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

2019
ANNUAL REPORT

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

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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") 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.

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

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

Non-executive Directors

Dr. Miu Yin Shun Andrew
Mr. Chiu Man Wai

Independent non-executive Directors

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

COMPANY SECRETARY

Mr. Chan Chun Sing

AUTHORISED REPRESENTATIVES

Ms. Wong Bik Kwan Bikie
Mr. Chan Chun Sing

COMPLIANCE OFFICER

Ms. Wong Bik Kwan Bikie

COMPLIANCE ADVISER

Guotai Junan Capital Limited

HONG KONG LEGAL ADVISER

Stevenson, Wong & Co.

AUDITOR

BDO Limited
Certified Public Accountants

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Units 2901–2903 and 2905
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6 Sha Tsui Road
Tsuen Wan
New Territories
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

PRINCIPAL BANKER

Bank of China (Hong Kong) Limited

STOCK CODE

8372

COMPANY WEBSITE

www.grandbrilliancegroup.com

CHAIRMAN'S STATEMENT

Dear Shareholders,

It is the first anniversary that the Company became a listed company on the GEM of the Hong Kong Stock Exchange for the entire reporting period. 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 2019.

In the past year, we experienced exhilaration amid challenges, as we managed to stabilise business growth despite the fact that we encountered difficulties in recruiting employees due to the overall labour market environment in Hong Kong. We always regard all staff members as one of our most valuable assets contributing towards the Group's success. During the year, we have made a number of improvements on staff benefits in order to enhance the Group's competitiveness in the human resources market and minimise the adverse impact on our business expansion plans arising from limited manpower.

As challenges bring opportunities, however, we strived harder to prepare ourselves and actively leverage our strength to diversify product portfolio, broaden customer base and introduce technology advance.

Last year, we have successfully promoted airway management anaesthetic products, which can be applied in general anesthesia, accident and emergency, resuscitation and elective inpatient and outpatient surgical procedure. We have also diversified the product range with (i) respiratory products for oxygen and aerosol therapy; (ii) urology products; and (iii) hemostatic dressing for efficient control of severe bleeding.

Moreover, we have also successfully launched the first pharmacy automation system in Hong Kong. Being the pioneer to introduce this kind of 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 give strong confidence to other potential customers in Hong Kong.

We continue to be optimistic on the outlook of the medical device industry, attributable to the increase of aging population and rising healthcare awareness of the public in Hong Kong. We will, from time to time, adjust the Group's development strategy according to the industry changes as and when needed.

The Group is committed to generate sustained and consistent returns for our shareholders (the "Shareholders"). To give special thank to the Shareholders for their loyalty and support in the first anniversary of listing, the Board has recommended the payment of a final dividend of HK$0.1250 cents per ordinary share and a special dividend of HK$0.3125 cents per ordinary share for the year ended 31 March 2019.

Last but not least, I wish to take this opportunity to express my sincere thanks to all business partners, customers and suppliers for their valuable support. I would also like to extend by heartfelt appreciation to the management and staff of the Group for their hard work and contribution throughout the years.

Wong Bik Kwan Bikie
Chairman and Chief Executive Officer

Hong Kong, 21 June 2019

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group continues to be an established medical device distributor with over 20 years of experience in the medical device market in Hong Kong. As an integral part of the distribution business, the Group also provide one-stop medical device solutions, including market trend analysis, sourcing of medical devices, after-sale services, technical support and training services, medical device leasing services and quality assurance. To satisfy the customers' specifications and requirements, the Group sourced over 10,000 types of medical devices directly from over 40 suppliers which mostly comprised overseas medical device manufacturers and supplied these medical devices together with the necessary medical devices solutions to a large number of customers. During the year ended 31 March 2019, our customers mainly comprise all private hospitals in Hong Kong, substantially all of the public hospitals in Hong Kong, and some of the private clinics, government department, non-profit organisations, universities and individual end-users in Hong Kong.

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

During the year ended 31 March 2019, the Group achieved its business growth through diversifying the product portfolio. The Group has successfully promoted airway management anaesthetic products, which can be applied in general anesthesia, accident and emergency, resuscitation and elective inpatient and outpatient surgical procedure. The Group has also diversified the product range with (i) respiratory products for oxygen and aerosol therapy together with active humidification for both invasive and non-invasive ventilation; (ii) urology products; and (iii) hemostatic dressing for efficient control of severe bleeding such as surgical wounds and traumatic injuries.

Moreover, the Group has also successfully launched the first pharmacy automation system in Hong Kong. Being the pioneer to introduce this kind of system in Hong Kong, the Group is responsible for the supply, installation and maintenance of this system. The successful experience of this new system will certainly give strong confidence to other potential customers in Hong Kong.

FINANCIAL REVIEW

Revenue

The Group's revenue increased by approximately 8.1%, from approximately HK$53.7 million for the year ended 31 March 2018 to approximately HK$58.0 million for the year ended 31 March 2019. The increase was primarily attributable to the increase in revenue generated from medical equipment, resulting from the increase in sales of electric beds and other bed accessory.

MANAGEMENT DISCUSSION AND ANALYSIS

Gross profit and gross profit margin

The Group recorded gross profit of approximately HK$31.4 million for the year ended 31 March 2019, representing an increase by approximately HK$1.5 million or 5.1%, as compared to approximately HK$29.9 million for the year ended 31 March 2018. Gross profit margin slightly decreased from approximately 55.7% for the year ended 31 March 2018 to approximately 54.2% for the year ended 31 March 2019. The decrease in gross profit margin was mainly because during the year ended 31 March 2019, the Group sold a higher proportion of electric beds and other bed accessory which had a comparatively lower gross profit margin and sold a lower proportion of spare parts of medical equipment which had a comparatively higher 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 2019 amounted to approximately HK$22.7 million, representing an increase by approximately HK$8.0 million or 55.0%, as compared to approximately HK$14.7 million for the year ended 31 March 2018.

The increase was primarily attributable to the increase in the (i) staff costs, including Directors' remuneration, by approximately HK$5.0 million; (ii) legal and professional fee by approximately HK$1.2 million; (iii) depreciation by approximately HK$0.5 million; (iv) rent, rates and management fee by approximately HK$0.6 million; (v) recruitment costs by approximately HK$0.4 million; and (vi) travelling and entertainment expenses by approximately HK$0.3 million.

Listing expenses

For the year ended 31 March 2019, no non-recurring listing expenses were incurred. The Group recognised such expenses of approximately HK$15.2 million in connection with the Listing for the year ended 31 March 2018.

Income tax expenses

Income tax expenses for the year ended 31 March 2019 amounted to approximately HK$1.6 million (2018: approximately HK$2.6 million). During the year ended 31 March 2018, the Group incurred one-off listing expenses which were not deductible for taxation purpose.

Profit/(Loss) for the year

During the year ended 31 March 2019, the Group recorded a profit of approximately HK$6.6 million, as compared to the loss of approximately HK$3.1 million for the year ended 31 March 2018. Excluding the non-recurring listing expenses, profit for the year ended 31 March 2018 would have been amounted to approximately HK$12.1 million. The Group's profit (excluding non-recurring listing expenses) decreased by approximately 45.4%, from approximately HK$12.1 million for the year ended 31 March 2018 to approximately HK$6.6 million for the year ended 31 March 2019, mainly as a result of the increase in administrative and other operating expenses.

DIVIDENDS

The Board has recommended the payment of a final dividend of HK$0.1250 cents (2018: Nil) per ordinary share and a special dividend of HK$0.3125 cents (2018: Nil) per ordinary share for the year ended 31 March 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY AND FINANCIAL RESOURCES

Liquidity

As at 31 March 2019, current assets amounted to approximately HK$85.2 million (2018: approximately HK$83.3 million). Current liabilities were approximately HK$10.0 million (2018: approximately HK$14.0 million).

Financial Resources

As at 31 March 2019, the Group had total cash and bank balances of approximately HK$57.0 million (2018: approximately HK$61.1 million).

As at 31 March 2019, the Group had trade receivables of approximately HK$9.2 million (2018: approximately HK$6.9 million).

Gearing Ratio

The gearing ratio of the Group as at 31 March 2019 was nil (2018: 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 2019, 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 23 to the consolidated financial statements in this annual report.

COMMITMENTS

The contractual commitments of the Group were primarily related to the leases of its office premises and warehouses. As at 31 March 2019, the Group's operating lease commitment amounted to approximately HK$2.5 million (2018: approximately HK$4.1 million).

As at 31 March 2019, the Group did not have any significant capital commitments (2018: Nil).

SEGMENT INFORMATION

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

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 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

SIGNIFICANT INVESTMENTS

As at 31 March 2019, there was no significant investment held by the Group (2018: Nil).

CONTINGENT LIABILITIES

As at 31 March 2019, the Group had no material contingent liabilities (2018: Nil).

FOREIGN EXCHANGE EXPOSURE

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

CHARGE OF GROUP'S ASSETS

As at 31 March 2019, the Group has pledged its bank deposits of approximately HK$3.0 million (2018: approximately HK$3.0 million) to a bank for securing the banking facility of HK$3.0 million granted to the Group, so as to obtain the bank guarantees in favour of the customers of certain tender contracts.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2019, the Group has a total of 27 employees (2018: 23 employees). Staff costs, including Directors' remuneration, of the Group were approximately HK$12.7 million for the year ended 31 March 2019 (2018: approximately HK$7.7 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 2019.

Business objectives as stated in the Prospectus	Actual business progress up to 31 March 2019
Further penetrate the medical device market and enhance the market share	The Group has been increasing the marketing efforts, including participating in (i) Hospital Authority Convention 2018; (ii) Exhibition of International Nurses Day 2018; and (iii) Exhibition in Hong Kong College of Midwives 6th AGM Cum Professional Seminar. The Group has established its website and is in the process of enhancing the website.
Expand the workforce	The Group has recruited seven sales executives, one assistant accountant, one administration officer, one service engineer and internally transferred one service engineering manager from other department. However, there were four sales executives left our Group. The Group has made a number of improvements on staff benefits and is in the process of attracting further headcounts to strengthen the team.
Selectively pursue opportunities for strategic acquisitions	The Group is currently actively identifying potential acquisition target.
Enhance the research and development and product development effort	The Group has continued to use the existing product sample of security system to develop hardware prototype.
Upgrade the information technology systems	The Group has purchased some new computer hardware and software and has engaged an independent information technology consultant to upgrade the enterprise resources planning system. The information technology consultant is in the process of communicating with the vendor of enterprise resources planning system and migrating the historical operating data.
Maximise the warehouse space, establish the showroom and upgrade the functionality of office space	The Group has purchased and installed a video conference system. The Group is in the process of identifying suitable place of showroom and suitable supplier of warehouse racks.

MANAGEMENT DISCUSSION AND ANALYSIS

USE OF PROCEEDS

	Adjusted use of actual net proceeds in the same manner as stated in the Prospectus up to 31 March 2020 HK$ million	Adjusted use of actual net proceeds in the same manner as stated in the Prospectus up to 31 March 2019 HK$ million	Actual use of net proceeds up to 31 March 2019 HK$ million
Further penetrate the medical device market and enhance the market share	6.1	3.4	0.2
Expand the workforce	9.7	3.4	1.5
Selectively pursue opportunities for strategic acquisitions	7.7	0.3	–
Enhance the research and development and product development effort	1.3	0.8	–
Upgrade the information technology systems	2.5	2.5	0.2
Maximise the warehouse space, establish the showroom and upgrade the functionality of office space	2.1	1.7	0.1
General working capital	1.8	0.9	0.9
	31.2	13.0	2.9

The Group intended to apply for approximately HK$13.0 million to the business plans as shown above during the year ended 31 March 2019. During the reporting period, the Group has encountered difficulties in recruiting employees due to the overall labour market environment in Hong Kong. The limited manpower adversely affected the progress of business expansion plans as stated in the Prospectus. The Group has implemented a series of measures to improve the staff benefits and working environment in order to enhance the Group's competitiveness in the human resources market.

On the other hand, the Group is still in the process of identifying suitable acquisition target, while preliminary site visit has been conducted to certain potential acquisition target. The Group will continue to evaluate the target identified and look for other suitable acquisition target in the coming year.

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 industry.

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.

DIRECTORS' BIOGRAPHIES

EXECUTIVE DIRECTORS

Ms. Wong Bik Kwan Bikie (黃碧君女士) ("Ms. Wong"), aged 50, is the Chairman, chief executive officer ("CEO") and executive Director. Ms. Wong is also a member of the Remuneration Committee and compliance officer of the Company. Ms. Wong founded the Group in November 1997. Ms. Wong was appointed as the Director on 5 July 2017 and was redesignated as the executive Director on 18 September 2017 and appointed as the Chairman and the CEO on 1 March 2018. Ms. Wong also serves as a director of all of the subsidiaries of the Company. Ms. Wong is responsible for overseeing management and strategic planning and development of the Group's business operations. Ms. Wong is the spouse of Dr. Miu Yin Shun Andrew, the non-executive Director.

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

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.

Mr. Chan Chun Sing (陳震昇先生) ("Mr. C.S. Chan"), aged 35, is the executive Director, chief financial officer and company secretary of the Group. Mr. C.S. Chan joined the Group on 12 February 2016 and was appointed as the executive Director and company secretary on 18 September 2017. Mr. C.S. Chan is primarily responsible for overseeing accounting, financial management, company secretarial and internal control matters of the Group.

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

Mr. C.S. Chan has more than 13 years of experience in accounting, auditing and financial management. Prior to joining the Group, Mr. C.S. Chan worked in an international accounting firm from September 2005 to September 2010. For the period from September 2010 to March 2015, he served as accounting manager of Haton Polymer Limited, a subsidiary of China Lumena New Material Corp. (stock code: 67). He was then employed by Hong Kong Huafa Investment Holdings Limited, a subsidiary of a state-owned enterprise in Zhuhai, as the vice director of finance department from May 2015 to January 2016.

NON-EXECUTIVE DIRECTORS

Dr. Miu Yin Shun Andrew (苗延舜醫生) ("Dr. Miu"), aged 52, 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 27 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.

DIRECTORS' BIOGRAPHIES

Mr. Chiu Man Wai (趙文煒先生) ("Mr. Chiu"), aged 50, 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 25 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 69, 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 64, 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.

DIRECTORS' BIOGRAPHIES

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 53, 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.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICE

The Board is committed to maintaining robust corporate governance.

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

The Group has adopted the codes provisions of the Corporate Governance Code (the "CG Code") as set out in the Appendix 15 to the GEM Listing Rules. The Board considers that the Group has complied with the all code provisions, except for A.2.1 of the CG Code, for the financial year ended 31 March 2019.

Directors' Securities Trading Transactions

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

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

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

Board of Director

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

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

CORPORATE GOVERNANCE REPORT

Detailed biographical information of all Directors is contained in the "Directors' Biographies" section on pages 11 to 13.

For the financial year ended 31 March 2019, the Company has held four Board Meetings and one annual general meeting ("AGM"). The meetings were conducted either on in-person meetings and/or live tele-conference basis and the attendance of our Directors in those meetings are as follows:

Members	Gender	Attendance/ Number of General meeting	Attendance/ Number of Board meetings
Executive Directors			
Ms. Wong Bik Kwan Bikie	Female	1/1	4/4
Mr. Chan Chun Sing	Male	1/1	4/4
Non-executive Directors			
Dr. Miu Yin Shun Andrew	Male	1/1	4/4
Mr. Chiu Man Wai	Male	1/1	4/4
Independent non-executive Directors			
Mr. Ng Leung Sing *SBS, JP*	Male	1/1	4/4
Mr. Wong Lung Wo James	Male	1/1	4/4
Mr. Chan Ping Keung	Male	1/1	4/4

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. As of 31 March 2019, all our Directors have served less than 2 years in the Board of the Company and demonstrated that they have sufficient commitment to the Company and the Board.

Age group	No. of Directors in the category
Below 40 years old	1
Between 41–60 years old	4
Over 60 years old	2

Gender	No. of Directors in the category
Female	1
Male	6

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

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.

CORPORATE GOVERNANCE REPORT

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 2019, 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 be retired on a rotation basis, while every Director shall retire at least once every three years at the AGM. A Director who retires on a rotating basis shall include a Director who wishes to retire and does not stand for re-election. Any other retiring Director shall be the Director with the longest term since the last re-election or appointment, if a number of Directors are re-elected on the same day, the Director to be retired shall be determined by drawing lots (unless otherwise agreed). There is no connection among the members of the Board.

Chairman and Chief Executive Officer

For the financial year ended 31 March 2019, 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. Ms. Wong works with another executive Director in executing the business development plan, operation and day-to-day management of the Group and seeks for Board approval for any significant decisions and transactions.

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

Board Committees

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

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

Audit Committee

The Board has complied with the provisions of the CG Code set out in Appendix 15 to the GEM Listing Rules and established the Audit Committee 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 judgemental areas, going concern consideration, compliance with accounting standards and 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).

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 Listing Rules and disclosure in the Corporate Governance Report.

CORPORATE GOVERNANCE REPORT

For the financial year ended 31 March 2019, the Audit Committee has performed its main duties, including (1) review and advise on the Group's annual reports and results announcements, the relevant accounting principles and practices adopted by the Group; (2) review the risk management and internal control procedures adopted by the Group, the internal control review report, and provide suggestions and comments thereon; and (3) review the effectiveness of the accounting function and internal audit function and provide suggestions and comments thereon. In addition, the Audit Committee holds private meetings with independent auditors in the absence of management to discuss the matters involved in the audit and other matters that the independent auditors wish to raise.

The Audit Committee has held four meetings during the financial year ended 31 March 2019, by means of live/teleconference, and the attendance of the members is as follows:

Member	Attendance/No. of Audit Committee meeting
Mr. Wong Lung Wo James *(Chairman)*	4/4
Mr. Chan Ping Keung	4/4
Dr. Miu Yin Shun Andrew	4/4

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.

The Company Secretary is also the company secretary of Audit Committee and is responsible for maintaining full minutes of the Audit Committee which are open for inspection at any reasonable time on reasonable notice by any of our director.

Remuneration Committee

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

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

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

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

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

- make recommendations to the Board on the Company's policy and structure for all directors' and senior management remuneration;

- consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the group;

- review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives; and

- ensure that no director or any of his associates is involved in deciding his own remuneration.

For the financial year ended 31 March 2019, the Remuneration Committee has held two meetings. The meeting was conducted on a live/teleconference and the attendance of the members is as follows:

Member	Attendance/No. of Remuneration Committee meeting
Mr. Chan Ping Keung *(Chairman)*	2/2
Mr. Wong Lung Wo James	2/2
Ms. Wong Bik Kwan Bikie	2/2

The Company Secretary is also the company secretary of Remuneration Committee and is responsible for maintaining full minutes of the Remuneration Committee which are open for inspection at any reasonable time on reasonable notice by any of our director.

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, composition and diversity (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 and any proposed 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 2019, 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.

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

The Company Secretary is also the company secretary of Audit Committee and is responsible for maintaining full minutes of the Audit Committee which are open for inspection at any reasonable time on reasonable notice by any of our director.

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 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.

The Company Secretary is also the company secretary of Nomination Committee and is responsible for maintaining full minutes of the Nomination Committee which are open for inspection at any reasonable time on reasonable notice by any of our director.

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.

For the financial year ended 31 March 2019, all Directors have participated in the relevant continuing training courses regarding the latest regulatory requirements and the attendance records and information are kept by the Company Secretary.

The Company Secretary has also taken no less than 15 hours of relevant professional training pursuant to Rules 5.15 of the GEM Listing Rules.

DIRECTORS' RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Directors are aware of their obligations to prepare consolidated financial statements for the financial year ended 31 March 2019, to reflect a true and fair financial position, results and cash flows of the Group for the year then ended, and the proper preparation of financial statements on an on-going basis in accordance with applicable statutory requirements and accounting standards. The Directors are not aware of any material uncertainties that may affect the business of the Group or raise significant questions about the Group's ability to operate on an on-going basis.

SHAREHOLDERS' RIGHT

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

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

DIVIDEND POLICY

The Company has adopted a dividend policy pursuant to the relevant 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 THIS POLICY

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

AUDITOR'S STATEMENT AND REMUNERATION

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

A statement by the Group's auditors on their reporting obligations in respect of the Group's financial statements for the year ended 31 March 2019 is set out in the "Independent Auditor's Report" section of this annual report.

For the financial year ended 31 March 2019, the remuneration of annual audit service provided by the auditor of the Company, BDO Limited, to the Group is HK$578,000. Save as disclosed above, there was no other non-audit service provided by the auditor during the year ended 31 March 2019.

The Audit Committee has reviewed and approved the remunerations, service terms and independence of the auditors for the financial year ended 31 March 2019.

RISK MANAGEMENT AND INTERNAL CONTROLS

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

For financial year ended 31 March 2019, 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 2019. The Internal Control Consultant performs the review, reports the relevant findings and recommendations to the Board and Audit Committee and follows up on management responses to the recommendations on an on-going basis. Overall, the Board considers the risk management and internal control system of the Group are effective and adequate.

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

INVESTORS' RELATIONSHIP

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

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

The Articles of Association of the Company remains unchanged from the date of listing to 31 March 2019.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

FORWARD

Grand Brilliance Group Holdings Limited (hereinafter referred to as the "Company", "We", "our") and its subsidiaries (Collective as the "Group") is pleased to issue the Environmental, Social and Governance ("ESG") Report (the "report").

This report is an important channel for the Group to communicate to all stakeholders regarding our achievements in fulfilling our social responsibilities and promoting sustainable development, and to demonstrate the Group's commitment and efforts in the economic, social and environmental aspects.

Scope of the report

The report focuses on the operation as a medical device distributor for the financial year ended 31 March 2019 (the "Reporting Period").

Reporting standards

The report is prepared pursuant to the "comply or explain" provisions under the ESG guide (the "Guide") issued by the Stock Exchange and is based on four reporting principles: Materiality, Quantitative, Balance, and Consistency.

Based on the Group's actual condition, Key Performance Indicators (KPIs) specified in the "Recommended Disclosures" under the Guide are adopted to enable completeness of the Report. To ensure the accuracy of environment-related KPIs, the Group has entrusted a consulting firm to conduct a materiality assessment. The last section of this Report provides complete indexing to allow easy comprehension of this Report in accordance with the Guide.

Reporting Mechanism

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

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

Stakeholders' Feedback

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

STAKEHOLDER ENGAGEMENT

The Group has established an ESG working group comprising Directors and senior executives of the Group who are familiar with the Group's operations and have sufficient ESG knowledge to conduct materiality assessments and to prepare this ESG report. During the reporting period, the Group has maintained continuous communications with its stakeholders and understand their expectations, concerns and the balance the interests of the Group and its stakeholders in respect of sustainability development.

Communication with Stakeholders

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

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

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

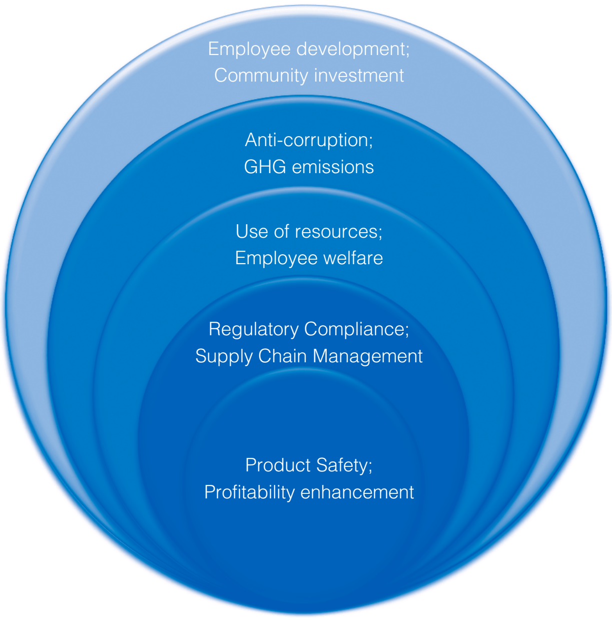
MATERIALITY ASSESSMENT

Analysis of Materiality and Relevancy

We identify, assessed and disclose ESG information that is material and relevant to our businesses and operations.

We identifying key issues based on the above summarised expectation and concerns from our stakeholders with reference to the "Environmental, Social and Governance Reporting Guide", and industry characteristics. The following are shortlisted key items from our materiality assessment regarding the level of importance to stakeholders and to the Group.

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



We understand the needs of and are committed to continuous evaluation of our ESG risk management and internal control systems. Accordingly, we have conducted and will continue with an on-going materiality assessment as to further improve the related ESG concerns and data collection system.

OUR ENVIRONMENT ASPECT

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

During the Reporting Period, the Group has complied with the environmental regulations applicable in the locations of its business operations, and formulates internal environmental measures to promote green office space.

A1. Emission

Emission Data

The primary source of GHG emissions emitted by the Group was the use of gasoline. The summary of the resource consumption and GHG emissions performance are extracted below:

Emissions	Unit	FY2019	Intensity[1]
Nitrogen Oxides (NO_x)	gram	13,243	228.3
Sulfur Dioxide (SO_2)	gram	2,242	38.7
Particulate Matter (PM)	gram	975	16.9
Direct Emission of GHG, Scope 1[3]	tones of CO_2e	360	6.2
Indirect Emission of GHG, Scope 2[4]	tones of CO_2e	22	0.4
Other Indirect Emission of GHG, Scope 3[5]	tones of CO_2e	18	0.3

Notes:

1 Intensity is calculated by the total amount consumption divided by the revenue from operation for Financial Year 2019, approximately HK$58 million.

2 GHG emissions data is 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 Resources Institute and the World Business Council for Sustainable Development, Appendix II: Reporting Guidance on Environmental KPIs" issued by the SEHK.

3 Major source of Scope 1 emission came from usage of gasoline

4 Major source of Scope 2 emission came from usage of purchased electricity.

5 Major source of Scope 3 emission came from paper usage.

Air Pollution Control

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

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

2. Refuel at approved petrol filling stations so as to ensure oil standard and quality;

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

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

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

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

Summarize resource consumption record in the Review year as follows:

Resources consumption	**Unit**	**FY2019**	**Intensity[1] (unit/sales in thousand)**
Electricity	kWh	35,498	612.0
Fuel	liter	152,550	2,630.2

Notes:

1 Intensity is calculated by the total amount consumption divided by the revenue from operation for Financial Year 2019, approximately HK$58 million.

2 Our operation did not generate hazardous waste.

3 We did not generate significant non-hazardous waste or waste water.

4 Packaging material usage are insignificant in our operation process, thus we did not maintain a record accordingly.

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

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

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

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

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

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

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

SOCIETY

B1/B4. Employment/Labour Standards

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

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

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

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

1. Employment Ordinance Cap. 57

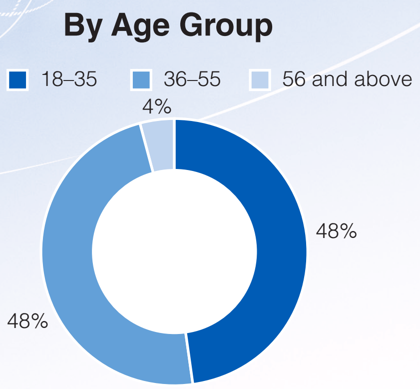
2. Mandatory Provident Fund Schemes Ordinance Cap. 485

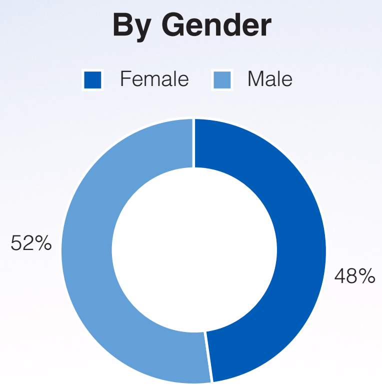
3. Minimum wage ordinance Cap. 608

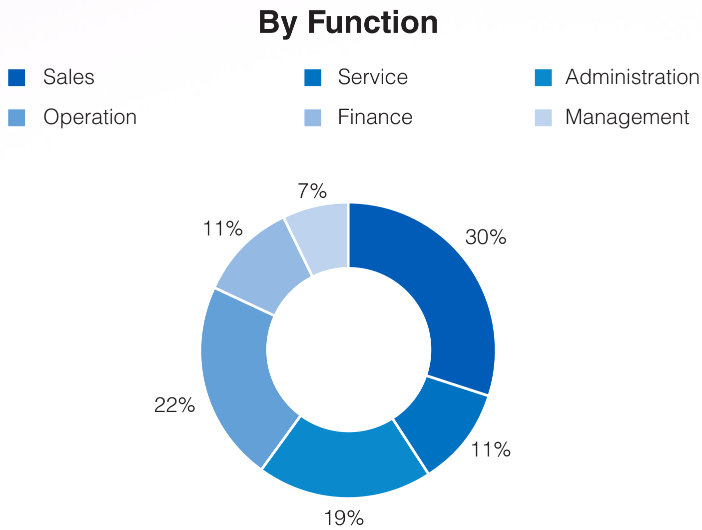
We confirm that Child and forced labour are strictly prohibited in our businesses and operation.

During the Reporting Period, we have 27 employees and female employees make up of 46%. All our employee are Hong Kong resident.

Further illustrations of our staff composition are as below:







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

B2. Health and Safety

Occupational Health and Safety

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

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

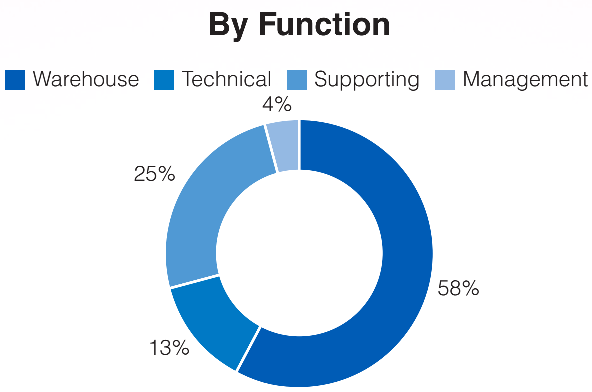
During the Reporting Period, the Group has complied with applicable laws and regulations in relation to health and safety, including, but not limited to Occupational Safety and Health Ordinance (Cap. 509).

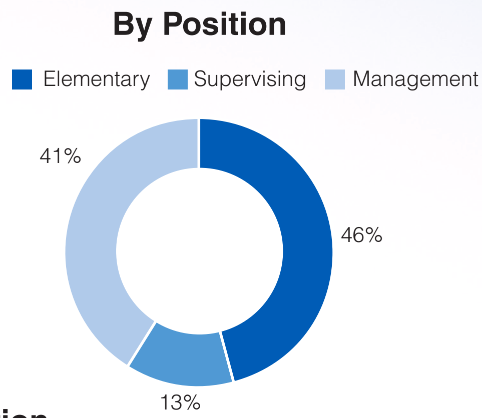
B3. Staff Development and Training

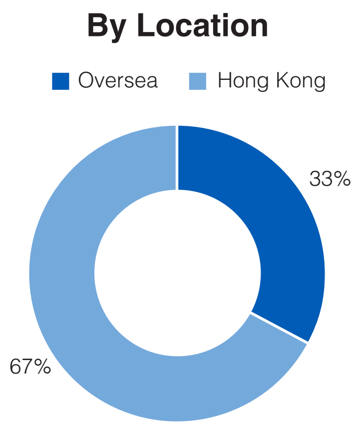
The Group values its employees as human capital and invest resources to educate and enhance their skills in order so that they can make a greater contribution to the Group's success. Although we have not kept detailed records of the training hours in the Reporting Period, we have provided on-the-job training to enhance our staff's professional knowledge and expertise. Some external training courses and seminars were also provided including:

2018 — June	Singapore — Training for affinity birthing bed and progresses bed system
2018 — August	Vietnam — Teleflex LMA Clinical Training
2019 — February	Thailand — GBU Training

Further illustrations of our training composition are as below:







We believe that harmony working environment could enhance Group's performance. During the year, we have organised numbers of team building gatherings such as boat trip, Christmas party and annual dinner.

B5. Supply Chain management

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

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

Our quality management rest on:

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

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

B6. Product Responsibility

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

1. Procurement from approved vendors only;
2. Appointed designated staff and engineers to inspect our medical devices and equipment on a regular basis;
3. Regularly review our inventory levels for slow moving inventory, obsolescence or declines in market values;
4. Accepted reasonable returns or exchanges for minor defective products after careful examination;
5. Offered warranty (generally in one year term) on products to our customers; and
6. Established mechanism to report obsolete or expired products to senior executives.

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

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

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

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

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

B7. Anti-Corruption

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

Anti-Corruption Policy

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

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

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

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

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

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

B8. Community

During the Reporting Period, we have made several cash donation and sponsorship in the following sectors:

1. Children development and education

2. Elderly cares

3. Social welfare

4. Charities

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In the coming year, we will study, identify and asses the focus areas of social contribution and related resources. We would budget for improving the relationship with our focused community.

APPENDIX 1: SEHK ESG REPORTING GUIDE INDEX

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

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

SEHK ESG Reporting Guide General Disclosures		Reference Section/Remark	Comply or Explain
B6 Product Responsibility	Information on: (a) the policies; and (b) compliance and material non-compliance with relevant standards, rules and regulations on health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product Responsibility	Complied
B7 Anti-corruption	Information on: (a) the policies; and (b) compliance and material non-compliance with relevant standards, rules and regulations on bribery, extortion, fraud and money laundering.	Anti-Corruption	Complied
B8 Community Investment	Policies on community engagement to understand the community's needs where it operates and to ensure its activities take into consideration communities' interests.	Community	Complied

DIRECTORS' REPORT

The Directors present their report and the audited consolidated financial statements of the Group for the year ended 31 March 2019.

CORPORATE REORGANISATION

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

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The activities of the subsidiaries are set out in note 30 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 2019 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 10 of this annual report.

SEGMENTAL INFORMATION

An analysis of the Group's revenue from operations by geographical locations of customers for the year ended 31 March 2019 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 2019 and its consolidated financial position as at that date are set out in the consolidated financial statements on pages 52 and 53 of this annual report respectively.

The Board has recommended the payment of a final dividend of HK$0.1250 cents (2018: Nil) per ordinary share and a special dividend of HK$0.3125 cents (2018: Nil) per ordinary share for the year ended 31 March 2019. Such dividends are subject to Shareholders' approval at the forthcoming AGM to be held on Wednesday, 18 September 2019. Upon obtaining the Shareholders' approval, the dividends are expected to be paid on or around Monday, 21 October 2019 to Shareholders whose names appear on the register of members of the Company on Monday, 30 September 2019.

CLOSURE OF THE REGISTER OF MEMBERS

(A) 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 Wednesday, 18 September 2019, the register of members of the Company will be closed from Friday, 13 September 2019 to Wednesday, 18 September 2019, both days inclusive, during which period no transfer of Shares will be registered. The record date will be Wednesday, 18 September 2019. 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 (on or before 10 July 2019: Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong), for registration no later than 4:30 p.m. on Thursday, 12 September 2019.

(B) Entitlement to Proposed Final Dividend and Special Dividend

For the purpose of determining Shareholders' entitlement to the proposed final dividend and special dividend, the register of members of the Company will be closed from Wednesday, 25 September 2019 to Monday, 30 September 2019, both days inclusive, during which period no transfer of Shares will be registered. The record date will be Monday, 30 September 2019. In order to qualify for the entitlement of the proposed final dividend and special 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 (on or before 10 July 2019: Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong), for registration no later than 4:30 p.m. on Tuesday, 24 September 2019.

SUMMARY OF FINANCIAL INFORMATION

A summary of the published results and assets and liabilities of the Group for the last four 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 14 to the consolidated financial statements.

SHARE CAPITAL

Details of the Company's share capital are set out in note 23 to the consolidated financial statements.

RESERVES

Details of the movements in the reserves of the Company and the Group are set out in note 24 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.

DISTRIBUTABLE RESERVES

As at 31 March 2019, the distributable reserves of the Company amounted to approximately HK$61.1 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 2019, so far as the Company is aware, the aggregate revenue attributable to our five largest customers and the largest customer accounted for approximately 37.5% and 10.4%, respectively, of the Group's total revenue for the financial year. Purchases from the Group's five largest suppliers accounted for approximately 89.3% of the Group's total purchases for the financial year and the purchase from the largest supplier included therein amounted to approximately 42.7%.

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' REPORT

TAX RELIEF AND EXEMPTION OF HOLDERS OF LISTED SECURITIES

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

DIRECTORS

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

Executive Directors

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

Non-executive Directors

Dr. Miu Yin Shun Andrew
Mr. Chiu Man Wai

Independent non-executive Directors

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

In accordance with Article 84(1), at each annual general meeting ("AGM"), one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an AGM at least once every three years. A retiring Director shall be eligible for re-election.

Accordingly, Mr. Ng Leung Sing SBS, JP, Mr. Wong Lung Wo James and Mr. Chan Chun Sing will retire from office as Directors at the forthcoming AGM of the Company and will offer themselves for re-election.

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 or liabilities incurred or sustained by him or her as a Director in the execution or discharge of his or her duty.

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

DIRECTORS' SERVICE CONTRACTS

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

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

DIRECTORS' REPORT

DIRECTORS' BIOGRAPHIES

Biographical details of the Directors and the senior management of the Company are set out on pages 11 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 11 to the consolidated financial statements.

REMUNERATION POLICY

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

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

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

RETIREMENT BENEFITS PLAN

Particulars of retirement benefits plan of the Group for the year ended 31 March 2019 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.

INTERESTS OF THE COMPLIANCE ADVISER

As notified by the compliance adviser of the Company, Guotai Junan Capital Limited, save for the compliance adviser agreement dated 19 September 2017 entered into between the Company and Guotai Junan Capital Limited, none of Guotai Junan Capital Limited, its directors, employees and close associates had any interest in the securities of the Group which is required to be notified to the Group pursuant to Rule 6A.32 of the GEM Listing Rules as at 31 March 2019.

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 2019, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which shall have to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which shall be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which shall be required to notify the Company and the Hong Kong Stock Exchange pursuant to Rule 5.46 to Rule 5.67 of the GEM Listing Rules, were as follows:

Long position in the Shares and shares in associated corporation

Name of Director/ chief executive	Name of Group member/ associated corporation	Nature of interest	Total number of Shares/shares in associated corporation	Approximate percentage of shareholding
Ms. Wong	The Company	Interest in a controlled corporation	557,424,000 (Note 1)	69.68%
	B&A Success Limited ("B&A Success")	Beneficial owner	100 shares of US$1.00 each	100%
Dr. Miu	The Company	Interest of spouse	557,424,000 (Note 2)	69.68%
Mr. Chiu	The Company	Interest in a controlled corporation	24,718,223 (Note 3)	3.09%
	Infinite Crystal Limited	Beneficial owner	900 shares of US$1.00 each	100%

Notes:

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

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

3. The Shares are registered in the name of Infinite Crystal 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 2019, 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 2019, 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 2019 which required to be recorded pursuant to section 336 of the SFO.

SHARE OPTION SCHEME

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

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

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

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

The Board confirms that the Share Option Scheme is in compliance with Chapter 23 of the GEM Listing Rules. A total of 80,000,000 Shares are available for issue under the Share Option Scheme, representing 10% of the total issued capital of the Company immediately after the Listing.

For financial year ended 31 March 2019, no share option was granted, exercised, expired or lapsed and there are no outstanding share option under the Scheme as at 31 March 2018.

On 18 April 2019, the Group offered to grant 39,500,000 share options to certain eligible participants. The details are set out in note 34 to the consolidated financial statements and the Company's announcement dated 18 April 2019.

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

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 2019.

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 Reporting Period .

RELATED PARTY TRANSACTIONS

Save as disclosed in note 28 to the consolidated financial statements, no other related party transactions were conducted by the Group during the Reporting Period .

CONNECTED TRANSACTIONS

The "related party transactions" as disclosed in note 28 to the consolidated financial statements for the year ended 31 March 2019 do not constitute a connected transaction or a continuing connected transaction as defined in Chapter 20 of the GEM Listing Rules.

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

DIRECTORS'/CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as the related party transactions disclosed in note 28 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 2019 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 Reporting Period.

DIRECTORS' REPORT

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

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

INDEPENDENT AUDITOR

The financial statements of the Company for the year ended 31 March 2019 were audited by BDO Limited. A resolution will be proposed at the forthcoming AGM of the Company to re-appoint BDO Limited as auditor of the Company.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in note 34 to the consolidated financial statements, the Group did not have any other significant subsequent event after the report period and up to the date of this annual report.

ON BEHALF OF THE BOARD

Wong Bik Kwan Bikie
Chairman and Chief Executive Officer

Hong Kong, 21 June 2019

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 52 to 109, which comprise the consolidated statement of financial position as at 31 March 2019, 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 2019, 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 18 to the consolidated financial statements)

As at 31 March 2019 the carrying amount of inventories was approximately HK$16,829,000. The associated provision for, and write off of, inventories for the year ended 31 March 2019 was approximately HK$553,000 and HK$279,000 respectively. 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.

INVENTORIES PROVISION *(Continued)*

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

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

Our response:

Our procedures in relation to inventory provision included:

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

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

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

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

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

— Recalculating the provision.

OTHER INFORMATION IN THE ANNUAL REPORT

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

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

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

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

BDO Limited
Certified Public Accountants

Leung Tze Wai
Practising Certificate Number P06158
Hong Kong, 21 June 2019

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
Revenue	7	**58,045**	53,703
Cost of revenue		**(26,582)**	(23,775)
Gross profit		**31,463**	29,928
Other income	8	**697**	55
Other gains or losses		**(188)**	235
Distribution and selling expenses		**(1,017)**	(841)
Administrative and other operating expenses		**(22,709)**	(14,651)
Listing expenses		**–**	(15,173)
Profit/(Loss) before income tax	9	**8,246**	(447)
Income tax expense	10	**(1,638)**	(2,633)
Profit/(Loss) for the year attributable to owners of the Company		**6,608**	(3,080)
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
Available-for-sale financial asset			
— Change in fair value		**–**	(20)
Other comprehensive income for the year		**–**	(20)
Total comprehensive income attributable to owners of the Company		**6,608**	(3,100)
		HK cent	HK cent
Earnings/(Loss) per share attributable to owners of the company	13		
Basic and diluted earnings/(loss) per share		**0.83**	(0.49)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	14	**2,056**	1,490
Other asset	15	**2,690**	2,690
Financial asset measured at fair value through profit or loss	16	**820**	–
Available-for-sale financial asset	16	**–**	750
Long-term deposit		**417**	417
		5,983	5,347
Current assets			
Inventories	18	**16,829**	14,499
Trade and other receivables, deposits and prepayments	19	**10,759**	7,675
Tax recoverable		**644**	57
Cash and bank balances	20	**56,973**	61,067
		85,205	83,298
Current liabilities			
Trade and other payables	21	**9,763**	13,818
Contract liabilities	22	**229**	–
Deferred revenue	22	**–**	204
		9,992	14,022
Net current assets		**75,213**	69,276
Total assets less current liabilities		**81,196**	74,623
Non-current liabilities			
Deferred tax liabilities	17	**84**	32
Net assets		**81,112**	74,591
CAPITAL AND RESERVES			
Share capital	23	**8,000**	8,000
Reserves	24	**73,112**	66,591
Total equity		**81,112**	74,591

On behalf of the directors

Wong Bik Kwan Bikie
Chairman and Executive Director

Chan Chun Sing
Executive Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2019

	Share capital *(note 23)* HK$'000	Share premium* *(note 24)* HK$'000	Merger reserve* *(note 24)* HK$'000	Available-for-sale financial assets revaluation reserve* *(note 24)* HK$'000	Retained earnings* HK$'000	Total HK$'000
At 1 April 2017	1,500	–	–	225	29,507	31,232
Loss for the year	–	–	–	–	(3,080)	(3,080)
Other comprehensive income for the year						
— Fair value changes of available-for-sale financial asset	–	–	–	(20)	–	(20)
Total comprehensive income for the year	–	–	–	(20)	(3,080)	(3,100)
Dividend declared	–	–	–	–	(14,040)	(14,040)
Arising from group reorganisation	(1,500)	–	1,500	–	–	–
Issue of shares *(note 23(iii))*	–	14,132	–	–	–	14,132
Issue of shares by capitalisation issue *(note 23(iv))*	6,320	(6,320)	–	–	–	–
Issue of shares under share offer *(note 23(iv))*	1,680	54,600	–	–	–	56,280
Share issuance expenses *(note 23(iv))*	–	(9,913)	–	–	–	(9,913)
At 31 March 2018 and 1 April 2018	**8,000**	**52,499**	**1,500**	**205**	**12,387**	**74,591**
Initial application of Hong Kong Financial Reporting Standards ("HKFRS") 9 *(note 2(a))*	**–**	**–**	**–**	**(205)**	**118**	**(87)**
Restated balance at 1 April 2018	**8,000**	**52,499**	**1,500**	**–**	**12,505**	**74,504**
Profit and total comprehensive income for the year	**–**	**–**	**–**	**–**	**6,608**	**6,608**
At 31 March 2019	**8,000**	**52,499**	**1,500**	**–**	**19,113**	**81,112**

* 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 2019

	Notes	2019 HK$'000	2018 HK$'000
Cash flows from operating activities			
Profit/(Loss) before income tax		**8,246**	(447)
Adjustments for:			
Bank interest income		**(565)**	(3)
Change in fair value of financial asset measured at fair value through profit or loss		**(70)**	–
Gain on disposal of property, plant and equipment		**(20)**	–
Loss on property, plant and equipment written off		**8**	–
Depreciation of property, plant and equipment		**928**	400
Reversal of allowance for impairment of trade receivables		**(8)**	–
Allowance for inventories		**553**	226
Write-off of inventories		**279**	158
Operating profit before working capital changes		**9,351**	334
Increase in inventories		**(3,162)**	(1,165)
(Increase)/Decrease in trade and other receivables, deposits and prepayments		**(3,163)**	14
(Decrease)/Increase in trade and other payables		**(4,055)**	9,903
Increase in contract liabilities/deferred revenue		**25**	138
Increase in long-term deposit		**–**	(417)
Increase in pledged bank deposit		**–**	(3,030)
Cash (used in)/generated from operations		**(1,004)**	5,777
Income tax paid		**(2,173)**	(2,484)
Net cash (used in)/generated from operating activities		**(3,177)**	3,293
Cash flows from investing activities			
Bank interest received		**565**	3
Purchase of property, plant and equipment		**(1,502)**	(1,583)
Proceeds from disposal of property, plant and equipment		**20**	–
Changes in amount due from a director		**–**	(2,671)
Net cash used in investing activities		**(917)**	(4,251)
Cash flows from financing activities			
Dividend paid		**–**	(11,200)
Decrease in amounts due to directors	*27(b)*	**–**	(80)
Proceeds from issue of shares	*23(iii)*	**–**	14,132
Proceeds from issue of shares under share offer	*23(iv)*	**–**	56,280
Share issuance expenses	*23(iv)*	**–**	(9,913)
Net cash generated from financing activities		**–**	49,219
Net (decrease)/increase in cash and cash equivalents		**(4,094)**	48,261
Cash and cash equivalents at beginning of year		**58,037**	9,776
Cash and cash equivalents at end of year		**53,943**	58,037
Analysis of the balances of cash and cash equivalents			
Bank balances and cash	*20*	**53,943**	58,037

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

1. GENERAL INFORMATION

Grand Brilliance Group Holdings Limited (the "Company") was incorporated in the Cayman Islands with limited liability under the Companies Law, Cap. 22 of the Cayman Islands on 5 July 2017. Its shares have been listed on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 29 March 2018. The 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 2019 were approved and authorised for issue by the directors on 21 June 2019.

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

(a) Adoption of new/revised HKFRSs — effective 1 April 2018

Annual Improvements to HKFRSs 2014–2016 Cycle	Amendments to HKFRS 1, First-time adoption of Hong Kong Financial Reporting Standards
HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
Amendment to HKFRS 15	Revenue from Contracts with Customers (Clarifications to HKFRS 15)
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration

Except for as explained below, the adoption of these new or amended HKFRSs has no impact on these consolidated financial statements.

Annual Improvements to HKFRSs 2014–2016 Cycle — Amendments to HKFRS 1, First-time Adoption of Hong Kong Financial Reporting Standards

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKFRS 1, First-time Adoption of Hong Kong Financial Reporting Standards, removing transition provision exemptions relating to accounting periods that had already passed and were therefore no longer applicable.

The adoption of these amendments has no impact on these financial statements as the periods to which the transition provision exemptions related have passed.

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

(a) Adoption of new/revised HKFRSs — effective 1 April 2018 *(Continued)*

HKFRS 9 — Financial Instruments

(i) Classification and measurement of financial instruments

HKFRS 9 replaces HKAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: (1) classification and measurement; (2) impairment and (3) hedge accounting. The adoption of HKFRS 9 from 1 April 2018 has resulted in changes in accounting policies of the Group and the amounts recognised in the consolidated financial statements.

The following tables summarise the impact, net of tax, of transition to HKFRS 9 on the opening balance of retained earnings and available-for-sales financial assets revaluation reserve as at 1 April 2018 as follows:

	HK$'000
Retained earnings	
Balance as at 31 March 2018	12,387
Reclassify the club debenture from available-for-sale financial asset to financial asset measured at fair value through profit or loss ("FVTPL")	205
Increase in loss allowance for trade receivables	(87)
Restated balance as at 1 April 2018	12,505
Available-for-sales financial assets revaluation reserve	
Balance as at 31 March 2018	205
Reclassify the club debenture from available-for-sale financial asset to financial asset measured at FVTPL	(205)
Restated balance as at 1 April 2018	–

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities. However, it eliminates the previous HKAS 39 categories for held to maturity financial assets, loans and receivables and available-for-sale financial assets. The adoption of HKFRS 9 has no material impact on the Group's accounting policies related to financial liabilities and derivative financial instruments. The impact of HKFRS 9 on the Group's classification and measurement of financial assets is set out below.

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

(a) Adoption of new/revised HKFRSs — effective 1 April 2018 *(Continued)*

HKFRS 9 — Financial Instruments *(Continued)*

(i) Classification and measurement of financial instruments (Continued)

Under HKFRS 9, except for certain trade receivables (that the trade receivables do not contain a significant financing component in accordance with HKFRS 15), an entity shall, at initial recognition, measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs. A financial asset is classified as: (i) financial assets at amortised cost ("amortised cost"); (ii) financial assets measured at fair value through other comprehensive income ("FVOCI"); or (iii) financial assets measured at FVTPL (as defined in above). The classification of financial assets under HKFRS 9 is generally based on two criteria: (i) the business model under which the financial asset is managed and (ii) its contractual cash flow characteristics (the "solely payments of principal and interest" criterion, also known as "SPPI criterion"). Under HKFRS 9, embedded derivatives is no longer required to be separated from a host financial asset. Instead, the hybrid financial instrument is assessed as a whole for the classification.

A financial asset is measured at amortised cost if it meets both of the following conditions are met and it has not been designated as at FVTPL:

- It is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion.

A debt investment is measured at FVOCI if it meets both of the following conditions and it has not been designated as at FVTPL:

- It is held within a business model whose objective is to achieved by both collecting contractual cash flows and selling financial assets; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion.

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. All other financial assets not classified at amortised cost or FVOCI as described above are classified as FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or FVOCI at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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

(a) Adoption of new/revised HKFRSs — effective 1 April 2018 *(Continued)*

HKFRS 9 — Financial Instruments *(Continued)*

(i) Classification and measurement of financial instruments (Continued)

The following accounting policies would be applied to the Group's financial assets as follows:

FVTPL	These are subsequently measured at fair value. Changes in fair value, dividends and interest income are recognised in profit or loss.
Amortised cost	These are subsequently measured using the effective interest rate 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.

As at 1 April 2018, the debt investment of club debenture was reclassified from available-for-sale financial asset to financial asset measured at FVTPL. It does not meet the HKFRS 9 criteria for classification as financial assets at amortised cost and financial assets measured at FVOCI because the contractual terms of the financial asset give rise on specified dates to cash flows does not meet the SPPI criterion. The related fair value gain of HK$205,000 was transferred from the available-for-sale financial assets revaluation reserve to retained earnings as of 1 April 2018.

The following table summarises the original measurement categories under HKAS 39 and the new measurement categories under HKFRS 9 for each class of the Group's financial assets as at 1 April 2018:

Financial assets	Original classification under HKAS 39	New classification under HKFRS 9	Carrying amount as at 1 April 2018 under HKAS 39	Remeasurement	Carrying amount as at 1 April 2018 under HKFRS 9
			HK$'000	HK$'000	HK$'000
Available-for-sale financial asset	Available for sales financial assets at fair value	FVTPL	750	–	750
Trade and other receivables and deposits	Loans and receivables	Amortised cost	7,822	(87)	7,735
Cash and bank balances	Loans and receivables	Amortised cost	61,067	–	61,067

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

(a) Adoption of new/revised HKFRSs — effective 1 April 2018 *(Continued)*

HKFRS 9 — Financial Instruments *(Continued)*

(ii) Impairment of financial assets

The adoption of HKFRS 9 has changed the Group's impairment model by replacing the HKAS 39 "incurred loss model" to the "expected credit losses ("ECLs") model". HKFRS 9 requires the Group to recognise ECLs for trade receivables and financial assets at amortised cost earlier than HKAS 39. Pledged bank deposit and cash and cash equivalents are subject to ECLs model but the impairment is immaterial for the current year.

Under HKFRS 9, the losses allowances 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.

Measurement of ECLs

ECLs are based on the difference between the contractual cash flows due 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 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 financial assets, the ECLs are based on the 12-months ECLs. The 12-months ECLs is the portion of the lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the end of the reporting period. 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 ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information. The Group's other financial instruments are considered to have low credit risk since there was no recent history of default.

The measurement of ECLs reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

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

(a) Adoption of new/revised HKFRSs — effective 1 April 2018 *(Continued)*

HKFRS 9 — Financial Instruments *(Continued)*

(ii) Impairment of financial assets (Continued)

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 in default 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.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Presentation of ECLs

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Impact of the ECLs model

As mentioned above, the Group applies the HKFRS 9 simplified approach to measure ECLs which adopts a lifetime ECLs for all trade receivables. To measure the ECLs, these receivables have been grouped based on shared credit risk characteristics and the days past due. The financial impact arising from the adoption of expected credit loss approach on trade receivables as at 1 April 2018 is as follow:

As at 1 April 2018	Current	Less than 30 days past due	30 or more but less than 60 days past due	60 or more but less than 90 days past due	More than 90 days past due	Total
Expected credit loss rate (%)	0.33%	0.74%	0.74%	1.16%	15.45%	
Gross carrying amount (HK$'000)	4,283	1,355	678	259	356	6,931
Loss allowances (HK$'000)	14	10	5	3	55	87

The increase in loss allowance for trade receivables upon the transition to HKFRS 9 as of 1 April 2018 were HK$87,000. The loss allowances has been reversed by HK$8,000 during the year ended 31 March 2019.

Other financial assets at amortised cost of the Group including other receivables and deposits. The directors of the Company also reviewed and assessed the impairment on the Group's other financial assets and considered that there was no significant financial impact on the consolidated financial statements of the Group.

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

(a) Adoption of new/revised HKFRSs — effective 1 April 2018 *(Continued)*

HKFRS 9 — Financial Instruments *(Continued)*

(iii) Hedge accounting

Hedge accounting under HKFRS 9 has no impact on the Group as the Group does not apply hedge accounting in its hedging relationship.

(iv) Transition

The Group has applied the transitional provision in HKFRS 9 such that HKFRS 9 was generally adopted without restating comparative information. The reclassifications and the adjustments arising from the new ECLs rules are therefore not reflected in the statement of financial position as at 31 March 2018, but are recognised in the statement of financial position on 1 April 2018. This mean that differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of HKFRS 9 are recognised in retained earnings and reserves as at 1 April 2018. Accordingly, the information presented for 2018 does not reflect the requirements of HKFRS 9 but rather those of HKAS 39.

The following assessments have been made on the basis of the facts and circumstances that existed at 1 April 2018 (the date of initial application of HKFRS 9 by the Group) (the "DIA"):

- The determination of the business model within which a financial asset is held; and

- The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL.

If an investment in a debt investment had low credit risk at the DIA, then the Group has assumed that the credit risk on the asset had not increased significantly since its initial recognition.

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

(a) Adoption of new/revised HKFRSs — effective 1 April 2018 *(Continued)*

HKFRS 15 — Revenue from Contracts with Customers

HKFRS 15 supersedes HKAS 11 "Construction Contracts", HKAS 18 "Revenue" and related interpretations. HKFRS 15 has established a five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at the amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Group has adopted HKFRS 15 using the cumulative effect method without practical expedients. The Group should recognised the cumulative effect of initially applying HKFRS 15 as an adjustment to the opening balance of retained earnings at the date of initial application (i.e. 1 April 2018). As a result, the financial information presented for the year ended 31 March 2018 has not been restated. Based on the assessment, the adoption of HKFRS 15 does not have a significant impact on the Group's revenue recognition.

The following tables summarised the impact of transition to HKFRS 15 on the opening balances of consolidated statement of financial position as follows:

	As at 31 March 2018	**Reclassification**	**As at 1 April 2018**
	HK$'000	HK$'000	HK$'000
Liabilities			
Current liabilities			
Contract liabilities	–	204	204
Deferred revenue	204	(204)	–

Amount of HK$204,000 previously presented as deferred revenue as of 31 March 2018 was classified as contract liabilities since 1 April 2018. These contract liabilities increased to HK$229,000 as at 31 March 2019.

Details of the accounting policies after consideration of HKFRS 15 in relation to different types of revenue earned by the Group are set out below:

- 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.

- Revenue from sales of 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.

- Revenue from rendering of maintenance services is recognised over time with the contractual period of the maintenance services.

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

(a) Adoption of new/revised HKFRSs — effective 1 April 2018 *(Continued)*

HKFRS 15 — Revenue from Contracts with Customers *(Continued)*

Under HKFRS 15, right of return gives rise to variable consideration. The variable consideration is estimated at contract inception and constrained until the associated uncertainty is subsequently resolved. The application of the constraint on variable consideration increases the amount of revenue that will be deferred. In addition, a refund liability and a right to recover returned goods assets are recognised.

Other than the advance from customers recognised in relation to the rendering of maintenance services was classified from deferred revenue to contract liabilities upon adoption of HKFRS 15, the Group expects that HKFRS 15 did not result in significant impact on its accounting policies and results.

Amendments HKFRS 15, Revenue from Contracts with Customers (Clarifications to HKFRS 15)

The amendments to HKFRS 15 included clarifications on identification of performance obligations; application of principal versus agent; licenses of intellectual property; and transition requirements.

The adoption of these amendments has no impact on these financial statements as the Group had not previously adopted HKFRS 15 and took up the clarifications in this, its first year.

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

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

Annual Improvements to HKFRSs 2015–2017 Cycle	Amendments to HKFRS 3, Business Combinations[1]
Annual Improvements to HKFRSs 2015–2017 Cycle	Amendments to HKAS 12, Income Taxes[1]
Amendments to HKAS 1 and HKAS 8	Definition of Material[2]
Amendments to HKFRS 3	Definition of Business[3]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[1]
HKFRS 16	Leases[1]
HK(IFRIC)–Int 23	Uncertainty over Income Tax Treatments[1]

1 Effective for annual periods beginning on or after 1 January 2019
2 Effective for annual periods beginning on or after 1 January 2020
3 Effective for transactions that occur on or after 1 January 2020

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

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

HKFRS 16 — Leases

HKFRS 16, which upon the effective date will supersede HKAS 17 "Leases" and related interpretations, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

HKFRS 16 is effective for annual periods beginning on or after 1 January 2019. As allowed by HKFRS 16, the Group plans to use the practical expedient to grandfather the previous assessment of which existing arrangements are, or contain, leases. The Group will therefore apply the new definition of a lease in HKFRS 16 only to contracts that are entered into on or after the date of initial application. In addition, the Group plans to elect the practical expedient for not applying the new accounting model to short-term leases and leases of low-value assets.

The Group plans to elect to use the modified retrospective approach for the adoption of HKFRS 16. The cumulative effect of initial application will be recognised as an adjustment to the opening balance of equity at 1 April 2019 and the Group's will not restate the comparative information. As disclosed in note 25, at 31 March 2019, the Group's future minimum lease payments under non-cancellable operating leases amount to HK$2,492,000. Upon the initial adoption of HKFRS 16, the opening balances of lease liabilities and the corresponding right-of-use assets is approximately HK$2,342,000 as at 31 March 2019, after taking into account the effects of discounting, as at 1 April 2019.

Other than the recognition of lease liabilities and right-of-use assets, the Group expects that the transition adjustments to be made upon the initial adoption of HKFRS 16 will not be material. However, the expected changes in accounting policies as described above could have a material impact on the Group's consolidated financial statement onwards.

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 3 — Definition of a Business

Amendments to HKFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business.

Amendments to HKFRS 9 — Prepayment Features with Negative Compensation

The amendments clarify that prepayable financial assets with negative compensation can be measured at amortised cost or at fair value through other comprehensive income if specified conditions are met — instead of at fair value through profit or loss.

Annual Improvements to HKFRSs 2015-2017 Cycle — Amendments to HKFRS 3, Business Combination

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKFRS 3 which clarifies that when a joint operator of a business obtains control over a joint operation, this is a business combination achieved in stages and the previously held equity interest should therefore be remeasured to its acquisition date fair value.

Annual Improvements to HKFRSs 2015-2017 Cycle — Amendments to HKAS 12, Income Taxes

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKAS 12 which clarify that all income tax consequences of dividends are recognised consistently with the transactions that generated the distributable profits, either in profit or loss, other comprehensive income or directly in equity.

Amendments to HKAS 1 and HKAS 8 — Definition of Material

Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring, it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

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

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

HK(IFRIC)-Int 23 — Uncertainty over Income Tax Treatments

The interpretation supports the requirements of HKAS 12 "Income Taxes", by providing guidance over how to reflect the effects of uncertainty in accounting for income taxes. Under the interpretation, the entity shall determine whether to consider each uncertain tax treatment separately or together based on which approach better predicts the resolution of the uncertainty. The entity shall also assume the tax authority will examine amounts that it has a right to examine and have full knowledge of all related information when making those examinations. If the entity determines it is probable that the tax authority will accept an uncertain tax treatment, then the entity should measure current and deferred tax in line with its tax filings. If the entity determines it is not probable, then the uncertainty in the determination of tax is reflected using either the "most likely amount" or the "expected value" approach, whichever better predicts the resolution of the uncertainty.

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. The Group has identified some aspects of HKFRS 16 which may have expected impact on the Group's consolidated financial statements and the details of expected impact are discussed above. The directors consider that other 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 consolidated financial statements have been prepared in accordance with all HKFRSs, Hong Kong Accounting Standards ("HKAS") and Interpretations (hereinafter collectively referred to as the "HKFRS") and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of the Stock Exchange.

(b) Basis of measurement

The financial statements have been prepared under the historical cost 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 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.

(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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(c) Property, plant and equipment *(Continued)*

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.

(e) Leasing

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

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

The Group as lessee under operating lease

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(f) Financial Instruments

(A) Accounting policies applied from 1 April 2018

(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.

Debt instruments
Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. 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 rate 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 rate 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(f) Financial Instruments *(Continued)*

(A) Accounting policies applied from 1 April 2018 *(Continued)*

(i) Financial assets (Continued)

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.

(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 a 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 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(f) Financial Instruments *(Continued)*

(A) Accounting policies applied from 1 April 2018 *(Continued)*

(ii) Impairment loss on financial assets (Continued)

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.

(iii) Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at amortised costs 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 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(f) Financial Instruments *(Continued)*

(B) Accounting policies applied until 31 March 2018

The Group has applied HKFRS 9 retrospectively, but has elected not to restate comparative information. Accordingly, the comparative financial information provided continues to be accounted for in accordance with the Group's previous accounting policy.

(i) Financial assets

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(f) Financial Instruments *(Continued)*

(B) Accounting policies applied until 31 March 2018 *(Continued)*

(ii) Impairment loss on financial assets

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

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- granting concession to a debtor because of debtor's financial difficulty; or
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation.

For loans and receivables

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

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

For available-for-sale financial assets

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(f) Financial Instruments *(Continued)*

(B) Accounting policies applied until 31 March 2018 *(Continued)*

(iii) Financial liabilities

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

Financial liabilities at amortised cost
The Group classifies its financial liabilities as financial liabilities at amortised cost, which include trade and other payables, are subsequently measured at amortised cost, using the effective interest method. The related interest expense is accounted for in accordance with the accounting policy set out in note 4(n).

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

(iv) Effective interest method

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

(v) Equity instruments

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

(vi) Financial guarantee contracts

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(f) Financial Instruments *(Continued)*

(B) Accounting policies applied until 31 March 2018 *(Continued)*

(vii) Derecognition

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

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

(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.

(h) Recognition of revenue and other income

(A) Accounting policies applied from 1 April 2018

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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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

(A) Accounting policies applied from 1 April 2018 *(Continued)*

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.

(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.

(B) Accounting policies applied until 31 March 2018

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(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.

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

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

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 options 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 each 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 and also, forward-looking analysis.

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

	2019 **HK$'000**	2018 HK$'000
Timing of revenue recognition		
Over time	**1,808**	1,900
At a point in time	**56,076**	51,651
	57,884	53,551

(d) Information about major customers

For the year ended 31 March 2019, revenue from one customer amounted to HK$6,048,000 which represented 10% of the Group's revenue. For the year ended 31 March 2018, no revenue from a single customer accounted for 10% or above of the total revenue of the Group.

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:

	2019 **HK$'000**	2018 HK$'000
Revenue from contracts with customer within the scope of HKFRS 15:		
Sales of medical devices and products		
Medical consumables	**38,642**	38,388
Medical equipment	**15,661**	11,188
Medical instruments	**1,773**	2,075
	56,076	51,651
Rendering of maintenance services	**1,808**	1,900
	57,884	53,551
Revenue from other source:		
Rental income from leasing medical devices	**161**	152
	58,045	53,703

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

	2019 **HK$'000**	2018 HK$'000
Trade receivables *(note 19)*	**9,162**	6,931
Contract liabilities *(note 22)*	**229**	–

Note: The Group has initially applied HKFRS 15 using the cumulative effect method. Under this method, the comparative information is not restated and was prepared in accordance with HKAS 18 and HKAS 11.

8. OTHER INCOME

	2019 **HK$'000**	2018 HK$'000
Bank interest income	**565**	3
Government grants	**50**	50
Sundry income	**82**	2
	697	55

9. PROFIT/(LOSS) BEFORE INCOME TAX

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

	2019 HK$'000	2018 HK$'000
Auditor's remuneration	**578**	550
Reversal of loss allowance for trade receivables	**(8)**	–
Cost of inventories recognised as expense#		
— Carrying amount of inventories consumed	**24,243**	21,940
— Allowance for inventories	**553**	226
— Write-off of inventories	**279**	158
	25,075	22,324
Change in fair value of financial asset measured at FVTPL	**(70)**	–
Depreciation of property, plant and equipment*	**928**	400
Employee costs (including directors' emoluments *(note 11(a))*)		
— Salaries, allowances and other benefits	**12,380**	7,391
— Contributions to defined contribution retirement plan	**336**	278
	12,716	7,669
Gain on disposal of property, plant and equipment	**(20)**	–
Exchange difference, net	**266**	(163)
Operating lease charges in respect of buildings	**3,009**	2,360
Research and development expenditure^	**554**	499

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$536,000 for the year (2018: HK$468,000) which have been included in the employee costs above.

10. INCOME TAX EXPENSE

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

	2019 HK$'000	2018 HK$'000
Current tax for the year		
— Hong Kong Profits Tax	**1,600**	2,395
(Over)/under-provision in respect of prior years	**(14)**	26
	1,586	2,421
Deferred tax *(note 17)*	**52**	212
	1,638	2,633

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No.7) Bill 2017 (the 'Bill') which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day.

Two-tiered profits tax rate applies to years of assessment commencing on or after 1 April 2018. Under the regime, the first HK$2 million of the estimated assessable profits of qualifying corporation will be taxed at 8.25%, and the estimated assessable profits above HK$2 million will be taxed at 16.5%. The two-tiered profits tax rates regime was applicable to the Group for the year ended 31 March 2019.

For the year ended 31 March 2018, Hong Kong profits tax is calculated at 16.5% on the estimated assessable profits.

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

	2019 HK$'000	2018 HK$'000
Profit/(loss) before income tax	**8,246**	(447)
Tax calculated at applicable Hong Kong profits tax rates	**1,361**	(74)
Tax effect of revenue not taxable for tax purposes	**(105)**	–
Tax effect of expenses not deductible for tax purposes	**423**	2,585
Tax effect of tax losses not recognised	**138**	96
(Over)/under-provision in respect of prior years	**(14)**	26
Income tax on concessionary rate	**(165)**	–
Income tax expense	**1,638**	2,633

11. 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 HK$'000	Salaries, allowances and other benefits HK$'000	Discretionary bonuses HK$'000	Pension scheme contribution HK$'000	Total HK$'000
Year ended 31 March 2019					
Executive directors					
Ms. Wong	**–**	**2,614**	**660**	**18**	**3,292**
Mr. Chan Chun Sing	**–**	**900**	**150**	**18**	**1,068**
Non-executive directors					
Dr. Miu Yin Shun Andrew ("Dr. Miu")	**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	**3,514**	**810**	**36**	**4,960**
Year ended 31 March 2018					
Executive directors					
Ms. Wong *(note (i))*	–	35	600	3	638
Mr. Chan Chun Sing *(note (i))*	–	783	80	18	881
Non-executive directors					
Dr. Miu *(note (ii))*	1	–	–	–	1
Mr. Chiu Man Wai *(note (ii))*	1	–	–	–	1
Independent non-executive directors					
Mr. Ng Leung Sing *SBS, JP (note (iii))*	1	–	–	–	1
Mr. Wong Lung Wo James *(note (iii))*	1	–	–	–	1
Mr. Chan Ping Keung *(note (iii))*	1	–	–	–	1
	5	818	680	21	1,524

Notes:

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

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

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

11. 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 2019 included 2 (2018: 2) directors of the Company whose emoluments are reflected in the analysis presented in note (a) above. The emoluments payable to the remaining 3 (2018: 3) highest paid individuals for the year ended 31 March 2019 are as follows:

	2019 **HK$'000**	2018 HK$'000
Salaries, allowances and other benefits	**1,456**	1,248
Discretionary bonuses	**205**	281
Contributions to defined contribution retirement plan	**53**	51
	1,714	1,580

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

	2019 **Number of individuals**	2018 Number of individuals
Nil to HK$500,000	**–**	1
HK$500,001 to HK$1,000,000	**3**	2

During the year, no emoluments were paid by the Group to the directors or the highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office (2018: Nil). In addition, none of the directors waived or agreed to waive any emoluments during the year (2018: Nil).

(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 bands:

	2019 **Number of individuals**	2018 Number of individuals
Nil to HK$500,000	**–**	2
HK$500,001 to HK$1,000,000	**3**	2

12. DIVIDENDS

	2019 HK$'000	2018 HK$'000
Interim dividends *(note (a))*	–	2,840
Special dividend *(note (b))*	–	11,200
	–	14,040

Notes:

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

(b) On 17 July 2017, a special dividend of HK$11,200,000 was declared by a subsidiary of the Company to their then shareholders, and was fully settled during the year ended 31 March 2018.

Subsequent to the end of the reporting period, a final dividend of HK$0.1250 cents (2018: Nil) per ordinary share, totally amounting to HK$1,000,000 and a special dividend of HK$0.3125 cents (2018: Nil) per ordinary share, totally amounting to HK$2,500,000 in respect of the year ended 31 March 2019 has been proposed by the directors and is subject to approval by the shareholders in the forthcoming annual general meeting. The proposed final dividend and special dividend have not been recognised as a liability at the end of the reporting period.

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

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

	2019 HK$'000	2018 HK$'000
Earnings/(Loss)		
Profit/(Loss) for the year attributable to owners of the Company	**6,608**	(3,080)

	'000	'000
Weighted average number of ordinary shares in issue		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**800,000**	633,381

The weighted average number of ordinary shares used for the purpose of calculating the basic earnings per share as 800,000,000 for the year ended 31 March 2019.

The weighted average number of ordinary shares used for the purposes of calculating the basic loss per share for the year ended 31 March 2018 of approximately 633,381,000 shares includes the weighted average number of shares issued pursuant to the share offer (note 23 (iv)) of approximately 1,381,000 shares, in addition to 632,000,000 shares in issue immediately after the capitalisation issue.

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

14. PROPERTY, PLANT AND EQUIPMENT

	Furniture, fixtures, moulds and equipment HK$'000	Leasehold improvements HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost				
At 1 April 2017	724	1,884	1,339	3,947
Additions	541	1,042	–	1,583
Written off	–	(1,884)	–	(1,884)
As at 31 March 2018 and 1 April 2018	1,265	1,042	1,339	3,646
Additions	156	–	1,346	1,502
Disposal	–	–	(665)	(665)
Written off	(13)	–	–	(13)
At 31 March 2019	1,408	1,042	2,020	4,470
Accumulated depreciation				
At 1 April 2017	485	1,884	1,271	3,640
Depreciation	151	181	68	400
Written off	–	(1,884)	–	(1,884)
At 31 March 2018 and 1 April 2018	636	181	1,339	2,156
Depreciation	222	369	337	928
Disposal	–	–	(665)	(665)
Written off	(5)	–	–	(5)
At 31 March 2019	853	550	1,011	2,414
Net carrying amount				
At 31 March 2019	555	492	1,009	2,056
At 31 March 2018	629	861	–	1,490

15. OTHER ASSET

Other asset represents club membership held by the Company for long-term investment purposes. Club membership is tested for impairment annually. The recoverable amount of the club membership is its fair value less costs of disposal, which is determined by the management with reference to the valuations carried out by Asset Appraisal Limited, an independent professional valuer using sales comparison approach. In the sales comparison approach, the value is estimated for the assets appraised through analysis of market price information of comparable club debenture with reference to the prices quoted in the second hand market. There were no changes in valuation technique during the reporting period.

The fair value of club membership is a level 2 recurring fair value measurement.

In the opinion of the directors, club membership worth at least its carrying value as at 31 March 2019 and 2018.

16. FINANCIAL ASSET MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS/ AVAILABLE-FOR-SALE FINANCIAL ASSET

	2019 **HK$'000**	2018 HK$'000
Financial asset measured at fair value through profit or loss		
Unlisted investment:		
— Club debenture	**820**	–
Available-for-sale financial assets		
Unlisted investment:		
— Club debenture	**–**	750

The club debenture was reclassified from available-for-sale financial asset at fair value of HK$750,000 at 1 April 2018 after adoption of HKFRS 9 as detailed in note (2)(a)(i). The fair value of the club debenture as at 1 April 2018 and 31 March 2019 were determined by Asset Appraisal Limited, an independent professional valuer. Details of the fair value measurement are set out in note 32(b). The Group does not intend to dispose of the club debenture in the near future.

17. DEFERRED TAX 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 2017	180
Charge to profit or loss for the year *(note 10)*	(212)
At 31 March 2018 and 1 April 2018	(32)
Charge to profit or loss for the year *(note 10)*	(52)
At 31 March 2019	(84)

As at 31 March 2019, the Group had unused tax losses of HK$1,754,000 (2018: HK$918,000) 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.

18. INVENTORIES

	2019 **HK$'000**	2018 HK$'000
Finished goods	**16,829**	14,499

19. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2019 **HK$'000**	2018 HK$'000
Trade receivables	**10,659**	8,349
Less: allowance for impairment	**(1,497)**	(1,418)
Trade receivables, net *(note)*	**9,162**	6,931
Other receivables	**122**	35
Deposits and prepayments	**1,475**	709
	10,759	7,675

Note:

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

As at 31 March 2018, trade receivables of HK$1,418,000 were impaired and full provision has been made for the balances.

As at 1 April 2018 and 31 March 2019, the allowance for impairment has been recognised for trade receivables 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 33(a).

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

	2019 **HK$'000**	2018 HK$'000
0–30 days	**5,862**	4,283
31–60 days	**1,970**	1,355
61–90 days	**896**	678
Over 90 days	**434**	615
	9,162	6,931

20. CASH AND BANK BALANCES

	2019 HK$'000	2018 HK$'000
Cash at banks and on hand	**56,973**	61,067
Pledged bank deposit	**(3,030)**	(3,030)
Cash and cash equivalents	**53,943**	58,037

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

Pledged bank deposit is placed in a bank to secure the banking facilities of the Group (note 28(a)).

21. TRADE AND OTHER PAYABLES

	2019 HK$'000	2018 HK$'000
Trade payables	**7,358**	3,333
Accruals and other payables	**2,146**	10,284
Deposits received	**259**	201
	9,763	13,818

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:

	2019 HK$'000	2018 HK$'000
0–30 days	**5,499**	2,619
31–60 days	**1,146**	257
61–90 days	**–**	–
Over 90 days	**713**	457
	7,358	3,333

22. CONTRACT LIABILITIES/DEFERRED REVENUE

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

	HK$'000
Balance as at 31 March 2018 and 1 April 2018	**204**
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	**(204)**
Increase in contract liabilities as a result of receipt in advance from rendering of maintenance services	**229**
Balance as at 31 March 2019	**229**

The Group has initially applied HKFRS 15 using the cumulative effect method and adjusted the opening balance at 1 April 2018. The comparative information is not restated. Upon the adoption of HKFRS 15, amounts previously recognised as "deferred revenue" have been reclassified to "contract liabilities".

The contract liabilities mainly relate to the advance consideration received from customers for 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 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.

23. SHARE CAPITAL

Ordinary shares	**Per value** HK$'000	**Number of shares**	**Amount** HK$'000
Authorised:			
Upon incorporation *(note (i))*	0.01	38,000,000	380
Increase in authorised share capital *(note (i))*	0.01	7,962,000,000	79,620
At 31 March 2018, 1 April 2018 and 31 March 2019		8,000,000,000	80,000
Issued and fully paid:			
Issue of shares upon incorporation *(note (i))*	0.01	1	–
Issue of shares for acquisition of subsidiaries *(note (ii))*	0.01	881	–
Issue of shares to Infinite Crystal and Akatsuki *(note (iii))*	0.01	118	–
Issue of shares by capitalisation issue *(note (iv))*	0.01	631,999,000	6,320
Issue of shares under share offer *(note (iv))*	0.01	168,000,000	1,680
At 31 March 2018, 1 April 2018 and 31 March 2019		800,000,000	8,000

23. SHARE CAPITAL *(Continued)*

Notes:

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

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

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

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

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

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

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

24. RESERVES

The Group

Details of the movements of the Group's reserves for the years ended 31 March 2019 and 2018 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.

Available-for-sale financial assets revaluation reserve

Available-for-sale financial assets revaluation reserve comprises the cumulated net changes in the fair value of available-for-sale financial assets. As described in note 2(a)(i), the debt investment of club debenture was reclassified from available-for-sale financial asset to financial asset measured at FVTPL after the adoption of HKFRS 9 from 1 April 2018. The cumulated fair value gain of HK$205,000 was transferred from the available-for-sale financial assets revaluation reserve to retained earnings as at 1 April 2018.

24. RESERVES *(Continued)*

The Group *(Continued)*

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 period from 5 July 2017 (date of incorporation) to 31 March 2018 and the year ended 31 March 2019 are as follows:

	Share premium HK$'000	Accumulated loss HK$'000	Total HK$'000
Loss and total comprehensive income for the period	–	(12,753)	(12,753)
Issue of shares for acquisition of subsidiaries *(note)*	17,809	–	17,809
Issue of shares to Infinite Crystal and Akatsuki *(note 23(iii))*	14,132	–	14,132
Capitalisation Issue *(note 23(iv))*	(6,320)	–	(6,320)
Share Offer *(note 23(iv))*	54,600	–	54,600
Share issuance expenses *(note 23(iv))*	(9,913)	–	(9,913)
As at 1 April 2018 and 31 March 2018	70,308	(12,753)	57,555
Profit and total comprehensive income for the year	–	3,516	3,516
As at 1 April 2019	70,308	(9,237)	61,071

Note:

The issue of shares for acquisition of subsidiaries represents the difference between the investment costs of A&A Brilliance Limited ("A&A Brilliance") amounting to approximately HK$17,809,000 and the shares issued by the Company for the share swap under the Group's reorganisation at par totalling HK$9 as described in note 23(ii) which was amounted to approximately HK$17,809,000 credited to the share premium account of the Company.

25. OPERATING LEASE COMMITMENTS

Operating leases — The Group as lessee

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

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

	2019 HK$'000	2018 HK$'000
Within one year	**2,152**	2,068
Later than one year and not more than two years	**340**	1,995
	2,492	4,063

26. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	2019 HK$'000	2018 HK$'000
ASSETS AND LIABILITIES			
Non-current asset			
Investment in a subsidiary		**17,809**	17,809
Current assets			
Prepayments		**616**	–
Amount due from subsidiaries		**50,902**	5,494
Cash and bank balances		**236**	50,206
		51,754	55,700
Current liabilities			
Trade and other payables		**491**	7,953
Amount due to a subsidiary		**1**	1
		492	7,954
Net current assets		**45,262**	47,746
Net assets		**69,071**	65,555
CAPITAL AND RESERVES			
Share capital	*23*	**8,000**	8,000
Reserves	*24*	**61,071**	57,555
Total equity		**69,071**	65,555

On behalf of the directors

Wong Bik Kwan Bikie	**Chan Chun Sing**
Chairman and Executive Director	*Executive Director*

27. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

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

(b) Reconciliation of liabilities arising from financing activities:

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

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

28. RELATED PARTY TRANSACTIONS

Compensation of key management personnel

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

	2019 **HK$'000**	2018 HK$'000
Salaries, allowances and other benefits	**6,755**	3,468
Contributions to defined contribution retirement plan	**94**	87
	6,849	3,555

During the year ended 31 March 2018, the Group had the following significant transactions with its related parties:

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

The Group is jointly and severally liable with Ms. Wong and Dr. Miu for all sums payable or owing to the bank under the Shared Facilities (note 29).

In September 2017, the Shared Facilities were terminated. The separate facilities have been granted to the Group (the "New Facilities") immediately after the termination. The New Facilities are secured by a bank deposit of the Group (note 20) of a sum of HK$3,030,000 or its 110% equivalent amount in any other currencies approved by the bank.

(b) The Group provided guarantee to a bank in respect of banking facilities granted to Solaire International Limited ("Solarie") (note 29). Ms. Wong is the sole shareholder and director of Solaire. The corporate guarantee provided by the Group in respect of the banking facilities granted to Solaire was released in October 2017.

29. FINANCIAL GUARANTEE CONTRACTS

The Group does not have any financial guarantee contracts provided during the year ended and as at 31 March 2019.

The Group provided corporate guarantee of unlimited amount in respect of banking facilities granted to Solaire, a related company of the Company (note 28(b)). In October 2017, the corporate guarantee provided by the Group in respect of the banking facilities granted to Solaire was released.

In addition, the Group is jointly and severally liable with Ms. Wong and Dr. Miu for all sums payable or owing to the bank under the Shared Facilities. As disclosed in note 28(a), the Shared Facilities were terminated in September 2017.

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

30. SUBSIDIARIES

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

Name of Company	Place and date of incorporation and type of legal entity	Place of operations	Issued and paid up capital	Equity interest held by the Company		Principal activities
				Directly	Indirectly	
A&A Brilliance	The BVI/4 July 2017/ Limited liability company	Hong Kong	100 shares of US$1 each	100%	–	Investment holding
Solar-Med	Hong Kong/15 October 1997/ Limited liability company	Hong Kong	1,500,000 ordinary shares of HK$1,500,000	–	100%	Sourcing of medical devices and provision of after-sale services
Sonne International	Hong Kong/11 March 2009/ Limited liability company	Hong Kong	1 ordinary share of HK$1	–	100%	Sourcing of medical devices and development of healthcare products
Sonne Technology	Hong Kong/4 July 2016/ Limited liability company	Hong Kong	1 ordinary share of HK$1	–	100%	Trademark holding
Sonne (UK)	United Kingdom/ 26 August 2016/ Limited liability company	United Kingdom	1 ordinary share of 1 Great British Pound	–	100%	Trademark holding
Solar Service Engineering Holdings Limited	The BVI/12 March 2019/ Limited liability company	Hong Kong	100 shares of US$1 each	–	100%	Investment holding

31. 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:

	2019 HK$'000	2018 HK$'000
Total equity	**81,112**	74,591
Total assets	**91,188**	88,645
Total equity to total assets ratio	**0.89:1**	0.84:1

32. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

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

	2019 HK$'000	2018 HK$'000
Financial assets		
Financial asset measured at fair value through profit or loss	**820**	–
Financial assets at amortised cost		
— Long-term deposit	**417**	–
— Trade and other receivables and deposits	**9,788**	–
— Cash and bank balances	**56,973**	–
Available-for-sale financial asset	**–**	750
Loans and receivables		
— Long-term deposit	**–**	417
— Trade and other receivables and deposits	**–**	7,405
— Cash and bank balances	**–**	61,067
	67,998	69,639
Financial liabilities		
At amortised cost		
— Trade and other payables	**9,504**	13,617

32. 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 and trade and other payables.

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

(b) Financial instruments measured at fair value

The Group's club debenture disclosed in note 16 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 2019				
Financial asset measured at fair value through profit or loss:				
— Club debenture *(note)*	–	820	–	820
At 31 March 2018				
Available-for-sale financial asset:				
— Club debenture *(note)*	–	750	–	750

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 2019 and 2018 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.

33. 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 cash and 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.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix.

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables as at 31 March 2019:

	Expected loss rate (%)	**Gross carrying amount** HK$'000	**Loss allowance** HK$'000
Neither past due nor impaired	0.29%	5,879	17
Past due less than 30 days	0.76%	1,985	15
Past due for 30 days or more but less than 60 days	0.78%	903	7
Past due for 60 days or more but less than 90 days	0.87%	227	2
Past due for 90 days or more	15.38%	247	38
At 31 March 2019		9,241	79

33. FINANCIAL RISK MANAGEMENT *(Continued)*

(a) Credit risk *(Continued)*

Expected loss rates are based on actual loss experience over the past 2 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Prior to 1 April 2018, an impairment loss was recognised only when there was objective evidence impairment (see note 4(f)(B)(ii)). Trade receivables as at 31 March 2018 amounting to HK$1,418,000 were impaired and full provision has been made for the balances. The ageing analysis of trade receivables as at 31 March 2018 that are not considered to be impaired was as follows:

	2018 HK$'000
Neither past due nor impaired	4,283
Past due for less than 30 days	1,355
Past due for more than 30 days but less 60 days	678
Past due for more than 60 days but less 90 days	259
Past due for more than 90 days or more	356
	6,931

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 year ended 31 March 2019 are as follows:

	Allowance for impairment under HKFRS 9 HK$'000	**Impairment allowance under HKAS 39** HK$'000	**Total** HK$'000
As at 31 March 2018	–	1,418	1,418
Amount restated through opening retained earnings on adoption of HKFRS 9	1,505	(1,418)	87
As at 1 April 2018	1,505	–	1,505
Reversal of allowance for impairment during the year	(8)	–	(8)
As at 31 March 2019	1,497	–	1,497

33. 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.

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 13% (2018: 15%) of the Group's total year end trade receivables was due from the Group's largest debtor as at 31 March 2019. 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 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 2019 and 2018 are as follows:

	2019 **HK$'000**	2018 HK$'000
Net monetary assets/(liabilities)		
EUR	**972**	1,357
US$	**9,451**	(2,618)

33. 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	
	2019 HK$'000	2018 HK$'000
EUR appreciated by 5%	41	57

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

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

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

33. 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 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 HK$'000	**Total contractual undiscounted cash flow** HK$'000	**Within 1 year or on demand** HK$'000
At 31 March 2019			
Trade and other payables	9,504	9,504	9,504
At 31 March 2018			
Trade and other payables	13,617	13,617	13,617

34. EVENTS AFTER THE REPORTING PERIOD

On 18 April 2019, the Group offered to grant 39,500,000 share options to certain eligible participants under the share option scheme adopted by the Group on 1 March 2018 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.

A total of 39,000,000 share options were accepted and outstanding, including 12,000,000 share options to Ms. Wong, the Chairman, Chief Executive Officer and an Executive Director, and 10,000,000 share options to Mr. Chan Chun Sing, an Executive Director.

FOUR YEARS FINANCIAL SUMMARY

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

RESULTS

	Year ended 31 March			
	2019	2018	2017	2016
	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**58,045**	53,703	51,657	52,876
Profit/(Loss) before income tax	**8,246**	(447)	14,190	15,530
Income tax expense	**(1,638)**	(2,633)	(2,388)	(2,551)
Profit/(Loss) for the year attributable to owners of the Company	**6,608**	(3,080)	11,802	12,979
Total comprehensive income attributable to owners of the Company	**6,608**	(3,100)	12,027	12,979

ASSETS AND LIABILITIES

	As at 31 March			
	2019	2018	2017	2016
	HK$'000	HK$'000	HK$'000	HK$'000
Total assets	**91,188**	88,645	35,318	44,279
Total liabilities	**10,076**	14,054	4,086	12,614
Total equity	**81,112**	74,591	31,232	31,665