

**ANGY (CHINA) MEDICAL LIMITED**  
**ANNUAL REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

# **ANGY (CHINA) MEDICAL LIMITED**

## **ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2017**

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# **ANGY (CHINA) MEDICAL LIMITED**

## **CHAIRMAN'S STATEMENT**

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### **DEAR INVESTORS**

On behalf of the Board of Directors of Angy (China) Medical Limited ("Angy" or "the Company"), I am pleased to present this Annual Report for the Audited Financial Statements of the Company and the Group for the financial year ended 31 December 2017.

### **INTRODUCTION**

Since the Company listed on the National Stock Exchange of Australia ("NSX") on February 2017, the Company did not raise any capital as part of its listing on NSX. The share price has a small increase to AUD1.880 (2017 Feb: AUD1.330) till 31 December 2017.

### **FINANCIAL PERFORMANCE**

In the 2017 financial year the Company generated revenue of HK\$94,555,706 (2016: HK\$89,213,655) and a net profit after tax of HK\$1,349,364 (2016: HK\$6,745,323). Further information on the Company's financial results are set out in the Auditor's Report and Financial Statements included in this Annual Report.

### **PROSPECTS**

Since 2017, the Government of the People's Republic of China has provided supports for the local medical equipment companies and prioritised the purchase of their products which were developed and produced in China. In view of this, the Angy's management team decided to adjust the Company's strategy:

- (a) The Company should focus on introducing advanced overseas technologies and carry out indigenous technological upgrading and production, and establish the localization of overseas medical technologies transfer center;
- (b) Set up independent companies to develop and sell different products (Including its sales licenses and technologies);
- (c) Online sale of Scarban;
- (d) Launch the biological disinfection project; and
- (e) The traditional film fetching mode will be replaced gradually by auto film dispenser to improve competitiveness.

In 2018, meanwhile, Angy will also focus on actions in the area of R&D and brand promotion.

### **DIVIDENDS**

The Board does not recommend the payment of any dividend in respect of the year.

## ANGY (CHINA) MEDICAL LIMITED

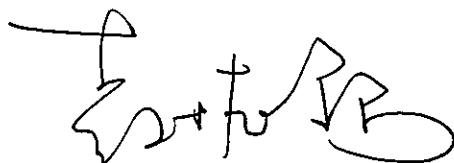
### CHAIRMAN'S STATEMENT (CONTINUED)

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#### ACKNOWLEDGEMENT

On behalf of the Board, I also would like to take this opportunity to express our gratitude to our shareholders for their continued support, and to all our staff for their dedication and hard work.

On behalf of the Board of Directors

A handwritten signature in black ink, appearing to be 'Ao Zhenming', written in a cursive style.

Ao Zhenming  
Executive Chairman  
Angy (China) Medical Limited  
Date: 29 March 2018

## ANGY (CHINA) MEDICAL LIMITED

### BOARD OF DIRECTORS

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Details of each of the Directors at the date of this report are set out below:

<b>Ao Zhenming</b>	
Appointment date	26 July 2012
Role	Executive Chairman, Executive Director
Independence*	Non-independent
Expertise	<p>Ao Zhenming (Adrian) has 23 years of business management experience in the computer engineering and medical technology industries.</p> <p>In 1993 he founded Zhuhai Jintailang Computer Engineering Company which specialised in computer assembly and sales.</p> <p>In 1996 he founded Guangdong Anshili Medical Technology Co., Ltd.</p> <p>Since 2012, Adrian has acted as CEO and director of Angy.</p> <p>Adrian holds an EMBA and a computer science major from Sun Yat Sen University.</p>
Interests in shares	Mr Ao is the Major Shareholder of Angy, post-listing holding 7,500,000 CDIs, of which 5,100,000 will be subject to escrow.

<b>Matthias Hoedl</b>	
Appointment date	15 December 2016
Role	Non-Executive Director
Independence*	Independent
Expertise	<p>Matthias has been working in the Asia region since 2006 across Beijing, Shanghai and Hong Kong, Japan and Singapore. During this time he has undertaken senior management roles for a range of companies including Anton Paar, which develops, produces and distributes laboratory instruments and process measuring systems, and ALBA Asia Ltd, which develops and manages recycling and waste management projects in China. Mathias is currently the Chief Financial Officer of VAN THIEL &amp; CO. Group, a Dutch owned furniture design and manufacturing company, based in Hong Kong. As Chief Financial Officer he is responsible for global accounting and consolidation, budgeting, finance, controlling, tax, order planning, logistics, and Group human resources.</p>
Interests in shares	Nil

**ANGY (CHINA) MEDICAL LIMITED****BOARD OF DIRECTORS (CONTINUED)**

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<b>Tan Weimin</b>	
Appointment date	14 December 2016
Role	Non-Executive Director
Independence*	Independent
Expertise	Weimin is a gastrointestinal surgeon with 38 years of experience. He has been working at the Guangzhou First People's Hospital since 1982 and is currently the chief surgeon of the 'Surgery for Cadres Department'. Within the Guangzhou First People's Hospital he has also previously held the senior positions of Director of the General Surgery Department, and Director of the Gastrointestinal Surgery Department. Weimin has been honoured with a position on the Standing Committee of the 5 <sup>th</sup> and 6 <sup>th</sup> Conference of the Guangdong Medical Doctor Association, as well as positions on the boards of the Chinese Journal of General Surgery, and the Lingnan Modern Journal of Clinical Surgery. Weimin has been recognised for his medical knowledge and expertise, being awarded second prize in the 1997 Medical Sciences Technology Awards in Guangzhou, and in 2013 second prize in the Technology Advancement Awards, also in Guangzhou.
Interests in shares	Nil

- \* The Company considers that a Director is an independent director where that Director is free from any business or other relationship that could materially interfere, or be perceived to interfere with, the independent exercise of the Director's judgement.

**Secretary**

Ms Queena Cen is the secretary of the Company, appointed on 1 April 2015. Ms Cen is directly accountable to the Board in relation to matters of governance. Her role includes advising the Board on governance matters, monitoring that policy and ensuring procedures are followed, coordinating the timely completion and despatch of Board papers and ensuring that the business at meetings is accurately captured in the minutes.

## ANGY (CHINA) MEDICAL LIMITED

### STATEMENT BY DIRECTORS

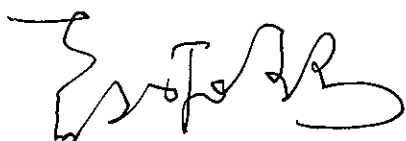
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In accordance with a resolution of the Directors of Angy (China) Medical Limited (the “Company”), we state that:

1. In the opinion of the Directors:
  - (a) The consolidated statement of financial position is drawn up so as to give a true and fair view of the state of affairs of the Company and its subsidiaries (the “Group”) as at 31 December 2017; and
  - (b) At the date of this statement there are reasonable grounds to believe that the Group and the Company will be able to pay its debts and when they fall due.
2. In the opinion of the Directors, the consolidated financial statements give a true and fair view of:
  - (a) The profit and cash flows of the Group for the year ended 31 December 2017; and
  - (b) The state of affairs of the Group at 31 December 2017.

The Executive Chairman confirms to the Board that the Group’s risk management and internal control systems are operating effectively in relation to material business risks for the period, and that nothing has occurred since period-end that would materially change the position.

On behalf of the Board of Directors



Ao Zhenming  
Executive Chairman  
Angy (China) Medical Limited  
Date: 29 March 2018

## **CORPORATE GOVERNANCE**

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The Board of the Company is committed to principles of best practice in corporate governance and is responsible for ensuring the existence of an effective corporate governance environment to safeguard the interests of the Company, its shareholders and other stakeholders.

This statement sets out the Company's current compliance with Annexure 1 of the NSX Practice Note 14 (**Practice Note**).

The Practice Note is not prescriptive regarding the conduct of NSX listed companies. Rather, the matters are an indicative and non-exclusive list of corporate governance matters that the Company has taken into consideration when preparing this corporate governance statement.

The Hong Kong Companies Ordinance provides that the minimum number of Directors for public companies is two. The Company currently has three Directors serving on the Board. The Board is responsible for the overall corporate governance of the Company. Issues of substance affecting the Company are considered by the full Board, with advice from external advisors as required. Each Director must bring an independent view and judgement to the Board and must declare all conflicts of interest. Any issue concerning a Director must be brought to the attention of the Board as soon as practicable, and unless a resolution has been passed by the non-interested Directors allowing the interested Director to remain in the meeting and participate in discussions, Directors may not participate in discussions or resolutions pertaining to any matter in which the Director has a material personal interest.

A copy of the corporate governance policies set out in this statement are available on the Company's website at <https://www.nsx.com.au/summary/A01> or by contacting the Company.

### **1 Management and the Board**

#### **1.1 Board Charter**

The Company has established a Board Charter that sets out the respective roles, responsibilities, terms of office, rights, duties and entitlements of the Board.

#### **1.2 Board renewal and succession planning**

The appointment of directors is governed by the Company's Constitution. The Company has not established a separate a separate Nomination and Remuneration Committee. In accordance with the Constitution of the Group, no director except a Managing Director shall hold office for a continuous period in excess of three years or past the third annual general meeting following the director's appointment, whichever is the longer, without submitting for re-election.

On appointment, non-executive directors receive formal letters of appointment setting out the terms and conditions of appointment. Executive directors are employed pursuant to employment agreements.

The procedures for the retirement and performance review of executive and non-executive directors and management personnel are conducted by the Board. A performance evaluation for senior executives will take place subsequent to the end of the reporting period and will be carried out in accordance with appropriate processes.



**CORPORATE GOVERNANCE (CONTINUED)**

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1 Management and the Board (continued)

1.2 Board renewal and succession planning (continued)

The Company has not adopted a policy in relation to the retirement or tenure of directors.

The appointment of the Company Secretary is a matter for the Board. The current Company Secretary is Queena Cen. Further information regarding Ms Cen is set out in the Directors' Report.

1.3 Induction and education

When appointed to the Board, a new director will receive an induction appropriate to their experience. Directors may participate in continuing education to update and enhance their skills and knowledge from time to time.

1.4 Access to information and advice

Directors are entitled to request and receive such additional information as they consider necessary to support informed decision-making. The Board also has policies under which individual directors and Board committees may obtain independent professional advice at the Company's expense in relation to the execution of their duties. This is also set out in each director's letter of appointment.

2 Board independence

2.1 Composition of the Board

The Board consists of the Executive Chairman and two independent non-executive directors. As a result, the Company's Board has a majority of independent non-executive directors.

Details of the Board members' skills, experience and expertise and the period of office held by each director have been included in the Directors' Report. The number of Board meetings and the attendance of the directors are also set out in the Directors' Report.

The roles of Chairman and the Executive Director are exercised by the same individual, Mr. Ao Zhenming. The Board appointed Mr. Ao as chairman because he has an in-depth knowledge of the Company's operations, has valuable working relationships in China and is the most appropriate director to act as chairman given his broad skill set and experience. The Board will consider appointing an independent non-executive director as chairman at the appropriate time (whether that is an existing or new director). In the meantime, the Board has adopted the following governance practices to address any potential issues of independence:

**CORPORATE GOVERNANCE (CONTINUED)**

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2 Board independence (continued)

2.1 Composition of the Board (continued)

- (a) established clear protocol for handling conflicts of interest; and
- (b) appoint an independent director to chair the meeting where the matters are involving any potential conflict of interest of the chairman.

The Company is of the view that it has an effective Board that has the competency, knowledge, and the ability to exercise independent judgement to review and/or challenge the performance of management and to discharge its duties imposed by law.

2.2 Independence of non-executive directors

The Board has assessed the independence of the non-executive directors. Mr Matthias Hoedl and Mr Tan Weimin are regarded as independent directors. The Board therefore consists of a majority of independent directors.

The Company is of the view that the Board composition is appropriate given the relevant industry and corporate experience of the existing directors. The sole executive director contributes skills that the Company considers necessary for the proper and appropriate operation of the Board as each has in-depth knowledge of the Company's operations and valuable working relationships in China beneficial to the Company.

The Board conducts regular assessment to ensure that each of the independent directors remains independent.

3 Integrity in financial reporting

3.1 Financial Reporting

The Company has in place a sound structure and arrangements to independently verify and safeguard the integrity of their financial reporting.

In particular, Mr Ao Zhenming (as the chief executive office) will declare to the Board that the Company's financial reports represent a "true and fair view" of the Company's financial condition.

3.2 Audit and Risk Management Committee

The Company has not established an Audit and Risk Management Committee. The Company is of the view that the size and level of operations is not sufficient to justify the establishment of a separate Audit and Risk Management Committee. Accordingly all matters relating to audit and risk are considered by the Company's full Board.

**CORPORATE GOVERNANCE (CONTINUED)**

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3 Integrity in financial reporting (continued)

3.3 External auditor

The Board reviews the external auditor's terms of engagement and audit plan, assesses the independence of the external auditor and reviews the adequacy of current external audit arrangements.

The Group's independent external auditor is JS CPA & CO..

4 Disclosure to the market

The Company has a Continuous Disclosure and External Communication Policy that sets out policies and mechanisms designed to ensure compliance with the Listing Rules and the Corporations Act disclosure requirements. The Policy has been adopted to establish procedures and protocols to ensure that Directors and management are aware of and fulfil their obligation in relation to the timely disclosure of information. The Policy also promotes effective communication with shareholders by setting out the information to be disclosed to shareholders and the manner in which it is to be released.

The Company also has in place procedures whereby the Board or individual management personnel may seek independent professional advice at the expense of the Company in performing and discharging their duties in compliance with the Listing Rule disclosure requirements.

5 Remuneration

5.1 Nomination and remuneration matters

The Company has not established a Nomination and Remuneration Committee. The Company is of the view that the size and level of operations is not sufficient to justify the establishment of a separate Nomination and Remuneration Committee. Accordingly all matters relating to establishing remuneration policies and mechanisms in order to motivate executive officers to pursue the long term growth and success of the Company are considered by the full Board.

The Board has considered adopting an employee incentive scheme but no such scheme has been approved by the Board. The implementation of any such employee incentive scheme, including the approval of such a scheme and the issue of securities pursuant to such a scheme, will need to be in accordance with the Hong Kong Companies Ordinance and the Listing Rules. In any event, the Board will seek advice and undertake a benchmarking exercise of entities of a similar size and operation prior to proceeding with any employee incentive scheme.

The Company will consider establishing a Nomination and Remuneration Committee depending on the Company's size, level operations and other requirements.

**CORPORATE GOVERNANCE (CONTINUED)**

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5 Remuneration (continued)

5.2 Non-executive directors' remuneration policy

The structure of non-executive directors' remuneration is clearly distinguished from that of executives. Non-executive directors do not receive performance related compensation. Neither the non-executive directors nor the executives of the Group receive any retirement benefits.

5.3 Executive directors' remuneration policy

The Executive Chairman is employed pursuant to an employment agreement. A summary of this employment agreement is set out in the Company's Information Memorandum dated 13 January 2017.

The Board is responsible for ensuring that there is a relationship between the Company's performance and the remuneration of the executives. The Board is also responsible for ensuring no executive director is directly involved in deciding their own remuneration.

6 Risk management

6.1 Audit and risk matters

The Company has not established an Audit and Risk Management Committee.

The Company recognises that risk is inherent to any business activity and that managing risk effectively is critical to the immediate and future success of the Group. This Committee is responsible for the risk oversight and internal control arrangements in place for identifying and managing risks. Such arrangements also take into consideration of the Company's legal obligations and the reasonable expectations of its stakeholders.

The Group's risk management framework is supported by the Board and management. The Board is responsible for approving and reviewing the Group's risk management strategy and policy, and the financial reporting process. Management are responsible for monitoring that appropriate processes and controls are in place to effectively and efficiently manage risk.

The Company will consider establishing an Audit and Risk Management Committee depending on the Company's size, level operations and other requirements.

**CORPORATE GOVERNANCE (CONTINUED)**

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6 Risk management

6.2 Reporting and assurance

When considering the financial reports, the Board receives a written declaration signed by the Executive Chairman that the Group's financial reports give a true and fair view, in all material respects of the consolidated entity's financial position and comply in all material respects with relevant accounting standards. This declaration also confirms that the consolidated entity's financial reports are founded on a sound system of risk management and internal control and that the system is operating effectively in relation to financial reporting risks.

Similarly, in a separate written statement, the Executive Chairman also confirms to the Board that the Group's risk management and internal control systems are operating effectively in relation to material business risks for the period, and that nothing has occurred since period-end that would materially change the position.

7 Ethical conduct

7.1 Code of Conduct

The Company has a Code of Conduct that sets out the Company's philosophy and corporate values and acts as a framework for conducting business. The objectives of the Code are to ensure that:

- (a) high standards of corporate and individual behaviour are observed by all employees in the context of their employment or engagement with the Group;
- (b) employees are aware of their responsibilities to the Group under their contract of employment and always act in an ethical and professional manner; and
- (c) all persons dealing with the Group, whether it be employees, shareholders, suppliers, customers or competitors, can be guided by the stated values and practices of the Group.

7.2 Diversity Policy

The Company is committed to establishing and maintaining employee and Board diversity, which recognises the strategic and personal advantages that arise from a workplace where decisions are based on merit and all employees are treated equally. The Company has adopted the Diversity Policy to acknowledge and appreciate the diverse range of abilities and perspectives that employees bring to the Group through their diversity.

**CORPORATE GOVERNANCE (CONTINUED)**

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8 Rights of stakeholders

The Company does not have a communication policy directed to promote shareholders' participation at general meetings. The Company will consider adopting such a policy during the 2017 financial year.

The Company has a website (<https://www.nsx.com.au/summary/A01>) that enables it to communicate to its shareholders. The website contains, amongst other things, information about the Company and the Company's corporate governance policies.

9 Trading in securities

The Company has adopted a Securities Trading Policy. This policy is designed to maintain investor confidence in the integrity of the Company's internal controls and procedures and to provide guidance on avoiding any breach of the insider trading laws in Australia.

All employees are required to conduct their personal investment activity in a manner that is lawful and avoids conflicts of interest between the employee's personal interests and those of the Company.

The Securities Trading Policy includes provisions regarding:

- (a) insider trading laws;
- (b) trading windows;
- (c) insider trading in securities of other companies;
- (d) pre-notification and reporting of trades;
- (e) exceptional circumstances;
- (f) margin lending arrangements;
- (g) review and compliance with the policy; and
- (h) breaches of the policy.

## ANGY (CHINA) MEDICAL LIMITED

### DIRECTORS' REPORT

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The directors submit herewith their annual report together with the audited financial statements for the year ended 31 December 2017.

### PRINCIPAL PLACE OF BUSINESS

Angy (China) Medical Limited (the "Company") is a company incorporated and domiciled in Hong Kong and has its registered office and principal place of business at Unit 2302, 23/F., New World Tower 1, 18 Queen's Road Central, Central, Hong Kong.

### PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activities of the Company are an investment holding and trading of medical instrument, while its subsidiaries (the "Group") are principally engaged in trading of medical equipment maintenance; commission agents; provide consulting services, computer technology development, technical services; import and export; wholesale of software, cosmetics and health supplies, computer parts, electronic products, household device; groceries, computer; medical equipment in the People's Republic of China (the "PRC").

At 31 December 2017, the Company had an interests in the following subsidiaries:

<u>Name of companies</u>	<u>Place of incorporation and business</u>	<u>Particulars of issued and paid up capital</u>	<u>Proportion of ownership interest held by the Company</u>		<u>Principal activities</u>
			Directly	Indirectly	
安時利(廣州)醫療技術有限公司 Angy (Guangzhou) Medical Technology Company Limited	The People's Republic of China	HK\$8,800,000	100%	-	Acquire medical instrument products and sold to distributors
盈時(廣州)專用設備製造有限公司 Yingshi (Guangzhou) Special Equipment Manufacture Company Limited	The People's Republic of China	RMB3,500,000	-	60%	Research and development of new medical device such as the medical endoscope camera and related consumable products

### FINANCIAL RESULTS

The results of the Group for the year ended 31 December 2017 are set out in the consolidated financial statements on pages 25 to 74.

### THREE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last three financial years is set out on page 75.

**DIRECTORS' REPORT (CONTINUED)**

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**BUSINESS REVIEW**

**Review of Operations**

During the year of 2017, Angy (China) Medical Limited (“Angy” or “Group”) continues to devote itself to introducing newer medical technologies, moreover, by transforming such technologies to develop sale in China. Meanwhile, Angy is committed to deepening their cooperation with existing suppliers, also, Angy is going to look for more suppliers with innovation technology to cooperate.

Except for the sales of existing products, Angy also released two products in the second half of 2017: Products rebranded as an Angy product – Tally Negative Pressure Drainage System and Angy proprietary product – Electronic Colonoscopy Equipment, there will be expected to the Group’s profit growth profit in the coming years.

By the end of 31 December 2017, Angy has more than 250 distributors in China, and there are more than 850 hospitals using Angy’s medical products. It is a smaller increase than the year 2016.

**Future developments, prospects and business strategies**

Since 2017, the Government of the People’s Republic of China has provided supports for the local medical equipment companies and prioritised the purchase of their products which were developed and produced in China. In view of this, the Angy’s management team decided to adjust the Company’s strategy:

- (a) The Company should focus on introducing advanced overseas technologies and carry out indigenous technological upgrading and production, and establish the localization of overseas medical technologies transfer center;
- (b) Set up independent companies to develop and sell different products (Including its sales licenses and technologies);
- (c) Online sale of Scarban;
- (d) Launch the biological disinfection project; and
- (e) The traditional film fetching mode will be replaced gradually by auto film dispenser to improve competitiveness.

In 2018, meanwhile, Angy will also focus on actions in the area of R&D and brand promotion.

The net assets of the Group are HK\$18,477,692 as at 31 December 2017. The Directors believe the Group is in a transitional financial position to extend its operations and carry out its new strategy. A fair review of the Angy’s business and a discussion and analysis of the Group’s performance during the year 2017 underlying financial position is included in the Financial Statements from pages 25 to 74 of this annual report. No matters or circumstances have arisen since 31 December 2017 that has significantly affected, or may significantly affect the Group’s operations, the results of those operations, or the Group’s state of affairs in future financial years. There were no significant changes in the state of affairs of the Group during the financial year.



## **ANGY (CHINA) MEDICAL LIMITED**

### **DIRECTORS' REPORT (CONTINUED)**

#### **BUSINESS REVIEW (continued)**

The Group has set up Corporate Governance Policies to ensure compliance with the relevant laws and regulations which have a significant impact on the Group in conducting its business. At a corporate level, Angy complies with the NSX Listing rules and the Companies Ordinance as well. Any new enactment of, or changes in the relevant laws and regulations are communicated through regular legal updates to ensure compliance. The legal updates are circulated to all executive staff to ensure that they are aware of the changes. Reminders to relevant staff on compliance are also sent out regularly, where necessary. Training is provided, as needs arise, to build awareness.

#### **MAJOR CUSTOMERS AND SUPPLIERS**

The information in respect of the Group's sales and purchases attributable to the major customers and suppliers respectively during the financial year is as follows:

	Percentage of the Group's total	
	Sales	Purchases
The largest customer	19%	
Five largest customers in aggregate	53%	
The largest supplier		82%
Five largest suppliers in aggregate		96%

At no time during the year have the directors, their associates or any shareholder of the Company (which to the knowledge of the directors owns more than 5% of the number of issued shares of the Company) had any interest in these major customers and suppliers.

#### **RECOMMENDED DIVIDEND**

The directors do not recommend the payment of any dividend in respect of the year ended 31 December 2017 (2016: Nil).

#### **SHARE CAPITAL**

Details of the movements in share capital of the Company during the year are set out in note 20 to the financial statements.

#### **DISTRIBUTABILITY OF RESERVES**

At 31 December 2017, the aggregate amount of reserves available for distribution to equity shareholders of the Company, as calculated under the provisions of Part 6 of the Hong Kong Companies Ordinance was HK\$9,196,494 (2016: HK\$7,297,401).

## ANGY (CHINA) MEDICAL LIMITED

### DIRECTORS' REPORT (CONTINUED)

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#### DIRECTORS

The directors during the financial year and up to the date of this report are:

Executive Chairman, Executive Director

Ao Zhenming

Independent non-executive director

Matthias Hoedl

Tan Weimin

The brief biographical details of the Directors are set out on pages 3 to 4 and details of Directors' remuneration are set out in Note 7 to the financial statements.

In accordance with Article 24 of the Company's Articles of Association, one-third of the directors for the time being must retire from office.

#### DIRECTORS' SERVICES CONTRACTS

There are no service contract with any Director that has an unexpired period.

There is no contract of significance:

- (a) subsisting during or at the end of the financial year in which a Director is or was materially interested, either directly or indirectly;
- (b) between a Group company and a controlling shareholder or any of its child entities; and
- (c) for the provision of services to the Group by a controlling shareholder or any of its child entities, other than the employment agreement between the Company and Ao Zhenming as disclosed in the Company's information memorandum dated 13 January 2017.

#### DIRECTORS INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

The directors of the Company who held office at 31 December 2017 had the following interests in the shares of the Company and subsidiaries at that date as recorded in the register of directors' and chief executives' interests and short positions required to be kept:

Interests in issued shares

Beneficial interests	Ordinary shares		
	Personal interests (Note 1)	Total number of shares held	% of total issued voting shares
<u>The Company</u>			
Ao Zhenming	7,500,000	7,500,000	75%
Matthias Hoedl	-	-	-
Tan Weimin	-	-	-

## ANGY (CHINA) MEDICAL LIMITED

### DIRECTORS' REPORT (CONTINUED)

#### DIRECTORS INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (continued)

Note 1: The shares are registered under the names of the directors who are the beneficial shareholders.

Apart from the foregoing, none of the directors of the Company or any of their spouses or children under eighteen years of age has interests or short positions in the shares, underlying shares or debentures of the Company or subsidiaries, as recorded in the register required to be kept.

Apart from the foregoing, at no time during the year was the Company, or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

#### SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTEREST AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

The top 10 shareholders of the Company's issued shares at 31 December 2017 of the ordinary shares in issue:

Substantial shareholders	Ordinary shares			% of total issued voting shares
	Registered shareholders	Corporate interests	Total number of shares held	
Ao Zhenming	7,500,000	-	7,500,000	75%
Huang Zhong Min	1,000,000	-	1,000,000	10%
Ever-Long Securities Company Limited	-	990,000	990,000	9.90%
Chan I Ian	75,000	-	75,000	0.75%
Wang Pei	75,000	-	75,000	0.75%
Xu Songsi	49,400	-	49,400	0.49%
Tsang Hin Cho	37,500	-	37,500	0.38%
Lu Zhigang	36,000	-	36,000	0.36%
Lao Wanling	29,500	-	29,500	0.29%
Yao Jing	25,000	-	25,000	0.25%

#### INDEMNITY OF DIRECTORS

A permitted indemnity provision (as defined in section 469 of the Hong Kong Companies Ordinance) for the benefit of the directors of the Company is currently in force and was in force throughout this year.

**DIRECTORS' REPORT (CONTINUED)**

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**MANAGEMENT' CONTRACTS**

No contract for the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year.

**DIRECTOR'S INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS**

No transaction, arrangement or contract of significance to which the Company, or any of its subsidiaries was a party, and in which a director of the Company had a material interest, subsisted at the end of the year or at any time during the year.

**OTHER ITEM**

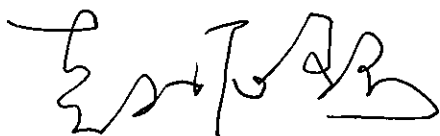
The corporate governance statement to be included in the 2017 annual report was tabled. It was noted that the corporate governance statement reports against the matters set out in Annexure 1 of NSX Practice Note 14 (Practice Note).

It was resolved that the corporate governance statement accurately reflects the corporate governance practices of the Company in relation to the matters set out in the Practice Note.

**AUDITORS**

JS CPA & CO., Certified Public Accountants (Practising) retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of JS CPA & CO. as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

On behalf of the Board of Directors



Ao Zhenming  
Executive Chairman  
Angy (China) Medical Limited  
Date: 29 March 2018

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF  
ANGY (CHINA) MEDICAL LIMITED  
(Incorporated in Hong Kong with limited liability)**

**Opinion**

We have audited the consolidated financial statements of Angy (China) Medical Limited (the "Company") and its subsidiaries (the "Group") set out on pages 25 to 74, which comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of profit and loss, the consolidated statement of profit and loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement 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 December 2017 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 Hong Kong Companies Ordinance.

**Basis for opinion**

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by 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 judgement, 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.

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF  
ANGY (CHINA) MEDICAL LIMITED  
(Incorporated in Hong Kong with limited liability)**

(continued)

**Key audit matters (continued)**

**Goodwill impairment assessment**

Refer to notes 12 in the consolidated financial statements

**The key audit matter**

The Group has goodwill of HK\$Nil (2016: HK\$155,639) relating to the acquisition of the subsidiary.

In the annual impairment review, management has concluded that there is no impairment in respect of the goodwill. This conclusion was based on a value in use model that required significant management judgment with respect to the discount rate and underlying cash flows, in particular future revenue growth.

**How the key matter in our audit addressed**

Our audit procedures in relation to management's impairment assessment included:

- Assessing the valuation methodology;
- Challenging the reasonableness of key assumptions based on our knowledge of the business and industry; and
- Reconciling input data to supporting evidence, such as latest financial forecasts approved by the management and considering the reasonableness of these forecasts.

**Valuation of inventories**

Refer to notes 13 in the consolidated financial statements

**The key audit matter**

Sales of inventories in the medical industry can be volatile with consumer demand changing according to current medical technology trends.

Management considers several factors in determining the appropriate level of inventory provisions, including inventory ageing, historical rates of sales at normal price levels and at markdown prices, and the channels available for selling inventories.

**How the key matter in our audit addressed**

Our audit procedures to assess the valuation of inventories included the following:

We assessing whether the inventory provisions at the reporting date were calculated in a manner consistent with the Group's inventory provision policy by recalculating the inventory provisions based on percentages and other parameters in the Group's inventory provision policy and considering the application of the Group's inventory provision policy with reference to the requirements of the prevailing accounting standards.



**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF  
ANGY (CHINA) MEDICAL LIMITED  
(Incorporated in Hong Kong with limited liability)**

(continued)

**Key audit matters (continued)**

**Valuation of trade receivables**

Refer to notes 14 in the consolidated financial statements

**The key audit matter**

The Group has significant trade receivables balances as at year end. Given the size of the balances and the risk that some of the trade receivables may not be recoverable, judgement is required to evaluate whether any allowance should be made to reflect the risk.

The Group assessed the recoverability of trade receivables with reference to industry practices for the allowance on impairment loss and ageing analysis of the trade receivables, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

**How the key matter in our audit addressed**

Our audit work was focused on trade receivables which are significant and long overdue as these are considered to be most susceptible to impairment.

We reviewed the ageing analysis of the Group's trade receivables and assessed the recoverability of significant and long overdue balances, with reference to sales and payment track records. This includes ascertaining that the trade receivables are aged correctly. We also examined subsequent receipts from the customers, or where there were no subsequent receipts, analysed their payment track records to assess the recoverability of the outstanding trade receivables. We considered whether management's assessment of the impact of current economic and credit conditions on the recoverability of trade receivables was appropriate given the changing economic conditions faced by customers. We have taken into consideration publicly available information of the Group's major customers, competitors, industry outlook and local country economic data to corroborate with management's assessment.

**Information other than the consolidated financial statements and auditor's report thereon**

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than 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.

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF  
ANGY (CHINA) MEDICAL LIMITED  
(Incorporated in Hong Kong with limited liability)**

**(continued)**

**Responsibilities of the directors 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 HKFRSs issued by the HKICPA and 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 assisted by the independent non-executive directors in discharging their responsibilities for overseeing the Group's financial reporting process.

**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 section 405 of the Hong Kong Companies Ordinance, 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 judgement and maintain professional scepticism 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.



**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF  
ANGY (CHINA) MEDICAL LIMITED  
(Incorporated in Hong Kong with limited liability)**

(continued)

**Auditor's responsibilities for the audit of the consolidated financial statements (continued)**

- 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.
- 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 Board of Directors 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 Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF  
ANGY (CHINA) MEDICAL LIMITED  
(Incorporated in Hong Kong with limited liability)**

(continued)

**Auditor's responsibilities for the audit of the consolidated financial statements (continued)**

From the matters communicated with the Board of 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.

The engagement partner on the audit resulting in this independent auditor's report is Ng Cheuk Yan.



JS CPA & CO.  
Certified Public Accountants (Practising)  
Hong Kong  
Date: 29 March 2018

**ANGY (CHINA) MEDICAL LIMITED**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	<b>Note</b>	<b>2017 HK\$</b>	<b>2016 HK\$</b>
<b>Revenue</b>	4	94,555,706	89,213,655
Costs of sales		<u>(72,600,023)</u>	<u>(58,640,227)</u>
<b>Gross profit</b>		21,955,683	30,573,428
Other income	5	731,897	1,482,520
Selling and distribution expenses		(5,440,206)	(4,058,278)
General and administrative expenses		<u>(15,624,927)</u>	<u>(19,199,220)</u>
<b>Profit before taxation</b>	6	1,622,447	8,798,450
Income tax	9	<u>(273,083)</u>	<u>(2,053,127)</u>
<b>Profit for the year</b>		<u>1,349,364</u>	<u>6,745,323</u>
<b>Attributable to:</b>			
Equity shareholders of the Company		1,899,093	6,728,537
Non-controlling interests		<u>(549,729)</u>	<u>16,786</u>
<b>Profit for the year</b>		<u>1,349,364</u>	<u>6,745,323</u>
<b>Earnings per share</b>	10		
Basic and diluted		<u>0.19</u>	<u>0.67</u>

The notes on pages 30 to 74 form part of these financial statements.

**ANGY (CHINA) MEDICAL LIMITED****CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND  
OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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	<b>2017 HK\$</b>	<b>2016 HK\$</b>
<b>Profit for the year</b>	1,349,364	6,745,323
<b>Other comprehensive income for the year (after tax and reclassification adjustments)</b>		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of:		
- financial statements of overseas subsidiaries	<u>(184,955)</u>	<u>(481,036)</u>
<b>Total comprehensive income for the year</b>	<u>1,164,409</u>	<u>6,264,287</u>
<b>Attributable to:</b>		
Equity shareholders of the Company	1,724,301	6,205,657
Non-controlling interests	<u>(559,892)</u>	<u>58,630</u>
<b>Total comprehensive income for the year</b>	<u>1,164,409</u>	<u>6,264,287</u>

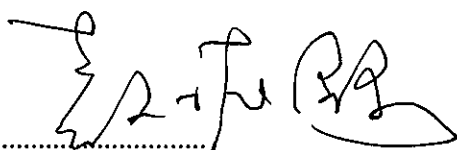
The notes on pages 30 to 74 form part of these financial statements.

**ANGY (CHINA) MEDICAL LIMITED**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2017**

	Note	2017 HK\$	2016 HK\$
<b>Non-current assets</b>			
Property, plant and equipment	11	352,159	469,696
Goodwill	12	-	155,639
		352,159	625,335
<b>Current assets</b>			
Inventories	13	22,830,143	25,227,103
Trade and other receivables	14	13,827,383	13,428,919
Cash and cash equivalents	15	2,284,227	5,408,139
Deferred tax assets	19(b)	169,998	125,455
		39,111,751	44,189,616
<b>Current liabilities</b>			
Trade and other payables	16	17,754,123	20,782,998
Amount due to a director	17	2,057,599	5,499,657
Current taxation	19(a)	1,174,496	1,219,013
		20,986,218	27,501,668
<b>Net current assets</b>		18,125,533	16,687,948
<b>NET ASSETS</b>		18,477,692	17,313,283
<b>CAPITAL AND RESERVES</b>			
Share capital	20(b)	10,000,000	10,000,000
Reserves		8,474,853	6,750,552
<b>Total equity attributable to equity shareholders of the Company</b>		18,474,853	16,750,552
<b>Non-controlling interests</b>		2,839	562,731
<b>TOTAL EQUITY</b>		18,477,692	17,313,283

Approved and authorised for issue by the Board of Directors on 29 March 2018.



.....  
Executive Director  
Ao Zhenming

The notes on pages 30 to 74 form part of these financial statements.

**ANGY (CHINA) MEDICAL LIMITED**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
AS AT 31 DECEMBER 2017**

	Attributable to equity shareholders of the Company			Total HK\$	Non- controlling interests HK\$	Total equity HK\$
	Share capital HK\$	Exchange reserve HK\$	(Accumulated losses) / Retained earnings HK\$			
<b>Balance at 1 January 2016</b>	10,000,000	(23,969)	568,864	10,544,895	-	10,544,895
Acquisition from subsidiary	-	-	-	-	504,101	504,101
<b>Changes in equity for 2016:</b>						
Profit for the year	-	-	6,728,537	6,728,537	16,786	6,745,323
Other comprehensive income	-	(522,880)	-	(522,880)	41,844	(481,036)
<b>Total comprehensive income</b>	-	(522,880)	6,728,537	6,205,657	58,630	6,264,287
<b>Balance at 31 December 2016 and 1 January 2017</b>	10,000,000	(546,849)	7,297,401	16,750,552	562,731	17,313,283
<b>Changes in equity for 2017:</b>						
Profit for the year	-	-	1,899,093	1,899,093	(549,729)	1,349,364
Other comprehensive income	-	(174,792)	-	(174,792)	(10,163)	(184,955)
<b>Total comprehensive income</b>	-	(174,792)	1,899,093	1,724,301	(559,892)	1,164,409
<b>Balance at 31 December 2017</b>	<u>10,000,000</u>	<u>(721,641)</u>	<u>9,196,494</u>	<u>18,474,853</u>	<u>2,839</u>	<u>18,477,692</u>

The notes on pages 30 to 74 form part of these financial statements.

**ANGY (CHINA) MEDICAL LIMITED**

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	<b>Note</b>	<b>2017 HK\$</b>	<b>2016 HK\$</b>
<b>Operating activities</b>			
Profit before taxation		1,622,447	8,798,450
Adjustments for:			
Depreciation		382,964	598,620
Interest income		(8,584)	(1,218)
Impairment losses on goodwill		155,639	-
Impairment losses on inventories		-	1,807,432
<b>Operating profit before changes in working capital</b>		<b>2,152,466</b>	<b>11,203,284</b>
Decrease / (increase) in inventories		2,396,960	(3,824,516)
Increase in trade and other receivables		(398,464)	(6,929,447)
Decrease in trade and other payables		(3,028,875)	(2,543,764)
(Decrease) / increase in amount due to a director		(3,442,058)	5,046,070
<b>Cash (used in) / generated from operation</b>		<b>(2,319,971)</b>	<b>2,951,627</b>
Interest income		8,584	1,218
Tax recovered / (paid)			
- Hong Kong profits tax recovered		469,116	(1,124,890)
- Overseas tax paid		(831,259)	(577,708)
<b>Net cash (used in) / generated from operating activities</b>		<b>(2,673,530)</b>	<b>1,250,247</b>
<b>Investing activities</b>			
Net cash inflow for acquisition of a subsidiary		-	413,280
Payment for the purchase of property, plant and equipment		(272,977)	(200,650)
<b>Net cash (used in) generated from investing activities</b>		<b>(272,977)</b>	<b>212,630</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(2,946,507)</b>	<b>1,462,877</b>
<b>Cash and cash equivalents at 1 January</b>		<b>5,408,139</b>	<b>4,398,552</b>
<b>Effect of foreign exchange rate changes</b>		<b>(177,405)</b>	<b>(453,290)</b>
<b>Cash and cash equivalents at 31 December</b>	<b>15</b>	<b>2,284,227</b>	<b>5,408,139</b>

The notes on pages 30 to 74 form part of these financial statements.

## ANGY (CHINA) MEDICAL LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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#### 1. GENERAL INFORMATION

Angy (China) Medical Limited (the “Company”) is a company incorporated and domiciled in Hong Kong and has its registered office and principal place of business at Unit 2302, 23/F., New World Tower 1, 18 Queen’s Road Central, Central, Hong Kong.

The principal activities of the Company are an investment holding and trading of medical instrument, while its subsidiaries (the “Group”) are principally engaged in trading of medical equipment maintenance; commission agents; provide consulting services, computer technology development, technical services; import and export; wholesale of software, cosmetics and health supplies, computer parts, electronic products, household device; groceries, computer; medical equipment in the People’s Republic of China (the “PRC”).

#### 2. SIGNIFICANT ACCOUNTING POLICIES

##### a. Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. Significant accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 1(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

##### b. Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2017 comprise the Company and its subsidiaries (together referred to as the “Group”).

The consolidated financial statements are presented in Hong Kong dollars (“HKD”). HKD is also the functional currency of the Company and Renminbi (“RMB”) is the functional currency of the Company’s operating subsidiaries in the People’s Republic of China (“PRC”). The consolidated financial statements have been prepared on the historical cost basis.



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Basis of preparation of the financial statements (continued)

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may 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.

Judgements made by management in the application of HKFRSs that have significant effect on the Financial Information and major sources of estimation uncertainty are discussed in note 3.

c. Changes in accounting policies

The HKICPA has issued several amendments to HKFRSs that are first effective for the current accounting period of the Group. None of these impact on the accounting policies of the Group.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**d. Subsidiaries and non-controlling interests**

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

Investments in subsidiaries are consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. 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.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Subsidiaries and non-controlling interests (continued)

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment losses (see note 2(h)).

e. Goodwill

Goodwill represents the excess of

- (i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over
- (ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see note 2(h)).

On disposal of a cash generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

f. Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 2(h)).

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal. Any related revaluation surplus is transferred from the revaluation reserve to retained profits and is not reclassified to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

f. Property, plant and equipment (continued)

Depreciation is calculated to write off the cost or valuation of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

Leasehold improvement	20%
Motor vehicle	30%
Office equipment	19% - 33.33%
Furniture and fixtures	19% - 20%

Where parts of an item of property, plant and equipment have different useful lives, the cost or valuation of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

g. Leased assets

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.

Operating lease charges

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

h. Impairment of assets

(i) Impairment of other receivables

Investments in other current receivables that are stated at cost or amortised cost are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation; and
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

If any such evidence exists, any impairment loss is determined and recognised as follows:

For trade and other current receivables carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where these financial assets share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

h. Impairment of assets (continued)

(i) Impairment of other receivables (continued)

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade debtors included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade debtors directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

(ii) Impairment of other assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment;
- goodwill; and
- investment in a subsidiary in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

- Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal 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 assessments of the time value of money and the risks specific to the asset. 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 generates cash inflows independently (i.e. a cash-generating unit).

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

h. Impairment of assets (continued)

(ii) Impairment of other assets (continued)

- Recognition of impairment

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

- Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

i. Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

i. Inventories (continued)

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

j. Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for impairment of doubtful debts (see note 2(h)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

k. Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

l. Trade and other payables

Trade and other payables are initially recognised at fair value. Trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

m. Employee benefits

Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits, including those payables in mainland China and Hong Kong under relevant legislation, are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

n. Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

n. Income tax (continued)

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
  - the same taxable entity; or
  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

o. Provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

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, whose existence 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.

p. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Sale of goods

Revenue is recognised when goods are delivered at the customers' premises which is taken to be the point in time when the customer has accepted the goods and the related risks and rewards of ownership. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

(ii) Interest income

Interest income is recognised as it accrues using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

p. Revenue recognition (continued)

(iii) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

q. Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

The results and financial position of all operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

1. assets and liabilities are translated at the closing exchange rates at the end of the reporting period;
2. income and expenses are translated at the exchange rates approximating the exchange rates ruling at the dates of the transactions; and
3. all resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

r. Related parties

- (a) A person, or a close member of that person's family, is related to the Group if that person:
  - (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group or the Group's parent.
- (b) An entity is related to the Group if any of the following conditions applies:
  - (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 employees of either 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 the 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 Group'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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017

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**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

s. Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

The Group operates in a single segment of sale of medical instrument. Accordingly, no segmental analysis is presented.

**3. ACCOUNTING JUDGEMENT AND ESTIMATES**

Estimates and judgements are continually evaluated and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The selection of critical accounting policies, the judgements and other uncertainties affecting application of those policies and the sensitivity of reported results to changes in condition and assumptions are factors to be considered when reviewing the financial statements. The principal accounting policies are set forth in note 2. The Group believes the following critical accounting policies involve the most significant judgements and estimates used in the preparation of the financial statements.

(a) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale. These estimates are based on the current market conditions and the historical experience of selling products with similar nature. Any change in the assumptions would increase or decrease the amount of inventories write-down or the related reversals of write-down made in prior years and affect the Group's net assets value. The Group reassesses these estimates annually.

## ANGY (CHINA) MEDICAL LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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#### 3. ACCOUNTING JUDGEMENT AND ESTIMATES (continued)

##### (b) Impairment of trade and other receivables

The Group estimates the impairment allowances for trade and other receivables by assessing the recoverability based on credit history and prevailing market conditions. This requires the use of estimates and judgements. Allowances are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. Where the expectation is different from the original estimate, such difference will affect the carrying amounts of trade and other receivables and thus the impairment loss in the period in which such estimate is changed. The Group reassesses the impairment allowances annually.

##### (c) Depreciation and amortisation

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives, after taking into account the estimated residual value. Intangible assets except for those with an indefinite life are amortised on a straightline basis over the estimated useful lives. The Group reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation and amortisation expenses to be recorded during any reporting period. The useful lives are based on the Group's experience with similar assets and taking into account anticipated technological changes. The depreciation and amortisation expenses for future periods are adjusted prospectively if there are significant changes from previous estimates.

#### 4. REVENUE

The principal activities of the Group are sales of medical instrument in the PRC. No segment information is presented for the Group's business segment as the Group is principally engaged in a single line of business of medical instrument.

In addition, the Group's revenue, expenses, results, assets and liabilities and capital expenditures are predominantly attributable to a single geographical region, which is the PRC. Therefore, no analysis by geographical regions is presented.

The amount of each significant category of revenue is as follows:

	2017 HK\$	2016 HK\$
Sales of medical instrument	<u>94,555,706</u>	<u>89,213,655</u>

**ANGY (CHINA) MEDICAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**5. OTHER INCOME**

	<b>2017 HK\$</b>	<b>2016 HK\$</b>
Government grant	601,443	1,448,869
Interest income	8,584	1,218
Net foreign exchange gain	106,851	-
Others	15,019	32,433
	<u>731,897</u>	<u>1,482,520</u>

**6. PROFIT BEFORE TAXATION**

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

	<b>2017 HK\$</b>	<b>2016 HK\$</b>
(a) Staff costs		
Contributions to defined contribution retirement plan	513,253	465,025
Salaries, wages and other benefits	8,129,987	8,217,236
	<u>8,643,240</u>	<u>8,682,261</u>

	<b>2017 HK\$</b>	<b>2016 HK\$</b>
(b) Other items		
Depreciation	382,964	598,620
Impairment losses on goodwill	155,639	-
Impairment losses on inventories	-	1,807,432
Operating lease charges: minimum lease payments	1,027,400	1,308,639
Net foreign exchange (gain)/loss	(106,851)	703,804
Auditors' remuneration		
- audit services	398,000	360,000
- other services	16,957	11,231
Cost of inventories (Note 13(b))	<u>72,600,023</u>	<u>58,640,227</u>



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**7. DIRECTORS' REMUNERATION**

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	<b>Directors' fee HK\$</b>	<b>Salaries, allowances and benefits in kind HK\$</b>	<b>Retirement scheme contributions HK\$</b>	<b>2017 Total HK\$</b>
<b>Executive director</b>				
Ao Zhenming	-	500,000	-	500,000
<b>Non-executive directors</b>				
Matthias Hoedl	-	120,000	-	120,000
Tan Weimin	-	60,000	-	60,000
	<u>-</u>	<u>680,000</u>	<u>-</u>	<u>680,000</u>

	<b>Directors' fee HK\$</b>	<b>Salaries, allowances and benefits in kind HK\$</b>	<b>Retirement scheme contributions HK\$</b>	<b>2016 Total HK\$</b>
<b>Executive director</b>				
Ao Zhenming	-	500,000	-	500,000
<b>Non-executive directors</b>				
Matthias Hoedl	-	5,000	-	5,000
Tan Weimin	-	6,650	-	6,650
	<u>-</u>	<u>511,650</u>	<u>-</u>	<u>511,650</u>

**ANGY (CHINA) MEDICAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**8. INDIVIDUALS WITH HIGHEST EMOLUMENTS**

Of the five individuals with the highest emoluments, one (2016: one) is director whose emoluments are disclosed in note 7. The aggregate of the emoluments in respect of the other four (2016: four) individuals are as follows:

	<b>2017</b> <b>HK\$</b>	<b>2016</b> <b>HK\$</b>
Salaries and other emoluments	1,488,408	1,427,932
Retirement scheme contributions	<u>50,453</u>	<u>76,804</u>
	<u><u>1,538,861</u></u>	<u><u>1,504,736</u></u>

The emoluments of the four (2016: four) individuals with the highest emoluments are within the following bands:

	<b>No. of employee</b>	
	<b>2017</b>	<b>2016</b>
HK\$Nil – HK\$500,000	<u>4</u>	<u>4</u>

**9. INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

(a) Taxation in the consolidated statement of profit or loss represents:

	<b>2017</b> <b>HK\$</b>	<b>2016</b> <b>HK\$</b>
<b>Current tax – Hong Kong Profits Tax</b>		
Provision for the year	155,278	-
Under provision in prior years	<u>-</u>	<u>6,496</u>
	155,278	6,496
<b>Current tax – Overseas</b>		
Provision for the year	162,348	1,759,080
<b>Deferred tax</b>		
Origination and reversal of temporary differences (Note 19)	<u>(44,543)</u>	<u>287,551</u>
	<u><u>273,083</u></u>	<u><u>2,053,127</u></u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**9. INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
(continued)**

(a) Taxation in the consolidated statement of profit or loss represents: (continued)

No provision for Hong Kong Profits Tax has been made for the subsidiaries established in Hong Kong as the subsidiaries did not have any assessable profits subject to Hong Kong Profits Tax during the reporting period.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries registered in PRC is 25% from 1 January 2008 onwards. The provision for PRC income tax is based on the respective corporate income tax rates applicable to the subsidiaries located in the PRC as determined in accordance with the relevant income tax rules and regulations of the PRC.

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	<b>2017 HK\$</b>	<b>2016 HK\$</b>
Profit before taxation	<u>1,622,447</u>	<u>8,798,850</u>
Notional tax on profit before taxation, calculated at the standard tax rates applicable to the respective tax jurisdiction	267,702	1,451,810
Tax effect of non-deductible expenses	61,378	-
Tax effect of non-taxable income	(2)	(287,554)
Temporary difference	3,010	12,337
Tax effect of tax losses not recognised	-	618,633
Utilisation of tax losses	(76,056)	-
Recognition of deferred tax previously not recognised	(44,543)	287,551
Tax effect of different taxation rate in other jurisdictions	81,594	(29,650)
One off reduction	<u>(20,000)</u>	<u>-</u>
Actual tax expense	<u>273,083</u>	<u>2,053,127</u>

**ANGY (CHINA) MEDICAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**10. EARNINGS PER SHARE**

**Basic earnings per share**

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of HK\$1,899,093 (2016: HK\$6,728,537) and the weighted average of 10,000,000 ordinary shares (2016: 10,000,000) in issue during the year.

No diluted earnings per share presented as there were no potential dilutive shares during both years.

**ANGY (CHINA) MEDICAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**11. PROPERTY, PLANT AND EQUIPMENT**

	<b>Leasehold improvement HK\$</b>	<b>Office equipment HK\$</b>	<b>Motor vehicle HK\$</b>	<b>Total HK\$</b>
<b>Cost</b>				
At 1 January 2016	852,888	874,316	310,000	2,037,204
Additions from acquisition of a subsidiary	78,191	117,650	-	195,841
Additions	187,034	13,616	-	200,650
Exchange adjustments	(52,032)	(53,339)	-	(105,371)
At 31 December 2016	<u>1,066,081</u>	<u>952,243</u>	<u>310,000</u>	<u>2,328,324</u>
At 1 January 2017	1,066,081	952,243	310,000	2,328,324
Additions	-	272,977	-	272,977
Exchange adjustments	(14,072)	(12,570)	-	(26,642)
At 31 December 2017	<u>1,052,009</u>	<u>1,212,650</u>	<u>310,000</u>	<u>2,574,659</u>
<b>Accumulated depreciation</b>				
At 1 January 2016	522,210	637,027	186,000	1,345,237
Charge for the year	320,689	184,931	93,000	598,620
Exchange adjustments	(41,060)	(44,169)	-	(85,229)
At 31 December 2016	<u>801,839</u>	<u>777,789</u>	<u>279,000</u>	<u>1,858,628</u>
At 1 January 2017	801,839	777,789	279,000	1,858,628
Charge for the year	259,457	92,507	31,000	382,964
Exchange adjustments	(9,287)	(9,805)	-	(19,092)
At 31 December 2017	<u>1,052,009</u>	<u>860,491</u>	<u>310,000</u>	<u>2,222,500</u>
<b>Net book value</b>				
At 31 December 2017	<u>-</u>	<u>352,159</u>	<u>-</u>	<u>352,159</u>
At 31 December 2016	<u>264,242</u>	<u>174,454</u>	<u>31,000</u>	<u>469,696</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**12. GOODWILL**

	HK\$
<b>Cost</b>	
At 1 January 2016, 31 December 2016 and 1 January 2017	155,639
Additions – arising on acquisition of business	<u>-</u>
At 31 December 2017	<u>155,639</u>
<b>Accumulated impairment losses</b>	
At 1 January 2016, 31 December 2016 and 1 January 2017	-
Impairment charge for the year	<u>155,639</u>
At 31 December 2017	<u>-</u>
<b>Carrying amount</b>	
At 31 December 2017	<u>-</u>
At 31 December 2016	<u>155,639</u>

**Impairment tests for cash-generating units containing goodwill**

Goodwill is allocated to the Group's cash-generating units (CGU) identified according to country of operation and operating segment as follows:

	2017 HK\$	2016 HK\$
Medical instrument	<u>-</u>	<u>155,639</u>

**Medical instrument**

On 2016, the Group acquired a research and development of new medical device business in PRC for a consideration of RMB780,000.

At 31 December 2017, the Group assessed the recoverable amounts of the acquired assets and goodwill and as a result the carrying amount of HK\$155,639 of goodwill was written down to Nil. The recoverable amount is determined based on value-in-use calculations.

**ANGY (CHINA) MEDICAL LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**13. INVENTORIES**

(a) Inventories in the consolidated statement of financial position comprise:

	<b>2017 HK\$</b>	<b>2016 HK\$</b>
Finished goods	<u>22,830,143</u>	<u>25,227,103</u>

(b) The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	<b>2017 HK\$</b>	<b>2016 HK\$</b>
Carrying amount of inventories sold	72,600,023	56,832,795
Write down of inventories	<u>-</u>	<u>1,807,432</u>
	<u>72,600,023</u>	<u>58,640,227</u>

**14. TRADE AND OTHER RECEIVABLES**

	<b>2017 HK\$</b>	<b>2016 HK\$</b>
Trade debtors	11,857,608	12,232,189
Other receivables	1,180,897	924,982
Prepayment	<u>788,878</u>	<u>271,748</u>
	<u>13,827,383</u>	<u>13,428,919</u>

All of the trade and other receivables are expected to be recovered or recognised as expenses within one year.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**14. TRADE AND OTHER RECEIVABLES (continued)**

(a) Ageing analysis

As of the end of the reporting period, the ageing analysis of trade debtors, based on the invoice date and net of allowance for doubtful debts, is as follows:

	<b>2017 HK\$</b>	<b>2016 HK\$</b>
Within 1 month	4,776,655	11,795,851
1 – 6 months	19,898	-
6 months – within 1 year	134,098	436,338
Over 1 year	6,926,957	-
	<u>11,857,608</u>	<u>12,232,189</u>

Trade debtors are due within 120 days from the date of billing. Further details on the Group's credit policy are set out in note 21(a).

(b) Impairment of trade debtors

Impairment losses in respect of trade receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly.

At 31 December 2016 and 2017, none of trade receivables was individually determined to be impaired.

(c) Trade debtors that are not impaired

The ageing analysis of trade debtors that are neither individually nor collectively considered to be impaired are as follows:

	<b>2017 HK\$</b>	<b>2016 HK\$</b>
Neither past due nor impaired	4,776,655	11,795,851
Less than 1 month past due	19,898	-
1 – 6 months past due	134,098	436,338
Over 1 year past due	6,926,957	-
	<u>11,857,608</u>	<u>12,232,189</u>

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.



**ANGY (CHINA) MEDICAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**14. TRADE AND OTHER RECEIVABLES (continued)**

(c) Trade debtors that are not impaired (continued)

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

**15. CASH AND CASH EQUIVALENTS**

	<b>2017 HK\$</b>	<b>2016 HK\$</b>
Cash and cash equivalents in the consolidated cash flow statement		
- Cash at bank and on hand	<u>2,284,227</u>	<u>5,408,139</u>

**16. TRADE AND OTHER PAYABLES**

	<b>2017 HK\$</b>	<b>2016 HK\$</b>
Trade payables	10,129,765	13,733,364
Other payables and accruals	3,406,654	3,144,172
Receipt in advance	<u>4,217,704</u>	<u>3,905,462</u>
	<u>17,754,123</u>	<u>20,782,998</u>

All of the other trade and other payables (including amounts due to related parties) are expected to be settled or recognised as income within one year or are repayable on demand.

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

	<b>2017 HK\$</b>	<b>2016 HK\$</b>
Within 1 month	10,076,662	7,564,644
1 – 6 months	23,301	6,144,243
Over 6 months	<u>29,802</u>	<u>24,477</u>
	<u>10,129,765</u>	<u>13,733,364</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**17. AMOUNT DUE TO A DIRECTOR**

Amount due to a director is unsecured, interest free and repayable on demand.

**18. EMPLOYEE RETIREMENT BENEFITS**

The PRC subsidiaries of the Group participate in defined contribution retirement benefit schemes (the “Schemes”) organised by the PRC municipal and provincial government authorities whereby the PRC subsidiaries are required to make contributions at the rate of 14% to 19% of the eligible employees’ salaries to the Schemes. The Group has accrued for the required contributions which are remitted to the respective local government authorities when the contributions become due. The local government authorities are responsible for the pension obligations payable to the retired employees covered under the Schemes.

The Group also operates a Mandatory Provident Fund Scheme (the “MPF scheme”) under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees’ relevant income, subject to a cap of monthly relevant income of HK\$30,000. Contributions to the plan vest immediately.

The Group has no other material obligation for the payment of pension benefits beyond the contributions described above.

**19. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

(a) Current taxation in the consolidated statement of financial position represents:

	<b>2017 HK\$</b>	<b>2016 HK\$</b>
Provision for Hong Kong Profits Tax for the year	155,278	-
Provisional Profits Tax paid	-	(469,116)
	<u>155,278</u>	<u>(469,116)</u>
Balance of Profits Tax provision relating to prior years	6,498	6,498
	<u>161,776</u>	<u>(462,618)</u>
Provision for Overseas Profits Tax for the year and prior year	1,012,720	1,681,631
	<u>1,174,496</u>	<u>1,219,013</u>

**ANGY (CHINA) MEDICAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**19. INCOME TAX IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)**

(b) Deferred tax assets and liabilities recognised:

(i) Movement of each component of deferred tax assets and liabilities

The components of deferred tax assets recognised in the consolidated statement of financial position and the movements during the year are as follows:

**Deferred tax arising from unrealised profit arising from intra-group transactions:**

	<b>2017 HK\$</b>	<b>2016 HK\$</b>
At 1 January	125,455	413,006
Charged / (credited) to profit or loss	<u>44,543</u>	<u>(287,551)</u>
At 31 December	<u>169,998</u>	<u>125,455</u>

(ii) Reconciliation to the consolidated statement of financial position

	<b>2017 HK\$</b>	<b>2016 HK\$</b>
Net deferred tax asset recognised in the consolidated statement of financial position	<u>169,998</u>	<u>125,455</u>

ANGY (CHINA) MEDICAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
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20. CAPITAL AND RESERVES

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

**Company**

	Share capital HK\$	Retained earnings HK\$	Total HK\$
<b>Balance at 1 January 2016</b>	10,000,000	6,093,633	16,093,633
<b>Changes in equity for 2016:</b>			
Total comprehensive loss for the year	-	(3,791,573)	(3,791,573)
<b>Balance at 31 December 2016 and 1 January 2017</b>	10,000,000	2,302,060	12,302,060
<b>Changes in equity for 2017:</b>			
Total comprehensive profit for the year	-	977,745	977,745
<b>Balance at 31 December 2017</b>	10,000,000	3,279,805	13,279,805

(b) Share capital

Issued share capital

	2017 HK\$	2016 HK\$
<b>Ordinary shares, issued and fully paid:</b>		
10,000,000 (2016: 10,000,000) ordinary shares	10,000,000	10,000,000

In accordance with section 135 of the Hong Kong Companies Ordinance, the ordinary shares of the Company do not have a par value.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017

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20. CAPITAL AND RESERVES (continued)

(c) Nature and purpose of reserves

Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in notes 2(q).

(d) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure with reference to its debt position. The Group's strategy is to maintain the equity and debt in a balanced position and ensure there are adequate working capital to service its debt obligations. The Group's debt to asset ratio, being the Group's total liabilities over its total assets, at 31 December 2017 was 53% (2016: 61%).

Neither the Company nor any of its subsidiaries are subject to any externally imposed capital requirements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**21. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS**

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group is also exposed to equity price risk arising from its equity investments in other entities and movements in its own equity share price.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

**(a) Credit risk**

The Group's credit risk is primarily attributable to trade and other receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

In respect of trade and other receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 120 days from the date of billing. Debtors with balances that are more than 30 months past due are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At the end of the reporting period, 34% (2016: Nil) and 34% (2016: 2%) of the total trade and other receivables was due from the Group's largest customer and the five largest customers respectively within the medical instrument segment.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**21. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)**

(b) Liquidity risk

The Group manages its surplus cash centrally and the liquidity risk of the Company and its subsidiaries at the corporate level. The objective is to ensure that an adequate amount of cash and committed bank facilities are available to meet all funding requirements. Significant flexibility is achieved through diverse sources of committed credit lines for capturing future expansion opportunities.

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

	<b>Contractual undiscounted cash flow</b>			<b>Carrying amount HK\$</b>
	<b>On demand or within 1 year HK\$</b>	<b>More than 1 year but less than 2 years HK\$</b>	<b>Total HK\$</b>	
Trade and other payables	17,724,321	29,802	17,754,123	17,754,123
Amount due to a director	2,057,599	-	2,057,599	2,057,599
At 31 December 2017	<u>19,781,920</u>	<u>29,802</u>	<u>19,811,722</u>	<u>19,811,722</u>

	<b>Contractual undiscounted cash flow</b>			<b>Carrying amount HK\$</b>
	<b>On demand or within 1 year HK\$</b>	<b>More than 1 year but less than 2 years HK\$</b>	<b>Total HK\$</b>	
Trade and other payables	20,758,521	24,477	20,782,998	20,782,998
Amount due to a director	5,499,657	-	5,499,657	5,499,657
At 31 December 2016	<u>26,258,178</u>	<u>24,477</u>	<u>26,282,655</u>	<u>26,282,655</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017

21. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(c) Currency risk

The Group is exposed to currency risk primarily through sales and purchases which give rise to receivables, payables and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily Euros, United States dollars and Renminbi. The Group manages this risk as follows:

(i) Exposure to currency risk

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in Hong Kong dollars, translated using the spot rate at the year end date. Differences resulting from the translation of the financial statements of foreign operations into the Group's presentation currency are excluded.

Exposure to foreign currencies (expressed in Hong Kong Dollars)

	At 31 December 2017		
	Euros HK\$	United States dollars HK\$	Renminbi HK\$
Trade and other receivables	-	-	13,827,383
Cash and cash equivalents	874,538	329,257	730,723
Trade and other payables	-	(327,121)	(17,001,702)
Gross exposure arising from recognised assets and liabilities	874,538	2,136	(2,443,596)

	At 31 December 2016		
	Euros HK\$	United States dollars HK\$	Renminbi HK\$
Trade and other receivables	-	-	13,428,919
Cash and cash equivalents	811,716	1,429,991	3,142,378
Trade and other payables	-	(759,850)	(18,980,493)
Gross exposure arising from recognised assets and liabilities	811,716	670,141	(2,409,196)



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**21. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)**

(c) Currency risk (continued)

(ii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's profit after tax (and retained profits) and other components of consolidated equity that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant. In this respect, it is assumed that the pegged rate between the Hong Kong dollar and the United States dollar would be materially unaffected by any changes in movement in value of the United States dollar against other currencies.

	2017		2016	
	Increase / (decrease) in foreign exchange rates HK\$	Effect on profit after taxation and retained earning HK\$	Increase / (decrease) in foreign exchange rates HK\$	Effect on profit after taxation and retained earnings HK\$
Euros	5% (5%)	43,727 (43,727)	5% (5%)	40,586 (40,586)
United States dollars	5% (5%)	107 (107)	5% (5%)	33,507 (33,507)
Renminbi	5% (5%)	(122,180) 122,180	5% (5%)	(120,460) 120,460

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' profit after tax and equity measured in the respective functional currencies, translated into Hong Kong dollars at the exchange rate ruling at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency. The analysis is performed on the same basis for 2016.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**21. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)**

(d) Fair value measurement

Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 December 2016 and 2017.

**22. COMMITMENTS**

Operating lease commitments

At 31 December 2017, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	<b>2017 HK\$</b>	<b>2016 HK\$</b>
Within 1 year	396,166	908,473
After 1 year but within 5 years	<u>-</u>	<u>415,393</u>
	<u>396,166</u>	<u>1,323,866</u>

The Group is the lessee of a number of properties under operating leases. The leases typically run for an initial period of 1 to 3 years, at the end of which period all terms are negotiated.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**23. MATERIAL RELATED PARTY TRANSACTIONS**

In addition to the related party information disclosed elsewhere in the financial statements, the Group entered into the following material related party transactions.

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in note 7 and certain of the highest paid employees as disclosed in note 8, is as follows:

	<b>2017 HK\$</b>	<b>2016 HK\$</b>
Salaries, wages and other benefits	<u>680,000</u>	<u>511,650</u>

Total remuneration is included in "staff costs" (see note 6(a)).

(b) Financial arrangements

	<b>2017 HK\$</b>	<b>2016 HK\$</b>
Amount due to a director - Ao Zhenming	<u>2,057,599</u>	<u>5,499,657</u>

Amount due to a director is unsecured, interest free, non-trade in nature and repayable on demand.

(c) Transactions with other related parties

During the year, the Group entered into the following material transactions with other related party:

Name of company	Nature of transaction	<b>2017 HK\$</b>	<b>2016 HK\$</b>
Keil Estate (China) Pty Limited	Promotion expenses	<u>176,154</u>	<u>392,174</u>

Mr. Ao Zhenming, shareholder and director of the Company, control both the Company and the related company.

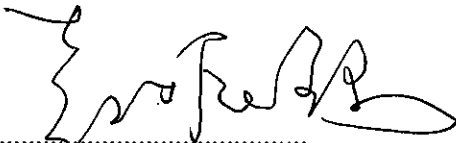
ANGY (CHINA) MEDICAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017

24. COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	Note	2017 HK\$	2016 HK\$
<b>Non-current asset</b>			
Investment in a subsidiary	25	8,800,000	8,800,000
Property, plant and equipment		-	31,000
		8,800,000	8,831,000
<b>Current assets</b>			
Amount due from a subsidiary	25	3,954,024	3,361,828
Cash and cash equivalents		1,553,146	2,266,432
Tax recoverable		-	469,116
		5,507,170	6,097,376
<b>Current liabilities</b>			
Trade and other payables		752,421	1,802,506
Amount due to a director		119,666	823,810
Current taxation		155,278	-
		1,027,365	2,626,316
<b>Net current assets</b>		4,479,805	3,471,060
<b>NET ASSETS</b>		13,279,805	12,302,060
<b>CAPITAL AND RESERVES</b>			
Share capital	20(b)	10,000,000	10,000,000
Retained earnings		3,279,805	2,302,060
<b>TOTAL EQUITY</b>		13,279,805	12,302,060

Approved and authorised for issue by the Board of Directors on 29 March 2018

  
 .....  
 Executive Director  
 Ao Zhenming

The notes on pages 30 to 74 form part of these financial statements.

# ANGY (CHINA) MEDICAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

### 25. INVESTMENT IN A SUBSIDIARY

	2017 HK\$	2016 HK\$
Unlisted shares, at cost	8,800,000	8,800,000
Amount due from a subsidiary	3,954,024	3,361,828
	<u>12,754,024</u>	<u>12,161,828</u>

Amount due from a subsidiary is unsecured, interest free and repayable on demand.

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

<u>Name of companies</u>	<u>Place of incorporation and business</u>	<u>Particulars of issued and paid up capital</u>	<u>Proportion of ownership interest held by the Company</u>		<u>Principal activities</u>
			Directly	Indirectly	
安時利(廣州)醫療技術有限公司 Angy (Guangzhou) Medical Technology Company Limited	The People's Republic of China	HK\$8,800,000	100%	-	Acquire medical instrument products and sold to distributors
盈時(廣州)專用設備 製造有限公司 Yingshi (Guangzhou) Special Equipment Manufacture Company Limited	The People's Republic of China	RMB3,500,000	-	60%	Research and development of new medical device such as the medical endoscope camera and related consumable products

Note: The English names of the above PRC subsidiaries are for identification purpose only.

### 26. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**27. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2017**

Up to the date of issue of these consolidated financial statements, the HKICPA has issued a number of amendments and new standards which are not yet effective for the year ended 31 December 2017 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group.

	<b>Effective for accounting periods beginning on or after</b>
HKFRS 9, Financial instruments	1 January 2018
HKFRS 15, Revenue from contracts with customers	1 January 2018
Amendments to HKFRS 2, Share-based payment: Classification and measurement of share-based payment transactions	1 January 2018
HK(IFRIC) 22, Foreign currency transactions and advance consideration	1 January 2018
HKFRS 16, Leases	1 January 2019
HK(IFRIC) 23, Uncertainty over income tax treatments	1 January 2019

The Group is in the process of making an assessment of what the impact of these amendments, new standards and interpretations is expected to be in the period of initial application. So far the Group has identified some aspects of the new standards which may have a significant impact on the consolidated financial statements. Further details of the expected impacts are discussed below. As the assessment completed to date is based on the information currently available to the Group, and further impacts may be identified before the standards are initially applied in the Group's interim financial report for the six months ended 30 June 2018. The Group may also change its accounting policy elections, including the transition options, until the standards are initially applied in that financial report.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017

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**27. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2017 (continued)**

**HKFRS 9 “Financial Instruments”**

HKFRS 9 will replace the current standard on accounting for financial instruments, HKAS 39 “Financial Instruments: Recognition and Measurement”. HKFRS 9 introduces new requirements for classification and measurement of financial assets, including the measurement of impairment for financial assets and hedge accounting. On the other hand, HKFRS 9 incorporates without substantive changes the requirements of HKAS 39 for recognition and derecognition of financial instruments and the classification and measurement of financial liabilities.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2018 on a retrospective basis. The Group plans to use the exemption from restating comparative information and will recognise any transition adjustments against the opening balance of equity at 1 January 2018.

Expected impacts of the new requirements on the Group’s financial statements are as follows:

**(a) Classification and measurement**

HKFRS 9 contains three principal classification categories for financial assets: measured at (1) amortised cost, (2) fair value through profit or loss (FVTPL) and (3) fair value through other comprehensive income (FVTOCI):

- The classification for debt instruments is determined based on the entity’s business model for managing the financial assets and the contractual cash flow characteristics of the asset. If a debt instrument is classified as FVTOCI then interest revenue, impairment and gains/losses on disposal will be recognised in profit or loss.
- For equity securities, the classification is FVTPL regardless of the entity’s business model. The only exception is if the equity security is not held for trading and the entity irrevocably elects to designate that security as FVTOCI. If an equity security is designated as FVTOCI then only dividend income on that security will be recognised in profit or loss. Gains, losses and impairments on that security will be recognised in other comprehensive income without recycling.

The Group has assessed that its financial assets currently measured at amortised cost and FVTPL will continue with their respective classification and measurements upon the adoption of HKFRS 9.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**27. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2017 (continued)**

**HKFRS 9 “Financial Instruments” (continued)**

**(a) Classification and measurement (continued)**

The classification and measurement requirements for financial liabilities under HKFRS 9 are largely unchanged from HKAS 39, except that HKFRS 9 requires the fair value change of a financial liability designated at FVTPL that is attributable to changes of that financial liability’s credit risk to be recognised in other comprehensive income (without reclassification to profit or loss). The Group currently does not have any financial liabilities designated at FVTPL and therefore this new requirement may not have any impact on the Group on adoption of HKFRS 9.

**(b) Impairment**

The new impairment model in HKFRS 9 replaces the “incurred loss” model in HKAS 39 with an “expected credit loss” model. Under the expected credit loss model, it will no longer be necessary for a loss event to occur before an impairment loss is recognised. Instead, an entity is required to recognise and measure either a 12-month expected credit losses or lifetime expected credit loss, depending on the asset and the facts and circumstances. The Group expects that the application of the expected credit loss model will result in earlier recognition of credit losses.

**HKFRS 15 “Revenue from contracts with customers”**

HKFRS 15 establishes a comprehensive framework for recognising revenue from contracts with customers. HKFRS 15 will replace the existing revenue standards, HKAS 18 “Revenue”, which covers revenue arising from sale of goods and rendering of services, and HKAS 11, Construction Contracts, which specifies the accounting for revenue from construction contracts.

Based on the assessment completed to date, the Group has identified the following areas which are expected to be affected:

**(a) Timing of revenue recognition**

The Group’s revenue recognition policies are disclosed in note 2(p). Currently, revenue arising from construction contracts and the provision of services is recognised over time, whereas revenue from the sale of goods is generally recognised when the risks and rewards of ownership have passed to the customers.



**NOTES TO THE FINANCIAL STATEMENTS  
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**27. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2017 (continued)**

**HKFRS 15 “Revenue from contracts with customers” (continued)**

**(a) Timing of revenue recognition (continued)**

Under HKFRS 15, revenue is recognised when the customer obtains control of the promised good or service in the contract. HKFRS 15 identifies 3 situations in which control of the promised good or service is regarded as being transferred over time:

- (i) When the customer simultaneously receives and consumes the benefits provided by the entity’s performance, as the entity performs;
- (ii) When the entity’s performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced;
- (iii) When the entity’s performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If the contract terms and the entity’s activities do not fall into any of these 3 situations, then under HKFRS 15 the entity recognises revenue for the sale of that good or service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that will be considered in determining when the transfer of control occurs.

As a result of this change from the risk-and reward approach to the contract-by-contract transfer-of-control approach, it is possible that once the Group adopts HKFRS 15 some of the Group’s contracts the point in time when revenue is recognised may be earlier or later than under the current accounting policy. However, further analysis is required to determine whether this change in accounting policy may have a material impact on the amounts reported in any given financial reporting period.

**NOTES TO THE FINANCIAL STATEMENTS  
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**27. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2017 (continued)**

**HKFRS 15 “Revenue from contracts with customers” (continued)**

**(b) Significant financing component**

HKFRS 15 requires an entity to adjust the transaction price for the time value of money when a contract contains a significant financing component, regardless of whether the payments from customers are received significantly in advance or in arrears.

Currently, the Group would only apply such a policy when payments are significantly deferred, which is currently not common in the Group’s arrangements with its customers. Currently, the Group does not apply such a policy when payments are received in advance.

Advance payments in the Group arrangements with its customers, and the length of time between the payment date and the completion date of legal assignment (i.e. the date when the customers obtain control of the goods) is usually a few months.

The Group has assessed that this component in the Group’s advance payment schemes is not likely to be significant to the contract.

**(c) Sales with a right of return**

Currently when the customers are allowed to return the Group’s products, the Group estimates the level of expected returns and makes an adjustment against revenue and cost of sales.

The Group has assessed that the adoption of HKFRS 15 will not materially affect how the Group recognises revenue and cost of sales when the customers have a right of return. However, the new requirement to recognise separately a return asset for the products expected to be returned will impact the presentation in the consolidated statement of financial position as the Group currently adjusts the carrying amounts of inventory for the expected returns, instead of recognising a separate asset.

The Group plans to elect to use the cumulative effect transition method for the adoption of HKFRS 15 and will recognise the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 January 2018. As allowed by HKFRS 15, the Group plans to apply the new requirements only to contracts that are not completed before 1 January 2018. Since the number of “open” contracts for sales of goods at 31 December 2017 is limited, the Group expects that the transition adjustment to be made upon the initial adoption of HKFRS 15 will not be material.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**27. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2017 (continued)**

**HKFRS 16 “Leases”**

As disclosed in note 2(g), currently the Group classifies leases into operating leases, and accounts for the lease arrangements according to the nature of the lease. The Group enters into leases as the lessee.

HKFRS 16 is not expected to impact significantly on the way that lessors account for their rights and obligations under a lease. However, once HKFRS 16 is adopted, lessees will no longer distinguish between finance leases and operating leases. Instead, subject to practical expedients, lessees will account for all leases in a similar way to current finance lease accounting, i.e. at the commencement date of the lease the lessee will recognise and measure a lease liability at the present value of the minimum future lease payments and will recognise a corresponding “right-of-use” asset. After initial recognition of this asset and liability, the lessee will recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the current policy of recognizing rental expenses incurred under operating leases on a systematic basis over the lease term. As a practical expedient, the lessee can elect not to apply this accounting model to short-term leases (i.e. where the lease term is 12 months or less) and to leases of low-value assets, in which case the rental expenses would continue to be recognised on a systematic basis over the lease term.

HKFRS 16 will primarily affect the Group’s accounting as a lessee of leases for properties, plant and equipment which are currently classified as operating leases. The application of the new accounting model is expected to lead to an increase in both assets and liabilities and to impact on the timing of the expense recognition in the statement of profit or loss over the period of the lease. As disclosed in note 22, at 31 December 2017 the Group’s future minimum lease payments under non-cancellable operating leases amount to HK\$396,199 for properties, the majority of which is payable within 1 year after the reporting date. Some of these amounts may therefore need to be recognised as lease liabilities, with corresponding right-of-use assets, once HKFRS 16 is adopted. The Group will need to perform a more detailed analysis to determine the amounts of new assets and liabilities arising from operating lease commitments on adoption of HKFRS 16, after taking into account the applicability of the practical expedient and adjusting for any leases entered into or terminated between now and the adoption of HKFRS 16 and the effects of discounting.

**NOTES TO THE FINANCIAL STATEMENTS  
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**27. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2017 (continued)**

**HKFRS 16 “Leases” (continued)**

HKFRS 16 is effective for annual periods beginning on or after 1 January 2019. The standard offers different transition options and practical expedients, including the practical expedient to grandfather the previous assessment of which existing arrangements are, or contain, leases. If this practical expedient is chosen, the Group will 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. If the practical expedient is not chosen, the Group will need to reassess all of its decisions about which existing contracts are, or contain, leases, using the new definition. Depending on whether the Group elects to adopt the standard retrospectively or follow a modified retrospective method of recognising a cumulative-effect adjustment to the opening balance of equity at the date of initial application, the Group may or may not need to restate comparative information for any changes in accounting resulting from the reassessment.

The Group has not yet decided whether it will choose to take advantage of this practical expedient, and which transition approach to be taken.

**28. APPROVAL OF FINANCIAL STATEMENTS**

The financial statements were authorised for issue by the Group’s Board of Directors on 29 March 2018.

## ANGY (CHINA) MEDICAL LIMITED

### THREE YEARS FINANCIAL SUMMARY

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A summary of the results, assets and liabilities of the Group for the last three financial years, as extracted from the audited consolidated financial statements in this report and the Prospectus, is as follows.

	<b>2017</b> <b>HK\$</b>	<b>2016</b> <b>HK\$</b>	<b>2015</b> <b>HK\$</b>
Revenue	94,555,706	89,213,655	85,701,693
Gross profit	21,955,683	30,573,428	28,270,713
Profit before taxation	1,622,447	8,798,450	8,255,830
Profit for the year	<u>1,349,364</u>	<u>6,745,323</u>	<u>6,423,425</u>
Assets and liabilities			
Total assets	39,463,910	44,814,951	35,068,511
Total liabilities	20,986,218	27,501,668	24,523,616
Capital and reserves			
Total equity	<u>18,477,692</u>	<u>17,313,283</u>	<u>10,544,895</u>