's business and the market.

The discrepancy between the planned use of the net proceeds and the actual use mainly arose as a result of the actual market conditions affecting the Group after the listing. The continuing trade conflict between the U.S. and the PRC, the PRC's gradual economic slowdown and the recent outbreak of coronavirus (COVID-19) epidemic have presented the Group with uncertainties and multiple challenges, rendering the need for the Group to be prudent in implementing its future plans as set out in the Prospectus.

The Group intends to apply the net proceeds in the manner as stated in the Prospectus. However, the Directors will constantly evaluate the Group's business objectives and may change or modify plans against the changing market condition to attain sustainable business growth of the Group.

The unused net proceeds have been deposited in licensed banks in Hong Kong.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTOR

Ms. Wong Bik Kwan Bikie (黃碧君女士) ("Ms. Wong"), aged 52, 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 27 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.

Ms. Wong was bestowed with the "GBA Outstanding Women Entrepreneur Awards 2018" by the Hong Kong Small and Medium Enterprises Association and Metro Finance in December 2018, "Junzi Corporation Award" by The Hang Seng University of Hong Kong in October 2019 and was granted the "Chinese Role Model • 2019 Outstanding Women" by the Central Newsreel & Documentary Film Studio of China Central Television.

NON-EXECUTIVE DIRECTORS

Dr. Miu Yin Shun Andrew (苗延舜醫生) ("Dr. Miu"), aged 54, 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 29 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.

Mr. Chiu Man Wai (趙文煒先生) ("Mr. Chiu"), aged 52, 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 26 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 71, 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 66, 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 55, 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 been appointed as an advisor by Own Group Limited, which is a financial technology company, since April 2019. Mr. Chan has also 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. Cheung Chong Chi (張創智先生) ("Mr. Cheung"), aged 43. Mr. Cheung joined the Group on 12 August 2019. He is primarily responsible for overseeing accounting, financial management, company secretarial and internal control matters of the Group.

Mr. Cheung has over 20 years of experience in accounting, auditing, financial management and listing rules compliance. Prior to joining the Group, he worked in international audit firms, RSM Nelson Wheeler and KPMG, from September 1999 to July 2005. He was then employed by Shang Hua Holdings Limited (stock code 371, currently known as Beijing Enterprises Water Group Limited) as qualified accountant and company secretary from July 2005 to October 2006. For the period from December 2006 to August 2007, he served as group finance manager of Peaktop International Holdings Limited (stock code 925, currently known as Beijing Properties (Holdings) Limited). Mr. Cheung served as financial controller of Tianda Holdings Limited (stock code 455, currently known as Tianda Pharmaceuticals Limited) during October 2007 to August 2011. He was then employed by an international watch manufacturing and retailing group as chief financial officer from October 2011 to December 2018.

Mr. Cheung graduated from the Chinese University of Hong Kong with a Degree of Bachelor of Business Administration in May 1999. He is a fellow member of the Hong Kong Institute of Certified Public Accountants and a fellow member of The Association of Chartered Certified Accountants.

Mr. Lee Chun Sing (李春成先生) ("Mr. Lee"), aged 51, 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 22 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. Lau Wai Man (劉偉民先生) ("Mr. Lau"), aged 34, 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 code 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 Code provision A.2.1 of the CG Code as mentioned below, for the financial year ended 31 March 2021.

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 Directors

There are currently six Directors, responsible for formulating the overall business development targets and long-term company strategies, assessing results of management policies and monitoring performance of the management. The Board currently comprises the following Directors:

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

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

For the financial year ended 31 March 2021, the Company has held four regular meetings at about quarterly intervals and one annual general meeting ("AGM"). The meetings were conducted either on in-person meetings and/or live tele-conference basis. The Company Secretary of the Company is responsible for maintaining full minutes of the Board meetings and Committee meetings which are open for inspection at any reasonable time on reasonable notice by any of our directors.

The attendance records of each Director and each member of the Board committees during the financial year ended 31 March 2021 are as follows:

Members	AGM	Board meetings	Audit Committee	Remuneration Committee	Nomination Committee
		Number of meetings attended/eligible to attend			
Executive Directors					
Ms. Wong Bik Kwan Bikie	1/1	3/4	N/A	1/2	N/A
Non-executive Directors					
Dr. Miu Yin Shun Andrew	1/1	4/4	5/5	N/A	N/A
Mr. Chiu Man Wai	1/1	4/4	N/A	N/A	1/1
Independent non-executive Directors					
Mr. Ng Leung Sing *SBS, JP*	1/1	4/4	N/A	N/A	1/1
Mr. Wong Lung Wo James	1/1	4/4	5/5	2/2	N/A
Mr. Chan Ping Keung	0/1	4/4	5/5	2/2	1/1

Our Board believes that it has achieved a balanced compositions, including but not limited to the following measurable objectives in terms of age, gender and length of services.

Age group	No. of Directors in the category
Between 41–60 years old	4
Over 60 years old	2

Gender	No. of Directors in the category
Female	1
Male	5

Length of services	
1 to 5 years	6

Except for that our Directors Dr. Miu Yin Shun Andrew and Ms. Wong Bik Kwan Bikie are in spousal relation, there are no other financial, business, family or other relevant relationships among our board members.

CORPORATE GOVERNANCE REPORT

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 Association") of the Company.

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.

For the financial year ended 31 March 2021, 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 Association of the Company, at each 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 retire 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.

Chairman and Chief Executive Officer

Code provision A.2.1 of the CG Code provides that the role of Chairman and chief executive officer should be separate and should not be performed by the same individual.

For the financial year ended 31 March 2021, the role of Chairman is 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 and always 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.

Terms of appointment of non-executive directors

Dr. Miu Yin Shun Andrew has entered into an appointment letter for a term commencing on 29 March 2019, Mr. Ng Leung Sing, *SBS, JP* and Mr. Wong Lung Wo James have entered into an appointment letter for a term commencing from 18 September 2019, Mr. Chiu Man Wai and Mr. Chan Ping Keung have entered into an appointment letter for a term commencing from 18 September 2020, until their respective retirement by rotation and re-election at the Company's annual general meeting in accordance with the Articles of Association of the Company in force from time to time and can be terminated by either party by giving at least one month's notice in writing.

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 on 1 March 2018. The written terms of reference of the Audit Committee are posted on the website of the Stock Exchange and on the Company's website.

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 responsibilities of the Audit Committee include, but not limited to:

- Making recommendations to the Board on the appointment, reappointment, resignation, dismissal and removal of the external auditors;

- Approving the remuneration and engagement terms of all services provided by the external auditors:

- Reviewing and monitoring the external auditors' independence and objectivity and the effectiveness of the audit process;

- Review of financial information of the Group, including the true and fairness of the quarterly, interim and annual financial statements, accounting policies and practice (or change in, if any), major judgmental areas, going concern consideration, compliance with accounting standards and GEM Listing Rules in relation to financial reporting;

- Reviewing the adequacy of resources, qualifications and experience of Accounting Staff, and their training programmes and budget of the Company's accounting and financial reporting function;

- Reviewing and monitoring the effectiveness and adequacy of the Group's risk management and internal control measures;

- Ensuring that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor the effectiveness of the internal audit function;

- Regularly report observations and make recommendations to the board (if any).

CORPORATE GOVERNANCE REPORT

The Board as a whole acts as the Corporate Governance function of the Group, and holds the ultimate responsibilities for the following matters while the Board has delegates these duties to the Audit Committee.

- developing and reviewing the corporate governance policies and practices of the Company make recommendations to the Board;
- reviewing and monitoring the training and continuous professional development of directors and senior management;
- reviewing and monitoring the policies and practices on compliance with legal and regulatory requirements;
- developing, reviewing and monitoring the code of conduct applicable to employees and directors; and
- reviewing the Company's compliance with the Corporate Governance Code set out in Appendix 15 of the GEM Listing Rules and disclosure in the Corporate Governance Report.

For the financial year ended 31 March 2021, the Audit Committee has held five meetings, by means of live/teleconference, and 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 external auditors in the absence of management to discuss the matters involved in the audit and other matters that the independent auditors wish to raise.

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

For the financial year ended 31 March 2021, the Remuneration Committee has held two meetings to review and make recommendations to the Board on the remuneration packages of individual executive Directors, the non-executive Directors, the independent non-executive Directors and senior management; and to review the bonus to senior management.

Details of the senior management's emoluments by band are set out in note 12(c) to the consolidated financial statements.

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 on 1 March 2018. The written terms of reference of the Nomination Committee are posted on the website of the Stock Exchange and on the Company's website.

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 responsibilities of the Nomination Committee include, but not limited to:

- reviewing the structure, size and composition (including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service) of the Board at least annually or when necessary;
- identifying individuals suitably qualified to become members of the Board and selecting or making recommendations to the Board on the selection of, individuals nominated for directorships;
- assessing the independence of the independent non-executive Directors;
- making recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors and succession planning for Directors;
- reviewing the Board diversity policy, as appropriate and making recommendations on any required changes to the board for consideration;
- reviewing the measurable objectives under the board diversity policy and the progress of the attainment of the objectives, so as to ensure effective implementation; and make disclosure of its review results.

For the financial year ended 31 March 2021, the Nomination Committee has held one meeting to review the Board's composition, structure, size and diversity; and is of the view that the Board consisted of members with balanced and diversified attributes, such as gender, age, education background, professional qualifications, experience, skills and knowledge to discuss matter regarding the retirement and re-election of directors and succession planning for directors and to assess the independence of independent non-executive directors.

Summary of Board Diversity Policy

The Company has adopted a Board Diversity Policy which is summarized as follows, including measurable objectives that the Company has set for implementing the policy, and progress on achieving those objectives.

Policy Statement

The Company believes that Board diversity is essential to achieve its strategic development and sustainable development.

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 are based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

Measurable Objectives

Selection of candidates of the Board members is based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service and any other factors that the Board may consider relevant and applicable from time to time.

The ultimate decision is based on merit and contribution that the selected candidates can bring to the Board, having due regard to the benefits of diversity on the Board and also the needs of the Board without focusing on a single diversity aspect.

Monitoring and Reporting

The Nomination Committee of the Company is responsible for reporting annually on the Board's composition under diversified perspectives, and monitoring the implementation of this Policy.

Review of Policy

The Nomination Committee has reviewed the Policy, as appropriate, to ensure the effectiveness of the Policy. The Nomination Committee will also discuss any revisions to the Policy that may be required, and recommend any such revisions to the Board for consideration and approval.

Disclosure of Policy

The Board Diversity Policy is published on the Company's website for public information.

Nomination Policy and Procedures

The Board has adopted a Nomination Policy setting out the selection criteria and procedures for the Nomination Committee to select and recommend suitable candidates for directorship in order to ensure the Board has a balanced and diversified skills, experience and perspectives.

The Nomination Policy requires Nomination Committee to consider a variety of factors, individually and collectively, in assessing the suitability of a proposed candidate, including but not limited to the following criteria:

- Board Diversity Policy;
- Achievements, Professional qualification and experience appropriate to the business and compliance requirements of the Group;
- Sufficiency of time and interest commitment of the proposed candidates to the Group;
- Level of independence for the appointment of independent non-executive Director; and
- any other relevant and material factors as may be considered by the Nomination Committee.

The Board has also established nomination procedures for Directors' nomination pursuant to the GEM Listing Rules and the Company's Articles of Association as follows:

(a) Appointment of New Director

For proposed appointment of new Director, the Nomination Committee must call out a meeting and evaluate the proposed candidate based on the selection criteria mentioned above and make recommendations to the Board regarding whether the proposed candidates are qualified and appropriate for directorship.

For directorship nomination proposed by Shareholders at the General Meeting, the Nomination Committee should also evaluate such candidates in accordance to the same selection criteria and the Board should make recommendation to the Shareholders in respect of the proposed election of Director at the General Meeting.

(b) Re-election of Director at General Meeting

Retiring Directors are eligible for nomination by the Board to stand for re-election at the General Meeting according to the Articles of Association of the Company.

The Nomination Committee and the Board should review the overall contribution, participation and performance of the retiring Director and the Board should then make recommendation to the Shareholders in respect of the proposed re-election of Director at the General Meeting.

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.

The Company has received from all directors records of their continuous professional development training for the year ended 31 March 2021, details of which are set out below.

	Participation of relevant continuing training courses regarding the latest regulatory requirements
Ms. Wong Bik Kwan Bikie	✓
Dr. Miu Yin Shun Andrew	✓
Mr. Chiu Man Wai	✓
Mr. Ng Leung Sing *SBS, JP*	✓
Mr. Wong Lung Wo James	✓
Mr. Chan Ping Keung	✓

DIRECTORS' RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Directors acknowledge their responsibility to prepare consolidated financial statements for the financial year ended 31 March 2021, 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.

AUDITOR'S STATEMENT AND REMUNERATION

The Directors 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 2021 is set out in the "Independent Auditor's Report" section of this annual report.

For the financial year ended 31 March 2021, the remuneration of annual audit service provided by the auditor of the Company, BDO Limited, to the Group is HK$590,000. Save as disclosed above, there was no other non-audit service provided by the auditor during the year ended 31 March 2021.

The Audit Committee has reviewed and approved the remunerations, service terms and independence of the auditors for the financial year ended 31 March 2021.

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.

The Group has established a risk management policy setting out the process of identification, evaluation and management of the principal risks affecting the business. Each division is responsible for identifying, assessing and managing risks within its divisions, identifying and assessing the principal risks on a quarterly basis with mitigation plans to manage those risks. The management is responsible for overseeing the risk management and internal control activities of the Group, attending quarterly meetings with each divisions to ensure principal risks are properly managed and new or changing risks are identified and documented. Lastly, the Board is responsible for reviewing and approving the effectiveness and adequacy of the Group's risk management and internal control systems.

For the financial year ended 31 March 2021, 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 2021. 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.

PROCEDURES FOR HANDLING AND DISSEMINATION OF INSIDE INFORMATION

The Company has adopted a policy on disclosure of inside information. If the information is believed as inside information, and must be disclosed, the management must:

(a) Escalate to the CEO and present the information to the Board;

(b) Prepare an announcement to the Stock Exchange disclosing the inside information. If the announcement is important;

(c) Send the announcement to the Stock Exchange without delay and send a copy of the announcement to all Directors.

If the information is believed not price sensitive, and need not be disclosed, the management must explain the reason for non-disclosure and record the information in the disclosure file.

COMPANY SECRETARY

The Company has engaged and appointed Ms. Lee Ka Man, a representative from an external secretarial services provider, as the company secretary of the Company. The primary contact person with the company secretary of the Company is Mr. Cheung Chong Chi, Financial Controller. Ms. Lee is an associate member of both The Hong Kong Institute of Chartered Secretaries and The Chartered Governance Professional (formerly known as The Institute of Chartered Secretaries and Administrators in the United Kingdom). She has over 16 years of experience in the fields of company secretarial and compliance. Ms. Lee has confirmed that she has taken no less than 15 hours of relevant professional training pursuant to Rule 5.15 of the GEM Listing Rules.

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 Article 58 of the Articles of Association of the Company, any one or more Members holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

The requisition must be in writing specifying the objects of the meeting, and be signed by the shareholder(s) concerned and deposited at the principal place of business of the Company in Hong Kong.

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).

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.

CONSTITUTIONAL DOCUMENT

The Articles of Association of the Company remains unchanged from the date of listing to 31 March 2021.

DIVIDEND POLICY

The Company has adopted a dividend policy on 21 June 2019 pursuant to the relevant GEM Listing Rules, Company's Articles of Association and relevant rules and regulations.

Purpose

The following dividend policy (the "Dividend Policy") aims to set out the principles and guidelines that the Company intends to apply in relation to the declaration, payment or distribution of its profits as dividend to the shareholders of the Company (the "Shareholders").

Principles and Guidelines

In deciding whether to propose a dividend and in determining the dividend amount, the Board shall take into account, inter alia, the following factors:

1. the actual and expected financial performance of the Group;

2. the capital and debt level of the Group;

3. the general market conditions;

4. the expected working capital requirements, capital expenditure requirements and future development plans of the Group;

5. retained earnings and distributable reserves of the Company and each of the members of the Group;

6. the liquidity position of the Group;

7. any restrictions on dividend payouts imposed by any of the Group's lenders;

8. the statutory and regulatory restrictions which the Group is subject to from time to time; and

9. any other relevant factors that the Board may deem appropriate.

Form of Dividend

Subject to the Company's Articles of Association, dividends may be paid in cash or be satisfied wholly or partly in the form of allotment of shares of the Company. The Board may also consider the issuance of bonus shares on a basis permitted by the applicable laws and regulations.

General Restrictions

The payment of dividend by the Company is subject to any restrictions under the Companies Law of the Cayman Islands and the Articles of Association of the Company.

Approval

According to the Articles of Association of the Company, any final dividends declared by the Company must be approved by an ordinary resolution of the Shareholders at an AGM and must not exceed the amount recommended by the Board. The Board may from time to time pay the Shareholders such interim and/or special dividends as it considers to be justified by the profits of the Group.

Clarification

There is no assurance that dividends will be paid in any particular amount for any specific period. The Company may at its discretion not to declare dividend in consideration of various factors, such as maintaining or adjusting the capital structure and reserving sufficient capital to capture future business opportunities, etc.

Review

The Board will from time to time review the Dividend Policy and may exercise at its absolute and sole discretion to update, amend and/or modify the Dividend Policy at any time as the Board deems fit and necessary.

Disclosure of dividend policy

This Dividend Policy is published on the Company's website for investors' information.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

INTRODUCTION, ENVIRONMENTAL, SOCIAL AND GOVERNANCE POLICIES

Grand Brilliance Group Holdings Limited (the "Company", together with its subsidiaries, the "Group" or "we") 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.

This Environmental, Social and Governance Report (the "ESG Report") summarises the environmental, social and governance ("ESG") initiatives, plans and performances of the Group and demonstrates its commitment to sustainable development.

The Group believes sustainability is the key to achieve continuing success and has integrated this key concept into its business strategy. In order to pursue a successful and sustainable business model, the Group recognises the importance of integrating ESG aspects into its risk management system and has taken corresponding measures in its daily operations and governance perspective.

The ESG Governance Structure

Directors and senior executives of the Group who are familiar with its operations and have sufficient ESG knowledge conducted the materiality assessments to identify material ESG topics. Assigned employees are responsible for collecting relevant information on our ESG aspects for compiling the ESG Report. The assigned employees periodically report to the Board of Directors (the "Board"), assist in identifying and assessing the Group's ESG risks and the effectiveness of the internal control mechanisms. The assigned employees also examine and evaluate the Group's performances in different aspects, such as environmental protection, labour practices, and other ESG aspects. The Board sets the general direction for the Group's ESG strategies, ensuring the effectiveness of risks management and internal control mechanisms.

SCOPE OF REPORTING

Unless specified otherwise, the ESG Report focuses on the operation as a medical device distributor, which represents the Group's major sources of revenue. The ESG key performance indicator ("KPI") data is gathered and included companies and subsidiaries under the Group's direct operational control. The KPIs are shown in the ESG Report as well as supplemented by explanatory notes to establish benchmarks. The Group will extend the scope of disclosures when and where applicable.

REPORTING FRAMEWORK

The ESG Report is prepared in accordance with the Environmental, Social and Governance Reporting Guide ("ESG Reporting Guide") as set out in Appendix 20 to the Rules Governing the Listing of Securities on GEM of the Stock Exchange of Hong Kong Limited.

Information relating to the Group's corporate governance practices has been set out in the Corporate Governance Report of this annual report.

REPORTING PERIOD

The ESG Report specifies the ESG activities, challenges and measures being taken during the financial year ended 31 March 2021 (the "Reporting Period" or "FY2021").

STAKEHOLDER ENGAGEMENT

We value our stakeholders and their feedback regarding our businesses and ESG aspects. In order to understand and address their key concerns, the Group has maintained close communication with our key stakeholders, including but not limited to shareholders and investors, customers, suppliers and business partners, government and regulatory authorities, employees, as well as the Board.

In formulating operational strategies and ESG measures, we take into account the stakeholders' expectations and strive to improve the Group's performance through mutual cooperation with the stakeholders, resulting in creating greater value for the community by utilising diversified key communication channels, shown as below.

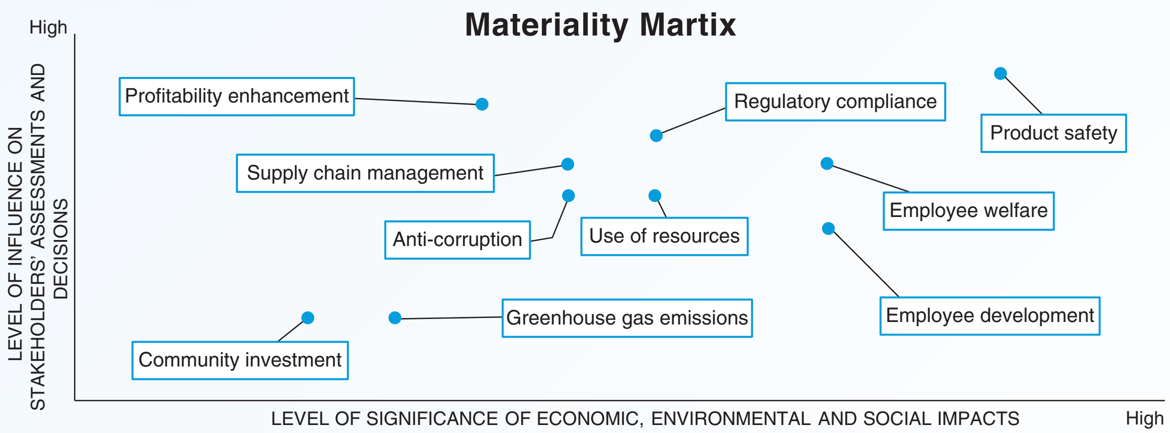
External Stakeholders	Key Communication Channels	Expectations and Concerns
Shareholders and investors	• General meetings and other shareholder meetings • Financial reports • Announcements and circulars • Website	• Shareholders' rights and interest • Financial performance
Customers	• Regular meetings • Regular training sessions	• Product safety • Price competitiveness
Suppliers and business partners	• Regular meetings • Suppliers evaluation • Regular training sessions	• Price competitiveness • Product safety
Government and regulatory authorities	• Public news • Tendering documents • Enforcement newsletter	• Corporate governance • Regulatory compliance

Internal Stakeholders	Key Communication Channels	Expectations and Concerns
Employees	• Daily communication • Performance evaluation • Policy development • Emails and notice board	• Remuneration • Career development
The Board	• Daily communication • Board and committee meetings • Communication with management • Product safety	• Corporate governance • Regulatory compliance • Financial performance • Sustainable development

MATERIALITY ASSESSMENT

We identified, assessed and disclosed ESG information that is material and relevant to our businesses and operations based on the above summarised expectation and concerns from our stakeholders, with reference to the ESG Reporting Guide, and industry characteristics.

The following is a matrix of the Group's material ESG issues included in the ESG Report:



List of material ESG topics

- Product safety
- Profitability enhancement
- Regulatory compliance
- Supply chain management
- Use of resources
- Employee welfare
- Anti-corruption
- Greenhouse gas ("GHG") emissions
- Community investment
- Employee development

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 so as to further improve the related ESG concerns and data collection system.

CONTACT US

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 send to the Company through the communication channels as stated in the Company's website.

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-mailing info@grandbrilliance.com or by calling the Group (tel: + 852 2425 0926).

A. ENVIRONMENTAL

A1. Emissions

The Group strives to protect the environment through the implementation of control and monitoring measures in its business activities and workplace. We are committed to promoting a green environment by introducing environmentally friendly business practices, educating our employees to enhance their awareness of environmental protection and complying with the relevant environmental laws and regulations.

As a corporation providing medical device distribution services, the Group's daily operations have limited impact on the environment while its emissions are limited to exhaust gas emissions, GHG emissions and waste disposal, which are mainly derived from the use of resources in its businesses in Hong Kong. With the aim of lowering the emissions of GHG, the Group focuses on nurturing and strengthening the employees' awareness of environmental protection in their daily work process, and actively implementing the Group's environmental protection measures.

In order to mitigate the environmental impact brought by the Group's operations, the Group has adopted and implemented relevant environmental policies. These policies apply the waste management principles of "Reduce, Reuse, Recycle and Replace" as well as emission mitigation principle, with objectives of minimising the adverse environmental impacts and ensuring that the waste disposal or emissions being generated are conducted in an environmentally responsible manner.

Within its established ESG Policy, the Group is continually looking for different opportunities to pursue environmentally friendly initiatives and enhance our environmental performance by reducing energy and use of other resources.

During the Reporting Period, the Group has not identified any material non-compliance with the relevant environmental laws and regulations in Hong Kong in relation to air and GHG emissions, water and land discharge, and the generation of hazardous and non-hazardous wastes. The relevant laws and regulations include, but are not limited to the Waste Disposal Ordinance (Cap. 354).

Air Emissions

Air emissions from the motor vehicles were the major source of air pollution within the 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:

- Using national environmental standards of fuel for our vehicles;
- Refuelling at approved gasoline filling stations so as to ensure oil standard and quality;
- Encouraging our staff to utilise teleconferences and video conferences, to reduce air and GHG emissions related to transportation needed for meetings;
- Disposing any vehicle reach the useful life limit set by the authority; and
- Requiring drivers to turn off the engine and hand over the car key when waiting for loading and unloading.

Through the above air emissions mitigation measures, the employees' awareness of reducing air emissions has been enhanced.

The summary of air emissions performance was as follow:

Indicator[1]	Unit	FY2021	FY2020
Nitrogen Oxides (NO_x)	g	4,580	5,241
Sulphur Oxides (SO_x)	g	126	144
Particulate Matter (PM)	g	377	386

Note:

1. Calculation of NO_x and PM are based on estimated travelling distance from the amount of fuel consumed.

GHG Emissions

The principal GHG emissions of the Group were direct GHG emissions from the combustion of gasoline for vehicles (Scope 1), energy indirect GHG emissions from purchased electricity (Scope 2) and other indirect GHG emissions from disposal of paper waste at landfill (Scope 3). The Group actively adopts energy conservation measures as well as other initiatives to reduce GHG emissions, including:

- Actively adopting measures for environmental protection, energy conservation, and water saving. Relevant measures are described in the section "Energy Consumption" in Aspect A2; and
- Actively adopting paper saving measures in office. The relevant measures are described in the section "Waste Management" in this aspect.

Through the above GHG emissions mitigation measures, the employees' awareness of reducing GHG emissions has been enhanced. During the Reporting Period, the Group's total GHG emissions decreased by approximately 18.2% from approximately 55 tCO_2e in FY2020 to approximately 45 tCO_2e in FY2021. This is due to the decreases in vehicle usage and electricity consumption at premises as a result of reduction of face-to-face business meetings and work from home arrangement in light of the novel coronavirus pandemic ("COVID-19").

The summary of GHG emissions performance was as follow:

Indicator[2]	Unit	FY2021	FY2020
Direct GHG emissions (Scope 1) — Gasoline consumption	tCO_2e	23	26
Energy indirect GHG emissions (Scope 2) — Purchased electricity	tCO_2e	18	25
Other indirect GHG emissions (Scope 3) — Disposal of paper waste at landfill	tCO_2e	4	4
Total GHG emissions	tCO_2e	45	55
Intensity[3]	tCO_2e/revenue in thousand	0.001	0.001

Notes:

2. GHG emissions data are presented in terms of carbon dioxide equivalent and are based on, but not limited to, "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards" issued by the World Bank Institute and the World Business Council for Sustainable Development, "How to prepare an ESG report — Appendix II: Reporting Guidance on Environmental KPIs" issued by The Stock Exchange of Hong Kong Limited, the "Global Warming Potential Values" from the IPCC Fifth Assessment Report, 2015 (AR5) and the Sustainability Report 2020 published by the CLP.

3. During the Reporting Period, the total amount of revenue was approximately HK$70.2 million, while the total amount of revenue in FY2020 was approximately HK$67.2 million. The amount would also be used for calculating other intensity data.

Waste Management

Hazardous waste handling method

Despite the Group did not generate any hazardous wastes during the Reporting Period, it has established guidelines of governing the management and disposal of hazardous wastes. In case there are any hazardous wastes produced, the Group must engage a qualified chemical waste collector to handle such wastes in order to comply with the relevant environmental laws and regulations.

Non-hazardous waste handling method

Although the Group only generated a minimal amount of non-hazardous waste, such as paper, that is mainly from office operation, the Group has placed great emphasis on carbon reduction and waste reduction with the principle of "Reduce, Reuse, Recycle and Replace" to promote better utilisation of environmental resources.

With the aim of minimising the environmental impact of non-hazardous wastes that is generated from its business operations, the Group has developed relevant policies to promote resources conservation. We have implemented the following procedures to encourage employees to share responsibilities in waste management and minimise waste generations:

- Using double sided printing or photocopying wherever possible;
- Recycling one-sided printed paper; and
- Placing "Green Message" reminders on office equipment.

Employee's waste management awareness has been enhanced through the above measures. The total amount of paper consumed by the Group decreased by approximately 11.5% from approximately 836 kg in FY2020 to approximately 740 kg in FY2021, and its intensity was maintained at approximately 0.01 kg per thousand revenue in FY2021 and FY2020. Furthermore, during the Reporting Period, the Group participated a waste paper recycling collection campaign and recycled approximately 1,470 kg of used paper stored at office for years.

Discharges into Water

The Group does not consume significant amounts of water in its business operations, and therefore its business activities did not generate material portion of discharges into water during the Reporting Period. The majority of the water supply and discharge facilities are provided and managed by property management company.

A2. Use of Resources

The Group strives to use its 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. The Group is committed to the responsible use of resources in its business operations and have developed green office initiatives to promote resource conservation among our staff. Electricity consumption and gasoline consumption account for a substantial part of the carbon emissions by the Group.

Energy Consumption

The ESG Policy has been developed to set energy conservation as one of the Group's fundamental policies. All employees must implement the adopted measures, including the purchase of energy-efficient products and services, and assume responsibility for the Group's overall energy efficiency. By building up an energy management system, we develop and regularly review our energy objectives and targets to continuously enhance the Group's energy performance. Unexpected high consumption of electricity will be investigated to find out the root cause and preventive measures will be taken.

The green office and energy conservation measures are listed as below:

- Turning off the air-conditioning system and idle equipment at night or when staff leave the office to reduce electricity usage;
- Turning off the lights when the office can be dominated by natural light;
- Adopting higher energy-efficiency office equipment in our workplace;
- Posting electricity saving reminder labels in common areas; and
- Encouraging our staff to participate in campaign or activities relating to the promotion of green environment.

Through these energy conservation measures, the employees' awareness on energy management has been enhanced. During the Reporting Period, the Group's energy consumption has decreased by approximately 9.3% from approximately 146,139 kWh in FY2020 to approximately 132,563 kWh in FY2021. This is due to the decreases in vehicle usage and electricity consumption at premises as a result of reduction of face-to-face business meetings and work from home arrangement in light of the COVID-19 pandemic.

The summary of energy consumption performance was as follow:

Indicators	Unit	FY2021	FY2020
Direct energy consumption — Gasoline consumption[4]	kWh	83,192	95,201
Indirect energy consumption — Purchased electricity	kWh	49,371	50,938
Total energy consumption	kWh	132,563	146,139
Intensity	kWh/revenue in thousand	1.89	2.17

Note:

4. Gasoline consumption was equivalent to approximately 8,584 litres and approximately 9,823 litres in FY2021 and FY2020 respectively.

Water Consumption

During the Group's operation, water consumption is minimal, and is mainly for cleaning and sanitation. However, the Group endeavours to encourage all employees and customers to develop the habit of conserving water consciously. The Group has been strengthening its water-saving promotion, posting water saving slogans, and guiding employees to use water reasonably. Through these water conservation measures, the employees' awareness on water conservation has been enhanced. The total water consumption of the Group decreased by approximately 62.5% from approximately 8 cubic meters in FY2020 to 3 cubic meters in FY2021, and its intensity was approximately 0.04 cubic meters per million revenue and approximately 0.12 cubic meters per million revenue in FY2021 and FY2020 respectively.

Due to the Group's business nature and its operation location, there was no significant issue regarding sourcing water that is fit for purpose.

Packaging Materials

The Group only consumed limited amount of plastic films in its business and operation, and therefore it is considered as immaterial.

A3. The Environment and Natural Resources

Although the core business of the Group has limited impact on the environment and natural resources, as an ongoing commitment to good corporate social responsibility, we recognise the responsibility in minimising the negative environmental impacts of our operations in achieving sustainable development to generate long-term values to our stakeholders and the community.

The Group works tirelessly to mitigate the environmental impacts of its activities through adopting industry best practices, targeted at reduction of natural resources consumption and effective emission management. We regularly assess our businesses' environmental risks, and adopt preventive measures in reducing those risks and ensuring the compliance with relevant laws and regulations.

Indoor Air Quality

Good indoor air quality is important as employees spend most of their time working at office. Indoor air quality in our workplace is regularly monitored and measured. Air pollutants, contaminants and dust particles are filtered out by air purifying equipment in the workplace, and regular cleaning of air conditioning system is conducted to ensure office's indoor air quality.

B. SOCIAL

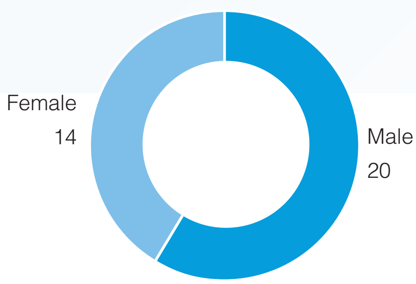
B1. Employment

Human resources are the foundation in supporting the development of the Group. Hence, the Group has adopted Human Resources Management policy and procedures to fulfil its vision on people-oriented management and realising the full potential of employees. These policies cover recruitment, compensation, promotion, working hours and rest periods, diversity and equal opportunity, etc.

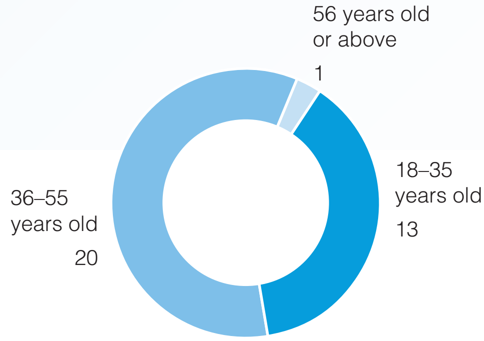
During the Reporting Period, the Group was not aware of any material non-compliance with employment-related laws and regulations that would have a significant impact on the Group. The relevant laws and regulations include, but are not limited to, Employment Ordinance (Cap. 57), Mandatory Provident Fund Schemes Ordinance (Cap. 485) and Minimum Wage Ordinance (Cap. 608).

As at 31 March 2021, the Group had a total of 34 employees based in Hong Kong. Further illustrations of our staff composition are as below:

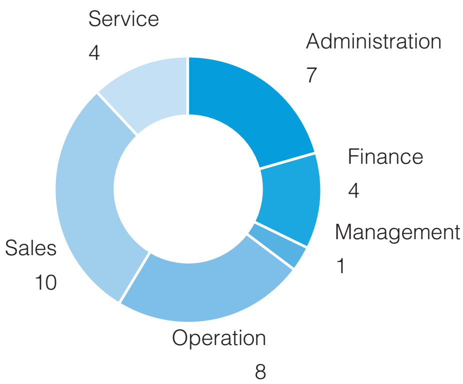
By Gender Group



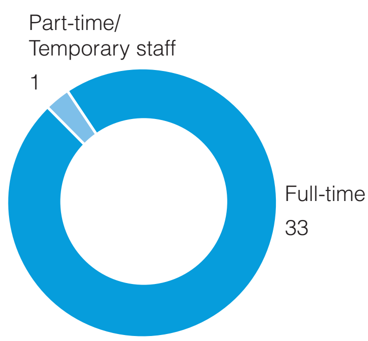
By Age Group



By Function



By Employment Type



The Group's overall turnover rate during the Reporting Period was approximately 35.8%. Since the principal place of the Group's operations in Hong Kong, no separate employee turnover rate by geographical region is presented.

The Group's turnover rate by gender and by age group was as follow:

Categories	Turnover rate
By gender	
Male	42.1%
Female	27.6%
By age group	
18–35	56.0%
36–55	25.0%
56 or above	0%

Recruitment, Promotion and Dismissal

We apply robust and transparent recruitment processes based on merit selection against the job criteria, and recruit individuals based on their experience, qualifications and expertise required for the position and potential to fulfil the Group's current and future needs.

Our basis for compensation and promotion are job-related skills, qualifications and performances, ensuring that we treat and evaluate employees and applicants in a fair way and compensate employees relative to the industry and local labour markets in which we operate, which consists of competitive level of fixed and variable compensation.

Unreasonable dismissal under any circumstances is forbidden in the Group. Dismissal process will only be proceeded with a reasonable basis and a warning letter must be sent prior to the dismissal. Official dismissal will only be considered when the employee fails to correct the problems after receiving warning letter.

Employee Welfare

The Group determines the employee's remuneration based on factors such as qualification, contribution and years of experience. Remuneration packages include holidays, annual leave, medical scheme, dental scheme, group insurance, mandatory provident fund and discretionary bonus. The key principle of the Group's remuneration policy is to remunerate employees in a manner that is market competitive. The Group regularly carries its staff evaluation to assess their performance.

In addition, the Group has formulated policies in determining the working hours and rest periods for employees following local employment laws.

Diversity, Equal-opportunity and Anti-discrimination

The Group is committed to creating and maintaining an inclusive and collaborative workplace culture in which all can thrive. With the aim of ensuring fair and equal protection for all employees, the Group has zero tolerance on sexual harassment or abuse in the workplace in any form. The Group is dedicated to providing equal opportunity in all aspects of employment and maintaining workplace that are free from discrimination against any individual on the basis of race, religion, colour, gender, physical or mental disability, age, place of origin, marital status and sexual orientation.

B2. Health and Safety

We are committed to providing and maintaining a safe and healthy environment for all our employees. The Group has established relevant policies on the prevention and remediation of safety accidents, and detection on potential safety hazards in workplace, so as to maintain a safe working environment. In each of the past three financial years, there were no work-related fatalities (i.e. zero work-related fatalities rate). However, the Group recorded approximately 17.5 lost days due to work injury resulting from a work injury case during the Reporting Period.

During the Reporting Period, the Group was not aware of any material non-compliance with health and safety-related laws and regulations that would have a significant impact on the Group. The relevant laws and regulations include, but are not limited to, Occupational Safety and Health Ordinance (Cap. 509) and Employees' Compensation Ordinance (Cap. 282), etc.

Health and Safety

The Group follows the occupational health and safety guidelines recommended by the Labour Department and the Occupational Safety and Health Council.

Human Resources Department takes responsibilities for offices' occupational health and safety and relevant promotions and monitoring. It is responsible for monitoring and reviewing the safety and security management system periodically, and performing regular checking in the office to ensure the safety of employees. On top of current practice, 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 was 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.

Other Health and Safety Measures

In face of the COVID-19 pandemic, the Group is highly conscious of the potential health and safety impacts brought to its employees. The Group has strengthened the sanitation of its operations to ensure a healthy and safe working environment. In addition, the Group has provided its employees with disinfection supplies like surgical masks, protective gowns and protective glasses subjected to their needs. The Group also sent out guidelines to employees advising on reporting measures in case of outbreak of the coronavirus among employees and related family members. In addition, the Group also offered employees a flexibility working arrangement if they conduct COVID-19 test.

B3. Development and Training

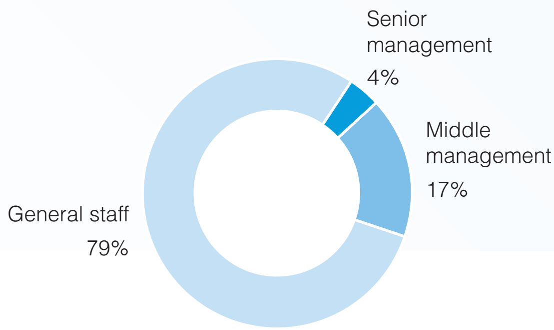
Employee Development

The Group regards our staff as the most important asset and resource. The Group recognises the valuable contribution of our talents to the continued success of the Group. The Group is committed to inspiring our human capital towards delivering excellence. This is achieved through development of training strategy that focuses on creating value and serving the needs of its customers, its talents and society. In light of this, the Group provides regular training, development programmes and training sponsorship for its employees.

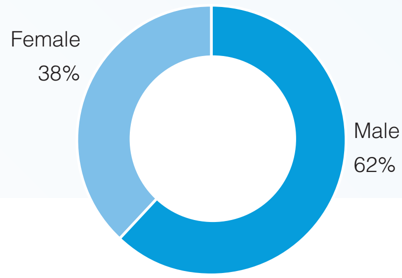
To ensure the effectiveness of the training programmes, the Group has developed relevant policies in controlling the training related procedures. A training plan is developed by the management based on the requirements from various departments and employees. Training content is regularly updated to ensure contents are relevant to stakeholders' changing needs such as laws and regulations, market trend, product trend and customer behaviour change. The Group encourages and supports employees to participate in personal and professional training to fulfil the needs of the Group's development. The Group also encourages the culture of sharing knowledge and experience. On the other hand, the Group provides on-the-job training to enhance its staff's professional knowledge and expertise, as well as some external training courses and seminars.

The Group's employees had attained a total of approximately 268 hours of trainings. Training activities included but were not limited to safety regulations, performance management, business ethics and equipment and consumable trainings provided by suppliers. Further illustrations of our training composition are as below:

By Employee Category



By Gender



The average training hours completed per employee were as below:

Categories	Average training hours
By employment type	
Senior management	4.0
Middle management	11.3
General staff	7.0
By gender	
Male	8.3
Female	7.4

We believe that a harmonious working environment could enhance the Group's performance. During the Reporting Period, the Group did not organise annual dinner and other team building gatherings due to COVID-19 pandemic. However, the Group has promoted team spirit, strengthen the interdepartmental communication and enhance the work efficiency at workplace.

B4. Labour Standards

Prevention of Child Labour and Forced Labour

Child and forced labour are strictly prohibited during the recruitment process as defined by laws and regulations. The Group strictly complies with local laws and conducts recruitment based on the Employment Ordinance (Cap. 57). During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations related to preventing child and forced labour that would have a significant impact on the Group. The relevant laws and regulations include, but are not limited to, Employment Ordinance (Cap. 57).

Personal data are collected during the process to assist in the selection of suitable candidates and to verify candidates' personal data. The Human Resources Department also ensures identity documents are carefully checked. If violation is involved, it will be dealt with in the light of the circumstances as clearly stated in the Group's Staff Handbook.

Furthermore, employees of the Group work overtime on a voluntary basis to prevent any breach of labour standards. We also prohibit any punishments, management methods and behaviours involving verbal abuse, physical punishment, physical abuse, oppression, sexual harassment, etc. against its employees for any reason.

B5. Supply Chain Management

Suppliers of the Group's operation are primarily focused on supplying medical devices and providing medical device solutions, whereas suppliers of its medical devices services mainly comprised medical devices manufacturers, technicians and quality inspectors, etc. The Group has maintained long term and stable relationships with major suppliers and business partners. All suppliers and business partners are evaluated carefully and are subjected to regular monitoring and assessment.

Environmental and Social Risks of Supply Chain

In view of the increasing environmental concerns in society, the Group is aware of the importance in managing environmental and social risks of its supply chain. The Group has embedded environmental and social consideration in the procurement process and supplier communication. The Group will continue to monitor its supply chain regarding the environmental and social standards.

We have also formulated the Purchasing Policy to ensure that the suppliers could be selected in a transparent and fair way. The Group should not differentiate or discriminate treatment on certain suppliers. The procedures include measures to prevent all kinds of business bribery and conflict of interest such as, the avoidance of employees' personal interest directly or indirectly in or given by the suppliers.

Suppliers Selection

During the Reporting Period, the Group sourced a wide spectrum of medical devices from various suppliers in United States, Germany, France, Mexico, Malaysia and the PRC. Unless the customers specify, the Group selects its 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.

The Group serves 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 repair service arrangements; and

6. Product alerts, modifications and recalls.

The Group is continuously performing assessment on our suppliers' performance, pricing competitiveness and compliance status through close communications and monitoring over daily operations.

B6. Product Responsibility

The Group attaches great importance to product quality and corporate reputation, actively ensuring its product and service quality through internal controls, and is committed to supplying quality products that meet the international standards. We also maintain close communication with customers to ensure we understand and meet their needs and expectation. We hope to understand customer's satisfaction, in order to continuously improve our products and services, so as to achieve customer satisfaction.

During the Reporting Period, we were not aware of any incidents of non-compliance with laws and regulations that have a significant impact on the Group, concerning product health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress. The relevant laws and regulations include, but are not limited to, Trade Descriptions Ordinance (Cap. 362), the Trade Marks Ordinance (Cap. 559), the Copyright Ordinance (Cap. 528) and the Personal Data (Privacy) Ordinance (Cap. 486), etc.

Also, the Group did not have any recalled products due to safety and health reasons and did not receive any complaints in relation to product and services during the Reporting Period.

Product Safety

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 include, 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 assesses 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.

Intellectual Property ("IP") Rights

The Group believes that its branding and IP rights are critical to its success. The Group believes that many of its customers and target audience are attracted to it because of its strong brand names and reputation. The continuing success and growth of both of the Group's supplying medical devices and providing medical devices solutions services therefore depend on its ability to protect and promote its brands, trademarks, copyrights and other IP rights.

During the Reporting Period, there were no disputes or infringements in connection with our IP rights pending or threatened against the Group which could have a material adverse effect on its operations or financial performance.

Customer Privacy Protection

The Group is committed to strengthening the protection of customers' privacy. The Group's employees are trained to maintain the confidentiality of its customers' information. The Group also has a data backup system through which our back-up data is stored in different locations to reduce the risk of data loss. We have also implemented firewall, anti-virus and anti-spam solutions for our IT systems to prevent leakage of confidential information, which are upgraded constantly.

Advertising and Labelling

The Group emphasises the importance of proper advertising and compliance with relevant requirements of media advertisements, and it has established relevant policies and procedures regarding its advertising and labelling practices. The Group also timely responds to feedbacks from audiences or the public. The Group strictly complies with all relevant laws and regulations regarding the proper advertising.

B7. Anti-corruption

The Group does not tolerate any corruptions, frauds and all other behaviours violating work ethics. The Group values and upholds integrity, honesty and fairness in our business.

During the Reporting Period, the Group was not aware of any material non-compliance with the relevant laws and regulations of bribery, extortion, fraud and money laundering. The relevant laws and regulations include, but are not limited to, Prevention of Bribery Ordinance (Cap. 201) and the Competition Ordinance (Cap. 619), etc. There were no concluded legal cases regarding corrupt practices brought against the Group or its employees during the Reporting Period.

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 of Conduct.

Anti-bribery

The Group has established the Anti-bribery Guidelines to forbid the employees to solicit or accept an advantage in connection with his or her employment without permission of director, or make any payment or offer of payment or advantage that he or she knows with reasonable certainty will be given to any related parties to comply with the relevant laws and regulations.

According to the Anti-bribery Policy, the Group has 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.

In order to strengthen the awareness of anti-corruption and business ethics, the Group has arranged a six-hour training session to our employees during the Reporting Period.

Anti-fraud

The Group has also established the Anti-fraud Policy to detect and prevent fraud within the Group. By implementing the fraud risk assessment mechanism, the Group is able to dictate the frequency of risk assessment and apply relative investigation procedures so as to minimise the fraud risk into acceptable level.

Whistle-blowing Policy

The Group has also implemented the Whistle-blowing Policy which allows all employees as well as independent third parties (e.g. customers, suppliers, contractors, etc.) who deal with the Group to report any possible improprieties, misconducts, malpractices or irregularities in matters of financial reporting, internal control or other matters to the Board or the Audit Committee anonymously. The Group will handle the reports and complaints with care and will treat the whistle-blowers' concerns fairly and properly. Any person who is found to have victimized or retaliated against those who have raised concerns under this policy will be subjected to disciplinary sanctions.

B8. Community Investment

Community Participation

The Group is committed to supporting the public by means of social participation and contribution as part of its strategic development. As mentioned in our ESG Policy, the Group will focus on activities that will promote health and safety. To nurture corporate culture and strengthen practices of corporate citizenship, we embrace human capital into the social management strategies so as to sustain our corporate social responsibility and support the Group's strategic development. Our employees are encouraged to donate to recognised charitable institutions in order to help the grass-root community or those in need, so that they can receive proper education and medical care.

During the Reporting Period, we have made several cash donation and donation of approximately 3,000 surgical masks, equivalent to approximately HK$26,000. Beneficiaries include but are not limited to the Food Angel organised by Bo Charity Foundation Limited and Rice Packing Service Volunteer organised by St. James' Settlement.

Furthermore, the Group received several awards from different organisations during the Reporting Period, assuring our effort in achieving sustainable development while contributing to community:

- The ListCo Excellence Awards 2020 from PR Asia and am730

- Social Capital Builder Award 2020–2022 from Labour & Welfare Bureau and Community Investment & Inclusion Fund

- Greater Bay Area Corporate Sustainability Awards 2020 from Metro Finance FM104 and HK Quality Assurance Agency

- Caring Company 2020–2021 from the Hong Kong Council of Social Service

DIRECTORS' REPORT

The Directors present their report and the audited consolidated financial statements of the Group for the year ended 31 March 2021.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The activities of the subsidiaries are set out in note 32 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 2021 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.

Description of key risk factors and uncertainties that the Group is facing is provided in Management Discussion and Analysis on pages 5 to 9 of this annual report and in note 5 to the consolidated financial statements while the financial risk management objectives and policies of the Group can be found in note 35 to the consolidated financial statements. An analysis of the Group's performance during the year using financial key performance indicators is provided in the Financial Summary on page 110 of the annual report. In addition, discussions on the Group's compliance with relevant laws and regulations which have a significant impact on the Group, relationships with its key stakeholders and environmental policy are contained in the Directors' Report on pages 43 to 52 of the annual report and in the Environmental, Social and Governance Report on pages 26 to 42 respectively.

SEGMENTAL INFORMATION

An analysis of the Group's revenue from operations by geographical locations of customers for the year ended 31 March 2021 is set out in note 6 to the consolidated financial statements.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 March 2021 and its consolidated financial position as at that date are set out in the consolidated financial statements on pages 57 and 58 of this annual report respectively.

The Board declared payment of an interim dividend of HK0.45 cent (2020: HK0.4375 cent) per ordinary share, in lieu of final dividend, for the year ended 31 March 2021.

DIRECTORS' REPORT

CLOSURE OF THE REGISTER OF MEMBERS

(A) Entitlement to Interim Dividend

For the purpose of determining Shareholders' entitlement to the interim dividend, the register of members of the Company will be closed from Wednesday, 7 July 2021 to Friday, 9 July 2021, both days inclusive, during which period no transfer of Shares will be registered. The record date will be Friday, 9 July 2021. In order to qualify for the entitlement of the interim dividend, all transfer documents 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, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on Tuesday, 6 July 2021.

(B) Entitlement to Attend and Vote at the AGM

For the purpose of determining Shareholders' entitlement to attend and vote at the forthcoming AGM to be held on Friday, 17 September 2021, the register of members of the Company will be closed from Monday, 13 September 2021 to Friday, 17 September 2021, both days inclusive, during which period no transfer of Shares will be registered. In order to qualify for attending and voting at the AGM, all transfer documents 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, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on Friday, 10 September 2021.

DONATIONS

Donations made by the Group during the year amounted to approximately HK$26,000.

SUMMARY OF FINANCIAL INFORMATION

A summary of the published results and assets and liabilities of the Group for the last five financial years, as extracted from the audited financial statements and the Prospectus, is set out on page 110 in this annual 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 26 to the consolidated financial statements.

RESERVES

Details of the movements in the reserves of the Company and the Group are set out in note 27 to the consolidated financial statements and the consolidated statement of changes in equity, respectively.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association 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.

DIRECTORS' REPORT

DISTRIBUTABLE RESERVES

As at 31 March 2021, the distributable reserves of the Company amounted to approximately HK$80.1 million.

Under the Companies Law of the Cayman Islands, subject to the provisions of Articles of Association 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 2021, so far as the Company is aware, the aggregate revenue attributable to our five largest customers and the largest customer accounted for approximately 39.0% and 14.2%, respectively, of the Group's total revenue for the financial year. Purchases from the Group's five largest suppliers accounted for approximately 79.2% of the Group's total purchases for the financial year and the purchase from the largest supplier included therein amounted to approximately 32.2%.

None of the Directors, or any of his or her 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.

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)*

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

Pursuant to Article 84(1) of the Articles, one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation at each annual general meeting, provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. Ms. Wong Bik Kwan Bikie and Dr. Miu Yin Shun Andrew will retire by rotation at the 2021 AGM, and being eligible, will offer themselves for re-election. Mr. Chan Ping Keung will retire as independent non-executive director of the Company and does not offer himself for re-election. Mr. Chan Ping Keung has confirmed that he has no disagreement with the Board and there are no other matters in relation to his retirement that need to be brought to the attention of the holders of securities of the Company.

PERMITTED INDEMNITY PROVISION

Every Director shall be entitled under the Articles of Association of the Company to be indemnified out of the assets of the Company against all actions, costs, charges, losses, damages and expenses 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.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

During the year, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

DIRECTORS' SERVICE CONTRACTS

The executive Director entered into a service contract with the Company on 1 March 2021 for an initial term of three years commencing 1 March 2021. The service contracts is subject to termination in accordance with her terms. The service contract may be renewed in accordance with the Articles of Association of the Company and the applicable GEM Listing Rules. Dr. Miu Yin Shun Andrew has entered into an appointment letter for a term commencing on 29 March 2019, Mr. Ng Leung Sing, *SBS, JP* and Mr. Wong Lung Wo James have entered into an appointment letter for a term commencing from 18 September 2019, Mr. Chiu Man Wai and Mr. Chan Ping Keung have entered into an appointment letter for a term commencing from 18 September 2020, until their respective retirement by rotation and re-election at the Company's annual general meeting in accordance with the Articles of Association of the Company in force from time to time and can be terminated by either party by giving at least one month's notice in writing.

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' 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.

RELATIONSHIPS WITH EMPLOYEES, SUPPLIERS AND CUSTOMERS

The Group's management policies, working environment, career prospects and employees' benefits have contributed to building a good employee relations and employee retention of the Group. The Group offers competitive remuneration packages commensurate with industry practice and provides various fringe benefits to employees including medical benefits, social insurance, mandatory provident funds, bonuses and a share option scheme. The management regularly reviews its employee's remuneration packages to ensure they are up to prevailing market standard.

The Group has established long term business relationships with its major suppliers and customers for over years. The Group will endeavor to maintain its established relationship with these existing suppliers and customers.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE POLICY

The Group believes sustainability is the key to achieve continuing success and has integrated this key concept into its business strategy. In order to pursue a successful and sustainable business model, the Group recognises the importance of integrating ESG aspects into its risk management system and has taken corresponding measures in its daily operations and governance perspective.

RETIREMENT BENEFITS PLAN

Particulars of retirement benefits plan of the Group for the year ended 31 March 2021 are set out in note 4I(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.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Save as the share option scheme as set out in section headed "Share Option Scheme", 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 OR ANY ASSOCIATED CORPORATION

As at 31 March 2021, 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 (the "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 and shares in the Company and associated corporations

Name of Director/ chief executive	Nature of Interest	Number of shares	Number of underlying shares	Aggregate Interest	Approximate percentage of shareholding
Ms. Wong *(Note 1)*	Interest in a controlled corporation	557,424,000	–		
	Beneficial owner	–	7,980,000		
		557,424,000	7,980,000	565,404,000	70.68%
Dr. Miu *(Note 2)*	Interest of spouse	557,424,000	7,980,000	565,404,000	70.68%
Mr. Chiu *(Note 3)*	Interest in a controlled corporation	20,224,001	–	20,224,001	2.53%

Notes:

1. The shares are registered in the name of B&A Success Limited ("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 Limited, the entire 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 held by Infinite Crystal Limited.

Save as disclosed above, as at 31 March 2021, 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 2021, so far as the Directors are aware, other than the Directors 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 or any associated corporation" 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, were 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%

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 2021 which required to be recorded pursuant to section 336 of the SFO.

SHARE OPTION SCHEME

The Company has adopted the 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 and subject to the other terms of the Share Option Scheme.

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.

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.

A total of 71,940,000 Shares are available for issue under the Share Option Scheme, representing 8.99% of the total issued capital of the Company as at the date of this Annual Report.

Details of Share Options granted and their movements during the year ended 31 March 2021 are as follows:

			Number of Shares issuable under the options					
	Date of Grant	Exercise price per Share HK$	as at 01/04/2020	granted during the period	exercised during the period	lapsed during the period	as at 31/3/2021	Exercise period
Directors								
Ms. Wong	18/04/2019	0.12	7,980,000	–	–	–	7,980,000	Note 1
Employees of the Group								
In aggregate	18/04/2019	0.12	14,480,000	–	–	(1,000,000)	13,480,000	Note 1
			22,460,000	–	–	(1,000,000)	21,460,000	

Notes:

1. (i) up to 40% of the Share Options are exercisable on or after 18 April 2019;

   (ii) up to 70% of the Share Options are exercisable on or after 18 April 2020;

   (iii) all the remaining Share Options are exercisable on or after 18 April 2021;

   and in each case, not later than 17 April 2024.

Save as disclosed above, no options were granted, exercised, forfeited, cancelled or lapsed during the year ended 31 March 2021.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

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 2021.

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 the year.

RELATED PARTY TRANSACTIONS

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

CONNECTED TRANSACTIONS

The rental expenses paid to Solaire International Limited as disclosed in note 31 "related party transactions" to the consolidated financial statements for the year ended 31 March 2021 constituted a connected transaction as defined in Chapter 20 of the GEM Listing Rules.

The transaction is a de minimis transaction in accordance with GEM Listing Rules 20.74(1) fully exempt from the reporting, annual review, announcement, circular (including independent financial advice) and shareholders' approval requirements.

There are no other non-exempt connected transactions during the year.

DIRECTORS'/CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as the related party transactions disclosed in note 31 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 2021 or during the financial year.

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 25 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 during the year.

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.

EQUITY-LINKED AGREEMENTS

Save for the Share Option Scheme, no equity-linked agreements were entered into during the year or subsisted at the end of the year.

INDEPENDENT AUDITOR

The financial statements of the Company for the year ended 31 March 2021 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.

No change in auditors of the Company since the date of listing.

EVENTS AFTER THE REPORTING PERIOD

There is no significant subsequent event after the reporting period and up to the date of this annual report.

ON BEHALF OF THE BOARD
Grand Brilliance Group Holdings Limited

Wong Bik Kwan Bikie
Chairman and Chief Executive Officer

Hong Kong, 18 June 2021

INDEPENDENT AUDITOR'S REPORT

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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 57 to 109, which comprise the consolidated statement of financial position as at 31 March 2021, 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 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") 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 5(ii) and 20 to the consolidated financial statements)

As at 31 March 2021, the Group had inventories amounting to approximately HK$21,104,000. The associated provision for inventories for the year ended 31 March 2021 was approximately HK$1,326,000. Management estimated the net realisable value of inventories at the end of the reporting period, and make provision for write-down in value, if any.

KEY AUDIT MATTERS *(Continued)*

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 net realisable value 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 procedures in relation to management's assessment of 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.

INDEPENDENT AUDITOR'S REPORT

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, actions taken to eliminate threats or safeguards applied.

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, 18 June 2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2021

	Notes	2021 HK$'000	2020 HK$'000
Revenue	7	**70,241**	67,227
Cost of revenue		**(36,626)**	(30,853)
Gross profit		**33,615**	36,374
Other income	8	**2,006**	888
Other gains or losses		**114**	30
Distribution and selling expenses		**(899)**	(935)
Administrative and other operating expenses		**(25,370)**	(24,386)
Finance costs	9	**(109)**	(68)
Profit before income tax	10	**9,357**	11,903
Income tax expense	11	**(1,498)**	(2,337)
Profit for the year and total comprehensive income attributable to owners of the Company		**7,859**	9,566
		HK cent	HK cent
Earnings per share attributable to owners of the company			
Basic and diluted earnings per share	14	**0.98**	1.20

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2021

	Notes	2021 HK$'000	2020 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	15	**888**	1,335
Other asset	16	**2,690**	2,690
Financial assets measured at fair value through profit or loss	17	**810**	820
Deposits		**700**	132
Right-of-use assets	18	**5,095**	914
Deferred tax assets	19	**77**	7
		10,260	5,898
Current assets			
Inventories	20	**21,104**	15,454
Contract costs	21	**–**	2,195
Financial assets measured at fair value through profit or loss	17	**46**	–
Trade and other receivables, deposits and prepayments	22	**9,530**	10,703
Tax recoverable		**858**	–
Cash and cash equivalents	23	**70,212**	70,637
		101,750	98,989
Current liabilities			
Trade and other payables	24	**12,520**	8,312
Contract liabilities	25	**1,566**	5,940
Amount due to a related company	31	**–**	98
Lease liabilities	18	**3,456**	811
Tax payable		**–**	1,244
		17,542	16,405
Net current assets		**84,208**	82,584
Total assets less current liabilities		**94,468**	88,482
Non-current liabilities			
Lease liabilities	18	**1,416**	–
Net assets		**93,052**	88,482
CAPITAL AND RESERVES			
Share capital	26	**8,000**	8,000
Reserves	27	**85,052**	80,482
Total equity		**93,052**	88,482

On behalf of the directors

Wong Bik Kwan Bikie
Chairman and Executive Director

Wong Lung Wo James
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2021

	Share capital (*note 26*) HK$'000	Share premium* (*note 27*) HK$'000	Merger reserve* (*note 27*) HK$'000	Share option reserve* (*note 28*) HK$'000	Retained earnings* HK$'000	Total HK$'000
At 1 April 2019	8,000	52,499	1,500	–	19,113	81,112
Profit and total comprehensive income for the year	–	–	–	–	9,566	9,566
Recognition of equity-settled share-based payment	–	–	–	1,304	–	1,304
Cancellation of share options	–	–	–	(386)	386	–
Lapse of share options	–	–	–	(105)	105	–
Dividend declared (*note 13*)	–	–	–	–	(3,500)	(3,500)
At 31 March 2020 and 1 April 2020	**8,000**	**52,499**	**1,500**	**813**	**25,670**	**88,482**
Profit and total comprehensive income for the year	**–**	**–**	**–**	**–**	**7,859**	**7,859**
Recognition of equity-settled share-based payment	**–**	**–**	**–**	**211**	**–**	**211**
Lapse of share options	**–**	**–**	**–**	**(18)**	**18**	**–**
Dividend declared (*note 13*)	**–**	**–**	**–**	**–**	**(3,500)**	**(3,500)**
At 31 March 2021	**8,000**	**52,499**	**1,500**	**1,006**	**30,047**	**93,052**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2021

	Note	2021 HK$'000	2020 HK$'000
Cash flows from operating activities			
Profit before income tax		**9,357**	11,903
Adjustments for:			
Bank interest income		**(357)**	(840)
Changes in fair value of financial assets measured at fair value through profit or loss		**15**	–
Loss on early termination of lease		**21**	–
Depreciation of property, plant and equipment		**835**	938
Depreciation of right-of-use assets		**2,605**	1,883
Interest expenses		**109**	68
Equity-settled share-based payment expenses		**211**	1,304
Reversal of allowance for impairment of trade receivables		**(28)**	(24)
Provision for inventories		**1,326**	593
Write-off of inventories		**–**	260
Operating profit before working capital changes		**14,094**	16,085
Decrease/(Increase) in contract costs		**2,195**	(2,195)
(Increase)/Decrease in deposits		**(568)**	285
(Increase)/Decrease in inventories		**(6,976)**	522
Decrease in trade and other receivables, deposits and prepayments		**1,201**	80
Decrease in pledged bank deposit		**–**	3,030
Increase/(Decrease) in trade and other payables		**4,208**	(1,451)
(Decrease)/Increase in amount due to a related company		**(98)**	98
(Decrease)/Increase in contract liabilities		**(4,374)**	5,711
Cash generated from operations		**9,682**	22,165
Income tax paid		**(3,670)**	(540)
Net cash generated from operating activities		**6,012**	21,625
Cash flows from investing activities			
Bank interest received		**357**	840
Purchase of property, plant and equipment		**(388)**	(217)
Acquisition of financial assets measured at fair value through profit or loss		**(51)**	–
Net cash (used in)/generated from investing activities		**(82)**	623
Cash flows from financing activities			
Repayment of principal portion of lease liabilities	*30*	**(2,746)**	(1,986)
Interest paid on lease liabilities	*30*	**(109)**	(68)
Dividend paid		**(3,500)**	(3,500)
Net cash used in financing activities		**(6,355)**	(5,554)
Net (decrease)/increase in cash and cash equivalents		**(425)**	16,694
Cash and cash equivalents at beginning of the year		**70,637**	53,943
Cash and cash equivalents at end of the year		**70,212**	70,637
Analysis of the balances of cash and cash equivalents			
Bank balances and cash		**70,212**	70,637

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

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") since 29 March 2018. 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 2901–2903 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 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 2021 were approved and authorised for issue by the directors on 18 June 2021.

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

(a) Adoption of new/revised HKFRSs — effective on 1 April 2020

The following new/revised HKFRSs, potentially relevant to the Group's consolidated financial statements, which are effective from current year, have been adopted by the Group.

Amendments to HKFRS 3	Definition of a Business
Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

None of the new or revised standards and interpretation that are effective from 1 April 2020 have had a material effect on the Group's accounting policies. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

2. 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.

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current[6]
HK Interpretation 5 (2020)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause[6]
Amendments to HKAS 1	Disclosure of Accounting Policies[6]
Amendments to HKAS 8	Definition of Accounting Estimates[6]
Amendments to HKAS 16	Proceeds before Intended Use[4]
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract[4]
Amendments to HKFRS 3	Reference to the Conceptual Framework[5]
Amendments to HKAS 39, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2[2]
Amendment to HKFRS 16	COVID-19-Related Rent Concessions[1]
Amendment to HKFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021[3]
Annual Improvements to HKFRSs 2018-2020	Amendments to HKFRS 9 — Financial Instruments and Amendments to HKFRS 16 — Leases[4]

1 Effective for annual periods beginning on or after 1 June 2020
2 Effective for annual periods beginning on or after 1 January 2021
3 Effective for annual periods beginning on or after 1 April 2021
4 Effective for annual periods beginning on or after 1 January 2022
5 Effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022
6 Effective for annual periods beginning on or after 1 January 2023

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

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

Amendments to HKAS 1 — Classification of Liabilities as Current or Non-current and HK Interpretation ("HK Int") 5 (2020) — Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability and explain that rights are in existence if covenants are complied with at the end of the reporting period. The amendments also introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

HK Int 5 (2020) was revised as a consequence of the Amendments to HKAS 1 issued in August 2020. The revision to HK Int 5 (2020) updates the wordings in the interpretation to align with the Amendments to HKAS 1 with no change in conclusion and do not change the existing requirements.

Amendments to HKAS 1 — Disclosure of Accounting Policies

The amendments to *Disclosure of Accounting Policies* were issued following feedback that more guidance was needed to help companies decide what accounting policy information should be disclosed. The amendments to HKAS 1 require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendments to HKFRS Practice Statement 2 *Making Materiality Judgements* provide guidance on how to apply the concept of materiality to accounting policy disclosures.

Amendments to HKAS 8 — Definition of Accounting Estimates

The amendments to HKAS 8 clarify how companies should distinguish changes in accounting policies from changes in accounting estimates. That distinction is important because changes in accounting estimates are applied prospectively only to future transactions and other future events, but changes in accounting policies are generally also applied retrospectively to past transactions and other past events.

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

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

Amendments to HKAS 16 — Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, the proceeds from selling such items, and the cost of producing those items, is recognised in profit or loss.

Amendments to HKAS 37 — Onerous Contracts — Cost of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (e.g. direct labour and materials) or an allocation of other costs that relate directly to fulfilling contracts (e.g. the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

Amendments to HKFRS 3 — Reference to the Conceptual Framework

The amendments update HKFRS 3 so that it refers to the revised Conceptual Framework for Financial Reporting 2018 instead of the version issued in 2010. The amendments add to HKFRS 3 a requirement that, for obligations within the scope of HKAS 37, an acquirer applies HKAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of HK(IFRIC)-Int 21 Levies, the acquirer applies HK(IFRIC)-Int 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. The amendments also add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

Amendments to HKAS 39, HKFRS 7, HKFRS 9 and HKFRS 16 — Interest Rate Benchmark Reform — Phase 2

The amendments address issues that might affect financial reporting when a company replaces the old interest rate benchmark with an alternative benchmark rate as a result of the interest rate benchmark reform (the "Reform"). The amendments complement those issued in November 2019 and relate to (a) changes to contractual cash flows in which an entity will not have to derecognise or adjust the carrying amount of financial instruments for changes required by the Reform, but will instead update the effective interest rate to reflect the change to the alternative benchmark rate; (b) hedge accounting in which an entity will not have to discontinue its hedge accounting solely because it makes changes required by the Reform, if the hedge meets other hedge accounting criteria; and (c) disclosures in which an entity will be required to disclose information about new risks arising from the Reform and how it manages the transition to alternative benchmark rates.

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

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

Amendments to HKFRS 16 — COVID-19-Related Rent Concessions

The amendment exempts lessees from having to consider individual lease contract to determine whether rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and allows lessees to account for such rent concessions as if they were not lease modifications. It applies to COVID-19-related rent concessions that reduce lease payments due on or before 30 June 2021. The amendment does not affect lessors.

Amendment to HKFRS 16 — COVID-19-Related Rent Concessions beyond 30 June 2021 ("2021 Amendment to HKFRS 16")

The 2021 Amendment to HKFRS 16 extends the availability of the practical expedient in paragraph 46A of HKFRS 16 so that it applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met.

Annual Improvements to HKFRSs 2018-2020

The annual improvements amend a number of standards, those are expected to be applicable to the Group including:

- HKFRS 9, *Financial Instruments*, which clarify the fees included in the '10 per cent' test in paragraph B3.3.6 of HKFRS 9 in assessing whether to derecognise a financial liability, explaining that only fees paid or received between the entity and the lender, including fees paid or received by either the entity or the lender on other's behalf are included.

- HKFRS 16, *Leases*, which amend Illustrative Example 13 to remove the illustration of reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

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. They consider that these new or revised HKFRSs are not expected to have a material impact on the Group's financial statements.

3. BASIS OF PREPARATION

(a) Statement of compliance

The Group's consolidated financial statements have been prepared in accordance with all HKFRSs, Hong Kong Accounting Standards ("HKAS") and Interpretations (hereinafter collectively referred to as the Hong Kong Financial Reporting Standards) 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 consolidated financial statements have been prepared under the historical cost convention 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 consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is the same as the functional currency of the Company and its major subsidiaries.

4. 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) Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: power over the investee, exposure, or rights, to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the Company's statement of financial position, interests in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(c) 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 4(m)).

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.

(d) Other asset

Other asset represents club membership held for long-term purposes and are with an indefinite useful life. Other asset acquired separately is initially recognised at cost and subsequently carried at cost less accumulated impairment losses.

Other asset with indefinite useful life is tested for impairment at least annually, irrespective of whether there is any indication that they are impaired, by comparing its carrying amount with its recoverable amount (see note 4(m)). If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as revaluation decrease to the extent of its revaluation surplus.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(e) Leasing

All leases (irrespective of they are operating leases or finance leases) are required to be capitalised in the statement of financial position as right-of-use assets and lease liabilities, but accounting policy choices exist for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of- use assets and lease liabilities for low-value assets and leases for which at the commencement date have a lease term less than 12 months. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

(i) Right-of-use asset

The right-of-use asset should be recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee; and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease. The Group measures the right-of-use assets applying a cost model. Under cost model, the right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability.

(ii) Lease liability

The lease liability is recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the Group's incremental borrowing rate.

The following payments for the right-of-use asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed payments less any lease incentives receivable; (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent to the commencement date, the Group measures the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, e.g., a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in-substance fixed lease payments or a change in assessment to purchase the underlying asset.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(e) Leasing *(Continued)*

(iii) The Group as lessor

The Group has leased out its medical devices under inventory. Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of the medical devices are classified as operating leases. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the medical devices and the present value of the minimum lease payments not amounting to substantially all the fair value of the medical devices, that it retains substantially all the significant risks and rewards incidental to ownership of these medical devices which are leased out and accounts for the contracts as operating leases. Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease terms.

(f) Financial Instruments

(i) Financial assets

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place.

Financial assets with embedded derivatives are considered in their entirely when determining whether their cash flows are solely payment of principal and interest on the principal outstanding.

The Group classifies its financial assets in the following measurement categories:

— Financial assets at amortised cost;

— Financial assets at fair value through other comprehensive income; and

— Financial assets at fair value through profit or loss.

The classification is generally based on two criteria:

— the business model under which the financial asset is managed; and

— the contractual cash flow characteristics of the financial asset.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(f) Financial Instruments *(Continued)*

(i) Financial assets *(Continued)*

The subsequent measurement of financial assets depends on their classification as follows:

Debt instruments

There are three measurement categories into which the Group classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

Fair value through other comprehensive income: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income. Debt investments at fair value through other comprehensive income are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Fair value through profit or loss: Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through other comprehensive income, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch. Changes in fair value and interest income are recognised in profit or loss.

Equity instruments

On initial recognition of an equity investment that is not held for trading, the Group could irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Equity investments at fair value through other comprehensive income are measured at fair value. Dividend income are recognised in profit or loss unless the dividend income clearly represents a recovery of part of the cost of the investments. Other net gains and losses are recognised in other comprehensive income and are not reclassified to profit or loss. All other equity instruments are classified as fair value through profit or loss, whereby changes in fair value, dividends and interest income are recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(f) Financial Instruments *(Continued)*

(ii) Impairment loss on financial assets

The Group recognises loss allowances for expected credit losses ("ECLs") on trade receivables and financial assets measured at amortised cost. The ECLs are measured on either of the following bases: (1) 12 months ECLs: these are the ECLs that result from possible default events within the 12 months after the end of the reporting period, and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group has elected to measure loss allowances for trade receivables using HKFRS 9 *Financial Instruments* simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets, the ECLs are based on the 12-months ECLs. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be credit-impaired when: (1) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (2) the financial asset is more than 90 days past due.

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non-credit-impaired financial assets interest income is calculated based on the gross carrying amount.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(f) Financial Instruments *(Continued)*

(iii) Financial liabilities

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

Financial liabilities at amortised cost

Financial liabilities at amortised cost including trade and other payables, amount due to a related company and lease liabilities are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

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 relevant 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.

(vi) 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 HKFRS 9.

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

(g) 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(h) Recognition of revenue and other income

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Depending on the terms of the contract and the laws that apply to the contract, control of the goods or service may be transferred over time or at a point in time. Control of the goods or service is transferred over time if the Group's performance:

— provides all of the benefits received and consumed simultaneously by the customer;

— creates or enhances an asset that the customer controls as the Group performs; or

— does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods or services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods or service.

When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amounts receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. For contracts where the period between the payment and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15 *Revenue from Contracts with Customers*.

(i) Revenue from sales of medical consumables, medical instruments and certain medical equipment are recognised at point in time when the goods are delivered and have been accepted by the customers. There is generally only one performance obligation.

(ii) Revenue from sales medical equipment subject to installation generally includes only one performance obligation and is recognised at point in time when the customer has accepted the goods after the installation services have been rendered.

(iii) Revenue from rendering of maintenance services is recognised over time with the contractual period of the maintenance services.

(iv) Revenue from leasing of medical devices is recognised over time based on the terms of the relevant rental agreement.

(v) Interest income is recognised on time-proportion basis using effective interest method.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(h) Recognition of revenue and other income *(Continued)*

Contract assets and liabilities

A contract asset represents the Group's right to consideration in exchange for services that the Group has transferred to a customer that is not yet unconditional. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

Contract costs

The Group recognises an asset from the costs incurred to fulfil a contract when those costs meet all of the following criteria:

(i) the costs relate directly to a contract or to an anticipated contract that the entity can specifically identify;

(ii) the costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and

(iii) the costs are expected to be recovered.

The asset recognised is subsequently amortised to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the cost relate. The asset is subject to impairment review.

(i) 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(j) 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.

(k) 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(l) 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.

(m) Impairment of non-financial assets

Property, plant and equipment, right-of-use assets and other asset 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 ("CGU")). As a result, some assets are tested individually for impairment and some are tested at CGU level.

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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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

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.

(n) 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.

(o) 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.

(p) 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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(q) 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.

(r) Share-based employee compensation

The Group operates equity-settled share-based compensation plans to remunerate its employee and directors.

All employee services received in exchange for the grant of any share-based compensation are measured at their fair values. These are indirectly determined by reference to the share options awarded. Their value is appraised at the grant date and excludes the impact of any non-market vesting conditions.

Share-based compensation is recognised as an expense in full at the grant date when the share options granted vest immediately, with the corresponding increase in share option reserve. If vesting periods or other vesting conditions apply, the expense is recognised over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at the end of each reporting period so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

At the time when the share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When the share options are later forfeited or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to retained earnings.

(s) 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(t) 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.

(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.

5. 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.

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 loss on receivables (including trade and other receivables)

The measurement of impairment losses under HKFRS 9 across all categories of financial assets requires judgment, in particular, the estimation of the amount and timing of future cash flows when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

At the end of the reporting period, the Group assesses whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of default occurring over the expected life between the end of the reporting period and the date of initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information, based on the Group's historical experience and informed credit assessment and also, forward-looking analysis.

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

Key sources of estimation uncertainty *(Continued)*

(iv) Incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available or when it needs to be adjusted to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiaries' stand-alone credit rating).

6. 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) Disaggregation of revenue from contracts with customers

	2021 **HK$'000**	2020 HK$'000
Timing of revenue recognition		
Over time	**2,009**	2,107
At a point in time	**67,996**	64,935
	70,005	67,042

(d) Information about major customers

For the year ended 31 March 2021, revenue from one customer amounted to HK$9,986,000 which represented approximately 14% of the Group's revenue. No revenue from customers which represented 10% or more of the Group's revenue during the year ended 31 March 2020.

7. 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:

	2021 HK$'000	2020 HK$'000
Revenue from contracts with customers:		
Sales of medical devices and products		
Medical consumables	**48,320**	49,249
Medical equipment	**17,410**	13,726
Medical instruments	**2,266**	1,960
	67,996	64,935
Rendering of maintenance services	**2,009**	2,107
	70,005	67,042
Revenue from other source:		
Rental income from leasing medical devices	**236**	185
	70,241	67,227

The following table provides information about the trade receivables and contract liabilities from contracts with customers:

	2021 HK$'000	2020 HK$'000
Trade receivables *(note 22)*	**7,731**	7,660
Contract liabilities *(note 25)*	**1,566**	5,940

8. OTHER INCOME

	2021 HK$'000	2020 HK$'000
Bank interest income	**357**	840
Government grants *(note)*	**1,649**	28
Sundry income	**–**	20
	2,006	888

Note: The Group was granted subsidies of HK$1,590,000 under the Employment Support Scheme ("ESS") under the Anti-epidemic Fund launched by the Government of the Hong Kong Special Administrative Region for supporting the payroll of the Group's employees during the year ended 31 March 2021. The Group has complied with the requirements set out the in the ESS for the year.

9. FINANCE COSTS

	2021 HK$'000	2020 HK$'000
Interest on lease liabilities	**109**	68

10. PROFIT BEFORE INCOME TAX

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

	2021 HK$'000	2020 HK$'000
Auditor's remuneration	**590**	578
Cost of inventories recognised as expense#		
— Carrying amount of inventories consumed	**33,735**	28,444
— Allowance for inventories	**1,326**	593
— Write-off of inventories	**–**	260
	35,061	29,297
Change in fair value of financial asset measured at fair value through profit or loss	**15**	–
Depreciation of property, plant and equipment*	**835**	938
Depreciation of right-of-use assets	**2,605**	1,883
Employee costs (including directors' emoluments *(note 12(a))*)		
— Salaries, allowances and other benefits	**14,927**	12,283
— Contributions to defined contribution retirement plan	**470**	393
— Equity-settled share-based payment expenses *(note 28)*	**211**	1,304
	15,608	13,980
Loss on early termination of lease	**21**	–
Exchange difference, net	**(122)**	(6)
Research and development expenditure^	**583**	406
Reversal of loss allowance for trade receivables	**(28)**	(24)

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$531,000 for the year (2020: HK$381,000) 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:

	2021 **HK$'000**	2020 HK$'000
Current tax for the year		
— Hong Kong Profits Tax	**1,588**	2,446
Over-provision in respect of prior years	**(20)**	(18)
	1,568	2,428
Deferred tax *(note 19)*	**(70)**	(91)
	1,498	2,337

The Group is subject to Hong Kong Profits Tax under the two-tiered profits tax rate regime. For the years ended 31 March 2021 and 2020, the first HK$2 million of the estimated assessable profits of qualifying corporation in the Group will be taxed at 8.25%, and the estimated assessable profits above HK$2 million will be taxed at 16.5%. The profits of group entity not qualifying for the two-tiered profits tax regime will continue to be taxed at a flat rate of 16.5% on their estimated assessable profits.

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

	2021 **HK$'000**	2020 HK$'000
Profit before income tax	**9,357**	11,903
Tax calculated at applicable Hong Kong profits tax rate	**1,544**	1,964
Tax effect of revenue not taxable for tax purposes	**(351)**	(143)
Tax effect of expenses not deductible for tax purposes	**392**	610
Tax effect of tax losses not recognised	**113**	89
Over-provision in respect of prior years	**(20)**	(18)
Income tax on concessionary rate	**(165)**	(165)
Others	**(15)**	–
Income tax expense	**1,498**	2,337

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	Equity settled share-based payment expenses *(Note 28)*	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Year ended 31 March 2021						
Executive director						
Ms. Wong Bik Kwan Bikie ("Ms. Wong")	**–**	**2,823**	**1,184**	**18**	**96**	**4,121**
Non-executive directors						
Dr. Miu Yin Shun Andrew	**120**	**–**	**–**	**–**	**–**	**120**
Mr. Chiu Man Wai	**120**	**–**	**–**	**–**	**–**	**120**
Independent non-executive directors						
Mr. Ng Leung Sing *SBS, JP*	**120**	**–**	**–**	**–**	**–**	**120**
Mr. Wong Lung Wo James	**120**	**–**	**–**	**–**	**–**	**120**
Mr. Chan Ping Keung	**120**	**–**	**–**	**–**	**–**	**120**
	600	**2,823**	**1,184**	**18**	**96**	**4,721**
Year ended 31 March 2020						
Executive directors						
Ms. Wong	–	2,765	1,155	18	483	4,421
Mr. Chan Chun Sing *(note)*	–	533	–	9	194	736
Non-executive directors						
Dr. Miu Yin Shun Andrew	120	–	–	–	–	120
Mr. Chiu Man Wai	120	–	–	–	–	120
Independent non-executive directors						
Mr. Ng Leung Sing *SBS, JP*	120	–	–	–	–	120
Mr. Wong Lung Wo James	120	–	–	–	–	120
Mr. Chan Ping Keung	120	–	–	–	–	120
	600	3,298	1,155	27	677	5,757

Note:

Mr. Chan Chun Sing resigned as executive director on 24 September 2019.

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

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year ended 31 March 2021 included 1 director (2020: 2 directors) of the Company whose emoluments are reflected in the analysis presented in note (a) above. The emoluments payable to the remaining 4 (2020: 3) highest paid individuals for the year ended 31 March 2021 are as follows:

	2021 HK$'000	2020 HK$'000
Salaries, allowances and other benefits	**2,531**	1,731
Discretionary bonuses	**317**	259
Contributions to defined contribution retirement plan	**72**	45
Equity-settled share-based payment expenses	**101**	498
	3,021	2,533

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

	2021 Number of individuals	2020 Number of individuals
Nil to HK$1,000,000	**4**	3

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 (2020: nil). In addition, none of the directors waived or agreed to waive any emoluments during the year (2020: nil).

The discretionary bonus is determined with reference to the performance of director of the Group.

(c) Senior management's emoluments

During the reporting periods, the emoluments paid or payable to members of senior management who are not directors were within the following band:

	2021 Number of individuals	2020 Number of individuals
Nil to HK$1,000,000	**3**	3

13. DIVIDENDS

	2021 HK$'000	2020 HK$'000
Interim dividend	**3,500**	3,500

The dividend for the year ended 31 March 2021 amounting HK$3,500,000 represented interim dividends declared by the Company to its shareholders during the year ended 31 March 2021.

During the year ended 31 March 2020, the board of directors of the Company announced on 20 September 2019 that instead of paying the proposed final dividend of HK0.1250 cent per ordinary share of the Company and a special dividend of HK0.3125 cent per ordinary share for the year ended 31 March 2019 as disclosed in the result announcement on 21 June 2019, the Company would pay an interim dividend of HK0.4375 cent per ordinary share for the year ended 31 March 2019. The total amount of the dividend per ordinary share to be received by shareholders of the Company will remain unchanged, despite the reclassification of the dividend described above. The interim dividend of HK0.4375 cent per ordinary share, amounting to approximately HK$3,500,000 in aggregate was paid on 21 October 2019.

Subsequent to the end of the reporting period, an interim dividend of HK0.45 cent per ordinary share, totally amounting to HK$3,600,000 in respect of the year ended 31 March 2021 has been declared by the directors. The interim dividend declared after the year ended 31 March 2021 was not recognised as a liability as at 31 March 2021 as it had not been approved by the board of directors of the Company as at 31 March 2021.

14. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

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

	2021 HK$'000	2020 HK$'000
Earnings		
Profit for the year attributable to owners of the Company	**7,859**	9,566

	'000	'000
Weighted average number of ordinary shares in issue		
Weighted average number of ordinary shares for the purpose of calculating the basic and diluted earnings per share	**800,000**	800,000

For the purpose of calculating diluted earnings per share for the years ended 31 March 2021 and 2020, no adjustment has been made as the exercise of the outstanding share options has an anti-dilutive effect of the basic earnings per share.

15. PROPERTY, PLANT AND EQUIPMENT

	Furniture, fixtures, moulds and equipment	Leasehold improvements	Motor vehicles	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Cost				
At 1 April 2019	1,408	1,042	2,020	4,470
Additions	215	2	–	217
As at 31 March 2020 and 1 April 2020	1,623	1,044	2,020	4,687
Additions	321	67	–	388
At 31 March 2021	1,944	1,111	2,020	5,075
Accumulated depreciation				
At 1 April 2019	853	550	1,011	2,414
Depreciation	198	336	404	938
At 31 March 2020 and 1 April 2020	1,051	886	1,415	3,352
Depreciation	249	182	404	835
At 31 March 2021	1,300	1,068	1,819	4,187
Net carrying amount				
At 31 March 2021	644	43	201	888
At 31 March 2020	572	158	605	1,335

16. OTHER ASSET

Other asset represents club membership held by the Company for long-term investment purposes. Club membership is tested for impairment annually by comparing its carrying amount with its recoverable amount. For the purpose of impairment testing, the carrying amount of other asset is allocated to the CGU which engaged in supplying medical devices and providing medical device solutions, the only one operating segment of the Group.

Recoverable amount for the CGU is determined based on value-in-use calculation. The calculation uses the cash flow projections based on the financial budgets approved by management covering a one-year period. Cash flows beyond the one-year period are extrapolated for one year using a 1% growth rate. The growth rate is determined based on management's expectations for the market development and is not expected to exceed the average long-term growth rate for the relevant industry. Discount rate used of 20% is pre-tax and reflect specific risks relating to the relevant business. Apart from the considerations described in determining value-in-use of the CGU above, the Group's management is not currently aware of any other probable changes that would necessitate changes in its key estimates. In the opinion of the directors, club membership worth at least its carrying value at the end of the reporting period.

17. FINANCIAL ASSET MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

	2021	2020
	HK$'000	HK$'000
Financial asset measured at fair value through profit or loss		
Listed equity securities	**46**	–
Unlisted investment:		
— Club debenture *(note)*	**810**	820

Note: The fair values of the club debenture as at 31 March 2021 and 2020 were determined by Asset Appraisal Limited, an independent professional valuer.

Details of the fair value measurement for the financial assets measured at fair value through profit or loss are set out in note 34(b). The Group does not intend to dispose of the club debenture in the near future.

18. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Group leases a number of office premise and warehouses in Hong Kong. The leases of buildings comprise only fixed payments over the lease terms.

Right-of-use assets

	Buildings
	HK$'000
Cost	
At 1 April 2019, 31 March 2020 and 1 April 2020	2,797
Additions	7,019
Written off arising from early termination of lease	(571)
At 31 March 2021	9,245
Accumulated depreciation	
At 1 April 2019	–
Charge for the year	1,883
At 31 March 2020 and 1 April 2020	1,883
Charge for the year	2,605
Written off arising from early termination of lease	(338)
At 31 March 2021	4,150
Net carrying amount	
At 31 March 2021	5,095
At 31 March 2020	914

18. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES *(Continued)*

Lease liabilities

	31 March 2021 Present value of minimum lease payment HK$'000	31 March 2021 Total minimum lease payment HK$'000	31 March 2020 Present value of minimum lease payment HK$'000	31 March 2020 Total minimum lease payment HK$'000
Maturity analysis:				
Within 1 year	**3,456**	**3,548**	811	820
After 1 year but within 2 years	**1,416**	**1,428**	–	–
	4,872	**4,976**	811	820
Less: total future interest expenses		**(104)**		(9)
		4,872		811
Analysed as:				
Non-current		**1,416**		–
Current		**3,456**		811
		4,872		811

The maturity analysis of lease liabilities is disclosed in note 35(d) to the financial statements.

The analysis of expense items in relation to leases recognised in profit or loss is as follow:

	2021 HK$'000	2020 HK$'000
Depreciation expense of right-of-use assets	**2,605**	1,883
Interest on lease liabilities *(note 9)*	**109**	68
Expenses relating to short-term leases	**1,951**	2,087

19. DEFERRED TAX ASSETS/(LIABILITIES)

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 2019	(84)
Charge to profit or loss for the year *(note 11)*	91
At 31 March 2020 and 1 April 2020	7
Charge to profit or loss for the year *(note 11)*	70
At 31 March 2021	77

As at 31 March 2021, the Group had unused tax losses of HK$2,976,000 (2020: HK$2,294,000) available for offset against future profits. The tax losses are subject to the final assessment of Hong Kong Inland Revenue Department. 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.

20. INVENTORIES

	2021 **HK$'000**	2020 HK$'000
Finished goods	**21,104**	15,454

21. CONTRACT COSTS

	2021 **HK$'000**	2020 HK$'000
Costs to fulfill a contract *(note)*	**–**	2,195

Note:

Contract costs capitalised as at 31 March 2020 represented the direct costs incurred in a contract of sales of medical devices which was entered with a third party during the year ended 31 March 2020. The costs were made for satisfying the performance obligation in the future. During the year ended 31 March 2021, the performance obligation has been satisfied and the contract costs of HK$2,195,000 was recognised in cost of sales for the year.

22. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2021 HK$'000	2020 HK$'000
Trade receivables	**9,176**	9,133
Less: allowance for impairment	**(1,445)**	(1,473)
Trade receivables, net	**7,731**	7,660
Other receivables	**116**	142
Deposits and prepayments	**1,683**	2,901
	9,530	10,703

The credit period granted to customers ranged from 0 to 30 days.

As at 31 March 2021 and 2020, the allowance for impairment on trade receivables has been recognised in accordance with the simplified approach, i.e. lifetime ECLs set out in HKFRS 9. Details of the movement in loss allowance of trade receivables are set out in note 35(a).

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

	2021 HK$'000	2020 HK$'000
0–30 days	**5,958**	4,171
31–60 days	**873**	2,324
61–90 days	**408**	286
Over 90 days	**492**	879
	7,731	7,660

23. CASH AND CASH EQUIVALENTS

	2021 **HK$'000**	2020 HK$'000
Cash at banks and on hand	**70,212**	70,637

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

24. TRADE AND OTHER PAYABLES

	2021 **HK$'000**	2020 HK$'000
Trade payables	**8,532**	4,635
Accruals and other payables	**3,988**	3,677
	12,520	8,312

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

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

	2021 **HK$'000**	2020 HK$'000
0–30 days	**7,093**	2,323
31–60 days	**474**	1,080
61–90 days	**227**	207
Over 90 days	**738**	1,025
	8,532	4,635

25. CONTRACT LIABILITIES

The movement in contract liabilities during the year is as follows:

	2021 HK$'000	2020 HK$'000
Balance as at 1 April	**5,940**	229
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	**(5,940)**	(229)
Increase in contract liabilities as a result of receipt in advance from sales of medical devices and products and rendering of maintenance services	**1,566**	5,940
Balance as at 31 March	**1,566**	5,940

The contract liabilities mainly relate to the advance consideration received from customers for (i) sales of medical devices and products and (ii) rendering of maintenance services. The Group will recognise the expected revenue in future when such performance obligation is satisfied, which is expected to occur in the next 12 months.

The Group has applied the practical expedient to its sales contracts for medical devices and products and rendering of maintenance services and therefore the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts for rendering of maintenance services that had an original expected duration of one year or less.

26. SHARE CAPITAL

Ordinary shares	**Number of shares**	**Amount** HK$'000
Authorised:		
Ordinary shares of HK$0.01 each		
At 31 March 2020, 1 April 2020 and 31 March 2021	8,000,000,000	80,000
Issued and fully paid:		
Ordinary shares of HK$0.01 each		
At 31 March 2020, 1 April 2020 and 31 March 2021	800,000,000	8,000

27. RESERVES

The Group

Details of the movements of the Group's reserves for the years ended 31 March 2021 and 2020 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 for the listing purpose.

Retained earnings

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

The Company

The movement of the Company's reserves during the years ended 31 March 2021 and 2020 are as follows:

	Share premium	Share option reserve	(Accumulated losses)/ Retained earnings	Total
	HK$'000	HK$'000	HK$'000	HK$'000
As at 1 April 2019	70,308	–	(9,237)	61,071
Profit and total comprehensive income for the year	–	–	17,292	17,292
Recognition of equity-settled share-based payment *(note 28)*	–	1,304	–	1,304
Cancellation of share options	–	(386)	386	–
Lapse of share options	–	(105)	105	–
Dividend declared *(note 13)*	–	–	(3,500)	(3,500)
As at 31 March 2020 and 1 April 2020	70,308	813	5,046	76,167
Profit and total comprehensive income for the year	–	–	7,212	7,212
Recognition of equity-settled share-based payment *(note 28)*	–	211	–	211
Lapse of share options	–	(18)	18	–
Dividend declared *(note 13)*	–	–	(3,500)	(3,500)
As at 31 March 2021	70,308	1,006	8,776	80,090

28. SHARE-BASED PAYMENTS

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 the Company's shares in issue at the time dealings in the shares first commenced on the 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 Company's 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 that 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 of directors may, at its discretion, grant an option to the eligible participants to subscribe for shares at an exercise price and subject to the other terms of the Share Option Scheme.

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

On 18 April 2019, the Group offered to grant 39,500,000 share options to certain eligible participants under the Share Option Scheme to subscribe at an exercise price of HK$0.12 per share for a total of 39,500,000 ordinary shares of HK$0.01 each in the share capital of the Group. The grant of the said share options is subject to acceptance of the respective grantees.

The share options shall have a validity period of 5 years from 18 April 2019 to 17 April 2024, both dates inclusive, subject to the vesting conditions as stated in the offer letters to the grantees. No share options can be exercised until the relevant share options have been unconditionally vested.

During the year ended 31 March 2021, the Group recognised expense of approximately HK$211,000 (2020: HK$1,304,000) in the consolidated statement of comprehensive income in relation to share options granted by the Company.

28. SHARE-BASED PAYMENTS *(Continued)*

Movement in share options to subscribe for ordinary shares in the Company under the Share Option Scheme are as follows:

	Number of share option		Weighted average exercise price	
	2021	2020	**2021**	2020
Outstanding at 1 April	**22,460,000**	–	**0.12**	N/A
Granted *(note (a))*	**–**	39,500,000	**N/A**	0.12
Forfeited	**–**	(500,000)	**N/A**	0.12
Cancelled *(note (b))*	**–**	(8,060,000)	**N/A**	0.12
Lapsed	**(1,000,000)**	(8,480,000)	**0.12**	0.12
Outstanding at 31 March	**21,460,000**	22,460,000	**0.12**	0.12
Exercisable at 31 March	**13,210,000**	5,360,000	**0.12**	0.12

Notes:

(a) As mentioned above, 39,500,000 share options were granted by the Group. The share options are subject to the following vesting conditions: (i) up to 40% of the share options granted are exercisable on or after 18 April 2019; (ii) up to 70% of the share options granted are exercisable on or after 18 April 2020; (iii) all the remaining share options granted are exercisable on or after 18 April 2021; and (iv) in each case, not later than 17 April 2024.

(b) Under the Share Option Scheme, Ms. Wong, the Chairman, Chief Executive Officer and an Executive Director, Mr. Lee Chun Sing, a senior management of the Company and Mr. Chan Chun Sing, a former Executive Director resigned the position of director on 24 September 2019, were being granted 12,000,000 share options, 10,000,000 share options and 10,000,000 share options respectively on 18 April 2019.

The share options granted to each eligible employee shall not exceed 1% of the Company's ordinary shares in issue in accordance with the Note to Rule 23.03(4) of the GEM Listing Rule. Pursuant to the Company's announcement on 19 August 2019, the board of directors announced to cancel an aggregated 8,060,000 share options granted to these directors and employee which represent 4,020,000 share options, 2,020,000 share options and 2,020,000 share options granted to Ms. Wong, Mr. Lee Chun Sing and Mr. Chan Chun Sing respectively with effect from the same day.

(c) The weighted average remaining contractual life of share options outstanding as at 31 March 2021 is 3.05 years (2020: 4.05 years).

29. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	2021 HK$'000	2020 HK$'000
ASSETS AND LIABILITIES			
Non-current asset			
Investment in a subsidiary		**17,809**	17,809
Current assets			
Prepayments		**245**	217
Amounts due from subsidiaries		**70,336**	66,337
Cash and bank balances		**427**	468
		71,008	67,022
Current liabilities			
Other payables		**727**	663
Amount due to a subsidiary		**–**	1
		727	664
Net current assets		**70,281**	66,358
Net assets		**88,090**	84,167
CAPITAL AND RESERVES			
Share capital	*26*	**8,000**	8,000
Reserves	*27*	**80,090**	76,167
Total equity		**88,090**	84,167

On behalf of the directors

Wong Bik Kwan Bikie
Chairman and Executive Director

Wong Lung Wo James
Director

30. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

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.

	Lease liabilities (note 18)	
	2021	2020
	HK$'000	HK$'000
At 1 April	**811**	2,797
Changes from financing cash flows:		
Capital element of lease payment	**(2,746)**	(1,986)
Interest element of lease payment	**(109)**	(68)
	(2,044)	743
Other change:		
Recognition of lease liabilities during the year	**7,019**	–
Written off arising from early termination of leases	**(212)**	–
Interest incurred for the year	**109**	68
As at 31 March	**4,872**	811

31. RELATED PARTY TRANSACTIONS

(a) Save as disclosed elsewhere in these consolidated financial statements, the Group had the following transactions with its related parties during the year:

	2021 HK$'000	2020 HK$'000
Rental expense paid to a related company *(note (i))*	**1,066**	711
Compensation of key management personnel *(note (ii))*		
Salaries, allowances and other benefits	**6,132**	7,014
Contributions to defined contribution retirement plan	**196**	80
Equity-settled share-based payment expenses	**72**	1,193
	6,400	8,287

Notes:

(i) The Group entered into a lease agreement of warehouse with Solaire International Limited ("Solaire"). Solaire is held by Ms. Wong, Chairman, Chief Executive Officer and Executive Director of the Company. The transaction was conducted in accordance with terms mutually agreed between the Group and Solaire.

(ii) The compensation represents the remuneration paid and was payable to the directors and other members of key management during the reporting periods.

(b) The amount due to a related company was unsecured, interest-free and repayable on demand.

32. 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 Limited	The BVI/ 4 July 2017/ Limited liability company	Hong Kong	100 shares of United States dollars ("US$")1 each	100%	–	Investment holding
Solar-Med Limited	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 Company Limited	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 International Limited	Hong Kong/ 4 July 2016/ Limited liability company	Hong Kong	1 ordinary share of HK$1	–	100%	Trademark holding
Sonne (UK) Limited	United Kingdom/ 26 August 2016/ Limited liability company	Hong Kong	1 ordinary share of 1 Great British Pound	–	100%	Trademark holding
Solar Service Engineering Holdings Limited	The BVI/ 12 March 2019/ Limited liability company	Hong Kong	100 shares of US$1 each	–	100%	Investment holding
Solar Service Engineering Limited	Hong Kong/ 10 May 2019/ Limited liability company	Hong Kong	1 ordinary share of HK$1	–	100%	Provision of maintenance services

33. 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:

	2021 HK$'000	2020 HK$'000
Total equity	**93,052**	88,482
Total assets	**112,010**	104,887
Total equity to total assets ratio	**0.83:1**	0.84:1

34. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

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

	2021 HK$'000	2020 HK$'000
Financial assets		
Financial assets measured at fair value through profit or loss	**856**	820
Financial assets at amortised cost		
— Deposits	**700**	132
— Trade and other receivables and deposits	**8,246**	8,855
— Cash and cash equivalents	**70,212**	70,637
	80,014	80,444
Financial liabilities		
At amortised cost		
— Trade and other payables	**12,520**	8,312
— Amount due to a related party	**–**	98
— Lease liabilities	**4,872**	811
	17,392	9,221

34. 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, amount due to a related company and lease liabilities.

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 listed equity securities and 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 2021				
Financial assets measured at fair value through profit or loss:				
— Listed equity securities	**46**	**–**	**–**	**46**
— Club debenture *(note)*	**–**	**810**	**–**	**810**
	46	**810**	**–**	**856**
At 31 March 2020				
Financial assets measured at fair value through profit or loss:				
— Club debenture *(note)*	–	820	–	820

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 2021 and 2020 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 periods.

35. 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 of the Group mainly arises from bank balances and trade and other receivables. The carrying amounts of these balances on the consolidated statement of financial position represent the Group's maximum exposure to credit risk in relation to its financial assets. 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, 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. Also, management reviews regularly the recoverable amount of trade and other receivables to ensure that adequate impairment provision is made for irrecoverable amount.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix by reference to previous default experience of the debtor and current market condition in relation to each debtor's exposure and time value of money where appropriate. The ECLs also incorporate forward looking information with reference to general macroeconomic conditions that may affect the ability of the debtors to settle the trade and other receivables. The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables as at 31 March 2021 and 2020:

	Expected loss rate (%)	Gross carrying amount HK$'000	Loss allowance HK$'000
Neither past due nor impaired	**0.15%**	**5,964**	**9**
Past due less than 30 days	**0.34%**	**872**	**3**
Past due for 30 days or more but less than 60 days	**0.49%**	**410**	**2**
Past due for 60 days or more but less than 90 days	**0.87%**	**231**	**2**
Past due for 90 days or more	**3.91%**	**281**	**11**
Trade receivables subject to individual loss allowance	**100%**	**1,418**	**1,418**
At 31 March 2021		**9,176**	**1,445**

35. FINANCIAL RISK MANAGEMENT *(Continued)*

(a) Credit risk *(Continued)*

	Expected loss rate (%)	Gross carrying amount HK$'000	Loss allowance HK$'000
Neither past due nor impaired	0.38%	4,174	16
Past due less than 30 days	0.76%	2,350	18
Past due for 30 days or more but less than 60 days	1.02%	294	3
Past due for 60 days or more but less than 90 days	1.07%	563	6
Past due for 90 days or more	3.59%	334	12
Trade receivables subject to individual loss allowance	100%	1,418	1,418
At 31 March 2020		9,133	1,473

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.

The movements in loss allowance of trade receivables during the years ended 31 March 2021 and 2020 are as follows:

	2021 HK$'000	2020 HK$'000
As at 1 April	**1,473**	1,497
Reversal of allowance for impairment	**(28)**	(24)
As at 31 March	**1,445**	1,473

In respect of other receivables, the balances are considered to have low credit risk as the counterparties have a low risk of default and does not have any past due amounts. Loss allowance for these balances is measured at an amount equal to 12-month ECLs. No loss allowance was recognised as the amount of ECLs for these balances is insignificant.

35. FINANCIAL RISK MANAGEMENT *(Continued)*

(a) Credit risk *(Continued)*

In respect of bank balances, the credit risk is limited because deposits are placed with reputable banks with high quality external credit ratings. There was no recent history of default of cash and cash equivalents from such financial institutions.

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.

The Group had concentration of credit risk as approximately 26% (2020: 11%) of the Group's total year end trade receivables was due from the Group's largest debtor as at 31 March 2021. The directors of the Company considered that the receivable balance from these customers do not represent a significant credit risk based on past collection experience and no bad debts have been recognised against trade receivables due from these customers. Other than that, the Group has no other significant concentration of credit risk.

(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 that the Group's exposure to interest rate risk in respect of bank balances is not significant due to low level of deposit interest rate.

(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 net 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 2021 and 2020 are as follows:

	2021 **HK$'000**	2020 HK$'000
Net monetary assets		
EUR	**3,170**	3,205
US$	**18,192**	14,631

35. FINANCIAL RISK MANAGEMENT *(Continued)*

(c) Foreign currency risk *(Continued)*

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 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.

	Increase in profit for the year and retained earnings	
	Year ended 31 March	
	2021	2020
	HK$'000	HK$'000
EUR appreciated by 5%	**132**	134

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 for the year 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 period does not reflect the exposure during the respective periods.

35. FINANCIAL RISK MANAGEMENT *(Continued)*

(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, amount due to a related company, lease liabilities 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.

	Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand	After 1 year but within 2 years
	HK$'000	HK$'000	HK$'000	HK$'000
At 31 March 2021				
Trade and other payables	**12,520**	**12,520**	**12,520**	**–**
Lease liabilities	**4,872**	**4,976**	**3,548**	**1,428**
	17,392	**17,496**	**16,068**	**1,428**
At 31 March 2020				
Trade and other payables	8,312	8,312	8,312	–
Amount due to a related company	98	98	98	–
Lease liabilities	811	820	820	–
	9,221	9,230	9,230	–

36. GUARANTEES

The Group provided guarantees in respect of the surety bonds issued by a bank in favour of the customers of certain tender contracts. Details of these guarantees as of the end of each of the reporting period are as follows:

	2021 **HK$'000**	2020 HK$'000
Aggregate value of the surety bonds issued in favour of customers	**1,165**	403

The surety bonds are required for the entire period of the relevant tender contracts. As at 31 March 2021, the respective tender contracts are expected to be completed in year 2024 (2020: year 2024).

As assessed by the directors, it is not probable that the bank would claim the Group for losses in respect of the guarantee contracts as it is unlikely that the Group is unable to fulfill the performance requirements of the relevant contracts. Accordingly, no provision for the Group's obligations under the guarantees has been made.

FINANCIAL SUMMARY

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

RESULTS

	Year ended 31 March				
	2021	2020	2019	2018	2017
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**70,241**	67,227	58,045	53,703	51,657
Profit/(Loss) before income tax	**9,357**	11,903	8,246	(447)	14,190
Income tax expense	**(1,498)**	(2,337)	(1,638)	(2,633)	(2,388)
Profit/(Loss) for the year attributable to owners of the Company	**7,859**	9,566	6,608	(3,080)	11,802
Total comprehensive income attributable to owners of the Company	**7,859**	9,566	6,608	(3,100)	12,027

ASSETS AND LIABILITIES

	As at 31 March				
	2021	2020	2019	2018	2017
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Total assets	**112,010**	104,887	91,188	88,645	35,318
Total liabilities	**18,958**	16,405	10,076	14,054	4,086
Total equity	**93,052**	88,482	81,112	74,591	31,232