

**ANGY (CHINA) MEDICAL LIMITED**  
**ANNUAL REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

# **ANGY (CHINA) MEDICAL LIMITED**

## **ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2020**

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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”), it is with great pleasure that I present to you the Annual Report and the Audited Financial Statements of Angy (China) Medical Limited and its controlled entities for the for the financial year ended 31 December 2020.

### **PRINCIPAL ACTIVITIES AND SIGNIFICANT CHANGES IN NATURE OF ACTIVITIES**

The principal activities of Angy during the financial year were channel distribution for medical equipment and related consumable products, research and development, and providing after-sales support.

There were no significant changes in the nature of the Company’s and its controlled entities’ principal activities during the financial year.

### **FINANCIAL PERFORMANCE**

The Company generated revenue was HK\$102,805,227 (2019: HK\$124,860,870) and the loss from continuing operations for the year was HK\$8,988,375 (2019: HK\$1,263,702). After providing for income tax, the net loss of the Company was HK\$8,730,253 (2019: HK\$1,647,805).

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**

With the increase of national policy support for domestic films, online sale of Scarban products and auto film dispenser will become a major contributor to the Company in 2021 as well. As the sales grow, the Company is looking forward to widening its revenue streams.

Angy has been positioning itself as an excellent medical technology supplier through innovation of products and technology development. Angy’s management team continues to implement 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); and
- (c) Focus on actions in the area of R&D and brand promotion.

The Board will continue to explore other viable and synergistic business ventures to improve the Company’s performance.

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

### **CHAIRMAN'S STATEMENT (CONTINUED)**

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#### **DIVIDENDS**

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

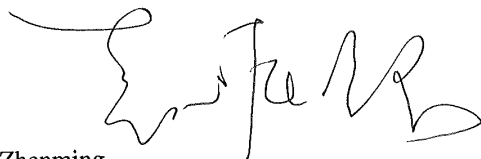
#### **APPRECIATION**

I would like to take this opportunity to express my sincere gratitude to all my fellow Board members for their wise counsel and valuable support to Angy.

#### **ACKNOWLEDGEMENT**

On behalf of the Board, I wish to express my appreciation to the management and staff for their commitment, perseverance, loyalty, and dedication during the past year. I also extend my gratitude to our shareholders, valued customers, business associates, suppliers, bankers and regulatory authorities for their invaluable and continuous support and confidence in Angy.

On behalf of the Board of Directors



Ao Zhenming  
Executive Chairman  
Angy (China) Medical Limited  
Date: 29 April 2021



## 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 28 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> <p>Adrian is employed by the Company pursuant to an employment agreement. A summary of this employment agreement is set out in the Company's Information Memorandum dated 13 January 2017.</p>
Interests in shares	Mr Ao is the Major Shareholder of Angy, post-listing holding 7,500,000 CDIs.
Directorships of other listed companies in previous three years	Nil.

<b>Matthias Hoedl</b>	
Appointment date	15 December 2016
Resigned date	30 June 2020
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.
Directorships of other listed companies in previous three years	Nil.

## ANGY (CHINA) MEDICAL LIMITED

### BOARD OF DIRECTORS (CONTINUED)

<b>Tan Weimin</b>	
Appointment date	14 December 2016
Role	Non-Executive Director
Independence*	Independent
Expertise	Weimin is a gastrointestinal surgeon with 42 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.
Directorships of other listed companies in previous three years	Nil.

<b>Li Haibin</b>	
Appointment date	30 June 2020
Role	Non-Executive Director
Independence*	Independent
Expertise	Haibin has Bachelor for Medical, and worked as Chief Diagnostician of Radiography Department the First Affixed Hospital of Guangxi Medical University since his graduation. He owns more than 20 years' experiences on products sales and promotion, team management, business channel setup. Once worked with important post at GEHC and Philips Healthcare. Now he is working as Regional Manager South China at Esaote.
Interests in shares	Nil.
Directorships of other listed companies in previous three years	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

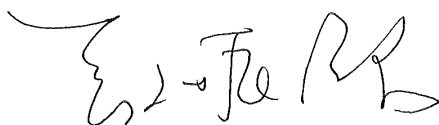
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In accordance with a resolution of the Directors of Angy (China) Medical Limited (the “Company”), we state that:

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 2020; 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 loss and cash flows of the Group for the year ended 31 December 2020; and
  - (b) The state of affairs of the Group at 31 December 2020.

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 April 2021

## 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 [www.angv.hk](http://www.angv.hk) 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 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 Ms. 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, Mr. Tan Weimin and Mr. Li Haibin 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 2020 financial year.

The Company has a website ([www.angy.hk](http://www.angy.hk)) 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 2020.

### 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 and its subsidiaries (the “Group”) are investment holding and trading of medical instrument; 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 2020, the Company had an interests in the following subsidiaries:

Name of companies	Place of incorporation and business	Particulars of issued and paid up capital	Proportion of ownership interest held by the Company		Principal activities
			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)專用設備制造有限公司 Yingshi (Guangzhou) Special Equipment Manufacture Company Limited	The People’s Republic of China	RMB8,500,000 (2019: RMB5,500,000)	-	73.65% (2019: 59%)	Research and development of new medical device such as the medical endoscope camera and related consumable products
716 Company Limited	Hong Kong	HK\$10,000	100%	-	Investment holding
MicroStep HK Company Limited	Hong Kong	HK\$10,000,000	30%	40%	Dormant

### FINANCIAL RESULTS

The results of the Group for the year ended 31 December 2020 are set out in the consolidated financial statements on pages 25 to 86.

**DIRECTORS' REPORT (CONTINUED)**

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**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 87 of this annual report. Such summary does not form part of the audited financial statements.

**BUSINESS REVIEW**

**Review of Operations**

During the year of 2020, Angy (China) Medical Limited (“Angy” or “Group”) continues to devote itself to introducing newer medical technologies. Meanwhile, Angy is committed to deepening their cooperation with existing suppliers.

The sales of scarban products had doubled and the sales of sony films had a small increase during the year 2020. However, as the fierce price competition in films’ market, which is resulting in the decrease of profit. Therefore, Angy would pay more attention to the R&D cloud films. Meanwhile, Angy should deepen cooperation with distributors and strive to maintain sales volume of sony films.

With the R&D cost (including system development, software programming etc.) and human cost (including researchers’ recruitment & cultivation, etc.) were increasing on cloud films, there was an overall loss last year. In view of that, operations in the year 2021 will continuously be focused on expanding the sales of scarban products and sony films products. What’s important matter should be accelerating the time for cloud films to enter the market. In order to strive to improve sales revenue and profit in 2021.

Angy has employed and developed a group of experienced and capable senior management team comprising senior sales managers, products development specialists and customer maintenance specialists to engage in developing more end-users and agents.

The year 2020 has been a significant year for the Company. The management team has made improvements in the Company and laid a foundation in the year 2020. It is our sincere wish that the Group will continue to improve in 2021 and beyond.

**Future developments, prospects and business strategies**

With the increase of national policy support for domestic films, online sale of Scarban products and auto film dispenser will become a major contributor to the Company in 2021 as well. As the sales grow, the Company is looking forward to widening its revenue streams.

## ANGY (CHINA) MEDICAL LIMITED

### DIRECTORS' REPORT (CONTINUED)

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#### BUSINESS REVIEW (continued)

Angy has been positioning itself as an excellent medical technology supplier through innovation of products and technology development. Angy's management team continues to implement 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); and
- (c) Focus on actions in the area of R&D and brand promotion.

The net assets of the Group are HK\$16,110,103 as at 31 December 2020. 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 2020 underlying financial position is included in the Financial Statements from pages 25 to 86 of this annual report. No matters or circumstances have arisen since 31 December 2020 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.

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	22%	
Five largest customers in aggregate	43%	
The largest supplier		96%
Five largest suppliers in aggregate		99%

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.

## ANGY (CHINA) MEDICAL LIMITED

### DIRECTORS' REPORT (CONTINUED)

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#### RECOMMENDED DIVIDEND

The directors do not recommend the payment of any dividend in respect of the year ended 31 December 2020 (2019: Nil).

#### SHARE CAPITAL

Details of the movements in share capital of the Company during the year are set out in note 23 to the financial statements.

#### DISTRIBUTABILITY OF RESERVES

At 31 December 2020, 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\$3,971,647 (2019: HK\$8,962,912).

#### DIRECTORS

The directors during the financial year and upto the date of this annual report are as follows:

Executive Chairman, Executive Director

Ao Zhenming

Independent Non-executive Director

Li Haibin

(Appointed on 30 June 2020)

Matthias Hoedl

(Resigned on 30 June 2020)

Tan Weimin

Details of the Directors' biographical have been set out on pages 3 to 4 of the annual report.

Mr. Hoedl, Matthias has tendered his resignation as an Independent Non-Executive Director of the Company with effect from 30 June 2020 due to the need to focus on his other businesses. Mr. Hoedl has confirmed that there is no disagreement with the Board and there is no matter relating to his resignation that needs to be brought to the attention of the shareholders of the Company or NSX. The Board would like to express its sincere gratitude to Mr. Hoedl for his invaluable contributions to the Company during the tenure of his service as an Independent Non-Executive Director.

Mr. Li Haibin has been appointed as an Independent Non-Executive Director of the Company by the Board to fill a casual vacancy with effect from 30 June 2020. Mr. Li was appointed by way of a letter of appointment. In accordance with article 24 of the Company's articles of association, his appointment is subject to retirement by rotation and will be eligible for re-election at the upcoming AGM.

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.

## ANGY (CHINA) MEDICAL LIMITED

### DIRECTORS' REPORT (CONTINUED)

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#### DIRECTORS (Continued)

No director proposed for re-election at the forthcoming annual general meeting has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than normal statutory obligations.

#### 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 2020 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

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

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 or other associated corporations, 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 or fellow subsidiaries a party to any arrangement to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

## ANGY (CHINA) MEDICAL LIMITED

### 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.

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

The Company has been notified of the following interests in the Company's issued shares at 31 December 2020 amounting top 10 shareholders 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%
Cen Jianming	32,940	-	32,940	0.33%
Lao Wanling	29,500	-	29,500	0.30%
Yao Jing	25,000	-	25,000	0.25%

#### SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the directors of the Company as at the date of this annual report, the Company has maintained the prescribed public float under the NSX Listing rules.

#### 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' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

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



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

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

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#### **BANK LOANS**

Particulars of bank loans of the Group as at 31 December 2020 are set out in notes 19 to the financial statements.

#### **OTHER ITEM**

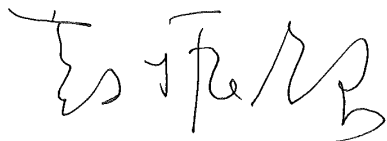
The corporate governance statement to be included in the 2020 annual report was tabled. It was noted that the corporate governance statement reports against the matters set out in Annexure 1 of NSX Practice Note 14 (Practice Note).

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 April 2021

**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 86, which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss, the consolidated statement of profit or 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 2020 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)**

**Valuation of inventories**

Refer to notes 14 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 assessed 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.

**Valuation of trade receivables**

Refer to notes 15 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.

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

(continued)

**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.

**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 Board of 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.

**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)**

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 skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- 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.

**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)**

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, actions taken to eliminate threats or safeguards applied.

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 April 2021

**ANGY (CHINA) MEDICAL LIMITED**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

	<b>Note</b>	<b>2020 HK\$</b>	<b>2019 HK\$</b>
<b>Revenue</b>	4	102,805,227	124,860,870
Costs of sales		<u>(86,289,161)</u>	<u>(99,207,147)</u>
<b>Gross profit</b>		16,516,066	25,653,723
Other income	5	913,058	76,797
Selling and distribution expenses		(3,553,340)	(6,732,249)
General and administrative expenses		<u>(22,747,093)</u>	<u>(20,201,930)</u>
<b>Loss from operations</b>		(8,871,309)	(1,203,659)
Finance costs	6(a)	<u>(117,066)</u>	<u>(60,043)</u>
<b>Loss before taxation</b>	6	(8,988,375)	(1,263,702)
Income tax	9	<u>258,122</u>	<u>(384,103)</u>
<b>Loss for the year</b>		<u>(8,730,253)</u>	<u>(1,647,805)</u>
<b>Attributable to:</b>			
Equity shareholders of the Company		(8,338,994)	(1,264,606)
Non-controlling interests		<u>(391,259)</u>	<u>(383,199)</u>
<b>Loss for the year</b>		<u>(8,730,253)</u>	<u>(1,647,805)</u>
<b>Earnings per share</b>	10		
Basic and diluted		<u>(0.83)</u>	<u>(0.13)</u>

The notes on pages 32 to 86 form part of these financial statements.

**ANGY (CHINA) MEDICAL LIMITED****CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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	<b>2020 HK\$</b>	<b>2019 HK\$</b>
<b>Loss for the year</b>	(8,730,253)	(1,647,805)
<b>Other comprehensive income / (loss) 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>44,076</u>	<u>(678,368)</u>
<b>Total comprehensive loss for the year</b>	<u>(8,686,177)</u>	<u>(2,326,173)</u>
<b>Attributable to:</b>		
Equity shareholders of the Company	(8,379,536)	(1,932,603)
Non-controlling interests	<u>(306,641)</u>	<u>(393,570)</u>
<b>Total comprehensive loss for the year</b>	<u>(8,686,177)</u>	<u>(2,326,173)</u>

The notes on pages 32 to 86 form part of these financial statements.



**ANGY (CHINA) MEDICAL LIMITED**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2020**

	<b>Note</b>	<b>2020 HK\$</b>	<b>2019 HK\$</b>
<b>Non-current assets</b>			
Property, plant and equipment	11	6,485,608	3,742,176
Goodwill	12	-	-
Other financial assets	13	59,581	-
		6,545,189	3,742,176
<b>Current assets</b>			
Other financial assets	13	1,180,383	-
Inventories	14	15,433,728	15,931,308
Trade and other receivables	15	11,856,039	8,422,686
Cash and cash equivalents	16	2,550,741	6,892,185
Deferred tax assets	22(b)	114,618	73,926
		31,135,509	31,320,105
<b>Current liabilities</b>			
Trade and other payables	17	12,794,960	9,332,546
Contract liabilities	18	2,254,149	5,312,388
Bank loans	19	6,028,090	806,757
Lease liabilities	20	237,909	834,231
Current taxation	22(a)	194,561	511,349
		21,509,669	16,797,271
<b>Net current assets</b>		9,625,840	14,522,834
<b>Total assets less current liabilities</b>		16,171,029	18,265,010
<b>Non-current liabilities</b>			
Lease liabilities	20	60,926	256,964
<b>NET ASSETS</b>		16,110,103	18,008,046

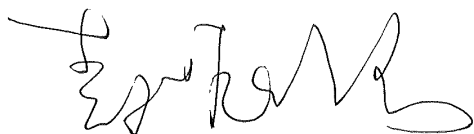
The notes on pages 32 to 86 form part of these financial statements.

**ANGY (CHINA) MEDICAL LIMITED**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2020**

	Note	2020 HK\$	2019 HK\$
<b>CAPITAL AND RESERVES</b>			
Share capital	23(b)	10,000,000	10,000,000
Reserves		<u>2,925,192</u>	<u>8,016,814</u>
<b>Total equity attributable to equity shareholders of the Company</b>		12,925,192	18,016,814
<b>Non-controlling interests</b>		<u>3,184,911</u>	<u>(8,768)</u>
<b>TOTAL EQUITY</b>		<u>16,110,103</u>	<u>18,008,046</u>

Approved and authorised for issue by the Board of Directors on 29 April 2021.



.....  
Executive Director  
Ao Zhenming

The notes on pages 32 to 86 form part of these financial statements.

**ANGY (CHINA) MEDICAL LIMITED**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
AS AT 31 DECEMBER 2020**

	Attributable to equity shareholders of the Company					Non- controlling interests HK\$	Total equity HK\$
	Share capital HK\$	Exchange reserve HK\$	Other reserve HK\$	Retained earnings HK\$	Total HK\$		
<b>Balance at 1 January 2019</b>	10,000,000	(337,796)	59,695	10,227,518	19,949,417	384,802	20,334,219
<b>Changes in equity for 2019:</b>							
Loss for the year	-	-	-	(1,264,606)	(1,264,606)	(383,199)	(1,647,805)
Other comprehensive loss	-	(667,997)	-	-	(667,997)	(10,371)	(678,368)
Total comprehensive loss	-	(667,997)	-	(1,264,606)	(1,932,603)	(393,570)	(2,326,173)
<b>Balance at 31 December 2019 and 1 January 2020</b>	10,000,000	(1,005,793)	59,695	8,962,912	18,016,814	(8,768)	18,008,046
<b>Changes in equity for 2020:</b>							
Loss for the year	-	-	-	(8,338,994)	(8,338,994)	(391,259)	(8,730,253)
Other comprehensive (loss) / income	-	(40,542)	-	-	(40,542)	84,618	44,076
Total comprehensive loss	-	(40,542)	-	(8,338,994)	(8,379,536)	(306,641)	(8,686,177)
Acquisition of additional interest in subsidiaries	-	(120)	(59,695)	3,347,729	3,287,914	3,500,320	6,788,234
<b>Balance at 31 December 2020</b>	10,000,000	(1,046,455)	-	3,971,647	12,925,192	3,184,911	16,110,103

The notes on pages 32 to 86 form part of these financial statements.

**ANGY (CHINA) MEDICAL LIMITED**

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

	<b>Note</b>	<b>2020 HK\$</b>	<b>2019 HK\$</b>
<b>Operating activities</b>			
Loss before taxation		(8,988,375)	(1,263,702)
Adjustments for:			
Bad debt written off		145,838	29,402
Depreciation		1,941,355	1,864,926
Finance costs		117,066	60,043
Interest income		(40,829)	(6,897)
Impairment losses on goodwill		3,396,571	-
Impairment losses on inventories		2,127,203	7,201,830
Loss on disposal of property, plant and equipment		90,133	-
Net realised gain on other financial assets		(38,529)	-
Reversal of impairment loss on trade receivables		(642,688)	(21,463)
<b>Operating (loss) / profit before changes in working capital</b>		<b>(1,892,255)</b>	<b>7,864,139</b>
Increase in inventories		(1,629,623)	(1,341,165)
(Increase) / decrease in trade and other receivables		(2,936,503)	7,866,012
Increase / (decrease) in trade and other payables		3,462,414	(7,098,772)
(Decrease) / increase in contract liabilities		(3,058,239)	460,652
Decrease in amount due to a director		-	(1,226,651)
<b>Cash (used in) / generated from operations</b>		<b>(6,054,206)</b>	<b>6,524,215</b>
Interest income		40,829	6,897
Tax paid		(99,358)	(667,499)
- Overseas tax paid			
<b>Net cash (used in) / generated from operating activities</b>		<b>(6,112,735)</b>	<b>5,863,613</b>
<b>Investing activities</b>			
Acquisition of subsidiaries	16(d)	3,391,783	-
Payment for the purchase of equity securities		(59,581)	-
Payment for the purchase of wealth management products		(5,638,550)	-
Proceeds from the disposal of wealth management products		4,496,696	-
Payment for the purchase of property, plant and equipment		(4,679,850)	(3,035,736)
<b>Net cash used in investing activities</b>		<b>(2,489,502)</b>	<b>(3,035,736)</b>

The notes on pages 32 to 86 form part of these financial statements.

**ANGY (CHINA) MEDICAL LIMITED**

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

	<b>Note</b>	<b>2020 HK\$</b>	<b>2019 HK\$</b>
<b>Financing activities</b>	16(b)		
Capital element of lease rentals paid		(933,861)	(829,475)
Proceeds from new bank loans		6,061,816	2,298,185
Repayment of bank loans		(840,483)	(1,491,428)
Interest on bank loans		(88,340)	(11,922)
Interest element of lease rentals paid		(28,726)	(48,121)
<b>Net cash generated from / (used in) financing activities</b>		<b>4,170,406</b>	<b>(82,761)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(4,431,831)</b>	<b>2,745,116</b>
<b>Cash and cash equivalents at 1 January</b>		<b>6,892,185</b>	<b>4,800,668</b>
<b>Effect of foreign exchange rate changes</b>		<b>90,387</b>	<b>(653,599)</b>
<b>Cash and cash equivalents at 31 December</b>	16(a)	<b>2,550,741</b>	<b>6,892,185</b>

The notes on pages 32 to 86 form part of these financial statements.

## ANGY (CHINA) MEDICAL LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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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 and its subsidiaries (the “Group”) are investment holding and trading of medical instrument; 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 amendments to HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 2(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 accounting period reflected in these financial statements.

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

The consolidated financial statements for the year ended 31 December 2020 comprise the Company and its subsidiaries (together referred to as the “Group”).

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

- Investments other than equity investments (see note 2(f)).
- Equity investments (see note 2(f)).

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”).

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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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 statements and major sources of estimation uncertainty are discussed in note 3.

**c. Changes in accounting policies**

The Group has applied the following amendments to HKFRSs issued by the HKICPA to these financial statements for the current accounting period:

- Amendments to HKFRS 3, Definition of a Business
- Amendment to HKFRS 16, Covid-19-Related Rent Concessions

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in these financial statements. 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 2020**

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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.



**NOTES TO THE FINANCIAL STATEMENTS  
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**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**d. Subsidiaries and non-controlling interests (continued)**

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.

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

**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(i)).

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. Other investments in debt and equity securities**

The Group's policies for investments in debt and equity securities, other than investments in subsidiaries are set out below.

Investments in debt and equity securities are recognised / derecognised on the date the Group commits to purchase / sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss ("FVPL") for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see note 24(e). These investments are subsequently accounted for as follows, depending on their classification.

**NOTES TO THE FINANCIAL STATEMENTS  
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**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

f. Other investments in debt and equity securities (continued)

(i) Investments other than equity investments

Other financial assets represented unlisted wealth management product investments, which are classified as FVPL. These investments are recognised/derecognised on the date the Group commits to purchase/sell the investments or they expire. The investments are initially stated at fair value, which is their transaction price including directly attributable transaction costs, unless fair value can be more reliably estimated using valuation techniques whose variables include only data from observable markets. At the end of each reporting period the fair value is remeasured. Changes in the fair value of the investments (including interest) are recognised in profit or loss.

(ii) Equity investments

Equity investments are classified as measured at FVPL unless the equity investments are not held for trading purposes and on initial recognition of the investments the Group makes an irrevocable election to designate the investments at fair value through other comprehensive income ("FVOCI") (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained profits. It is not recycled through profit or loss. Dividends from an equity investment, irrespective of whether classified as measured at FVPL or FVOCI, are recognised in profit or loss as other income.

**NOTES TO THE FINANCIAL STATEMENTS  
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**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

g. Property, plant and equipment

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

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.

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:

- Buildings held for own use which are situated on leasehold land are depreciated over the shorter of the unexpired term of lease and their estimated useful lives, being no more than 20 years after the date of completion
- Leasehold improvement 20%
- Motor vehicle 30%
- Office equipment 19% - 33.33%

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.

h. Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

NOTES TO THE FINANCIAL STATEMENTS  
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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

h. Leased assets (continued)

As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets which, for the Group are primarily laptops and office furniture. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option.s When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

h. Leased assets (continued)

As a lessee

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract (“lease modification”) that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

i. Credit losses and impairment of assets

(i) Credit losses from financial instruments and contract assets

The Group recognises a loss allowance for expected credit losses (ECLs) on the following items:

- financial assets measured at amortised cost (including cash and cash equivalents, trade receivables and other receivables); and
- equity securities measured at FVOCI (recycling).

Other financial assets measured at fair value, including equity securities measured at FVPL and equity securities designated at FVOCI (non-recycling), are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

- fixed-rate financial assets and trade and other receivables: effective interest rate determined at initial recognition or an approximation thereof; and
- variable-rate financial assets: current effective interest rate.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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

i. Credit losses and impairment of assets (continued)

(i) Credit losses from financial instruments and contract assets (continued)

Measurement of ECLs (continued)

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

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

**NOTES TO THE FINANCIAL STATEMENTS  
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**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

i. Credit losses and impairment of assets (continued)

(i) Credit losses from financial instruments and contract assets (continued)

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 120 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- failure to make payments of principal or interest on their contractually due days;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

i. Credit losses and impairment of assets (continued)

(i) Credit losses from financial instruments and contract assets (continued)

Significant increases in credit risk (continued)

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt securities that are measured at FVOCI (recycling), for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve (recycling).

Basis of calculation of interest income

Interest income recognised in accordance with note 2(s)(ii) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the Group assesses whether a financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;
- significant changes in technological, market, economic or legal environment that have an adverse effect on the debtor; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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

i. Credit losses and impairment of assets (continued)

(i) Credit losses from financial instruments and contract assets (continued)

Write off policy

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Impairment of other non-current 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
- investments in subsidiaries 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, 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 2020**

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

i. Credit losses and impairment of assets (continued)

(ii) Impairment of other non-current assets (continued)

- Recognition of impairment losses

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.

j. Inventories

Inventories are assets which are held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services.

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 2020**

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

j. 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.

k. Contract liabilities

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see note 2(s)). A contract liability would also be recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (see note 2(l)).

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

l. Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due.

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses (see note 2(i)).

m. 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. Cash and cash equivalents are assessed for expected credit losses (ECL) in accordance with the policy set out in note 2(i)(i).

NOTES TO THE FINANCIAL STATEMENTS  
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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

n. Trade and other payables

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

o. Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with the Group's accounting policy for borrowing costs (see note 2(v)).

p. 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.

q. 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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

q. Income tax (continued)

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.

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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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

q. Income tax (continued)

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:

- (i) 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
- (ii) 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.

r. Provisions and contingent liabilities

Provisions are recognised when the Group 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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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

**s. Revenue and other income**

Income is classified by the Group as revenue when it arises from the sale of goods, the provision of services or the use by others of the Group's assets under leases in the ordinary course of the Group's business.

Revenue is recognised when control over a product or service is transferred to the customer, or the lessee has the right to use the asset, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. The Group takes advantage of the practical expedient in paragraph 63 of HKFRS 15 and does not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

Further details of the Group's revenue and other income recognition policies are as follows:

**(i) Sales of products**

Revenue is recognised when the customer takes possession of and accepts the products. If the products are a partial fulfilment of a contract covering other goods and/or services, then the amount of revenue recognised is an appropriate proportion of the total transaction price under the contract, allocated between all the goods and services promised under the contract on a relative stand-alone selling price basis.

**(ii) Interest income**

Interest income is recognised as it accrues under the effective interest method using the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. For financial assets measured at amortised cost or FVOCI (recycling) that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset (see note 1(i)(i)).

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

s. Revenue and other income (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.

t. 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. The transaction date is the date on which the Company initially recognises such non-monetary assets or liabilities. 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 of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items, including goodwill arising on consolidation of foreign operations acquired on or after 1 January 2005, are translated into Hong Kong dollars at the closing foreign exchange rates at the end of the reporting period. The 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 2020**

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

**u. Research and development expenditure**

Research and development expenditure comprise all costs that are directly attributable to research and development activities or that can be allocated on a reasonable basis to such activities. Because of the nature of the Group's research and development activities, the criteria for the recognition of such costs as an asset are generally not met until late in the development stage of the project when the remaining development costs are immaterial. Hence both research costs and development costs are generally recognised as expenses in the period in which they are incurred.

**v. Borrowing costs**

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

**w. 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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

w. Related parties (continued)

- (b) An entity is related to the Group if any of the following conditions applies: (continued)
- (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.

x. 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.

No segment information is presented for the Group's business segment as the Group operates in a single business, sales of medical instruments in a single geographical region, which is the PRC. An analysis on the Group's revenue by product category is set out in note 4.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**3. ACCOUNTING JUDGEMENT AND ESTIMATES**

In the process of applying the Group's accounting policies, management has made the following accounting judgements:

**(a) 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.

**(b) Loss allowance 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 keeps assessing the expected credit loss of trade receivables during their expected lives.

**(c) 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. It could change significantly as a result of changes in customer taste or competitor actions. The Group reassesses these estimates at the end of each reporting period.

## ANGY (CHINA) MEDICAL LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 4. REVENUE

The principal activities of the Group are sales of medical instrument in the PRC.

##### Disaggregation of revenue

Revenue represents the sales value of goods supplied to customers (net of value-added tax). Disaggregation of revenue from contracts with customers by major products is as follows:

	2020 HK\$	2019 HK\$
<b>Revenue from contracts with customers within the scope of HKFRS 15</b>		
Disaggregated by major products lines		
- Sales of medical instrument	<u>102,805,227</u>	<u>124,860,870</u>

The timing of revenue recognition of all revenue from contracts with customers is at a point in time.

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.

#### 5. OTHER INCOME

	2020 HK\$	2019 HK\$
Government grant	96,334	718
Interest income	40,829	6,897
Net foreign exchange gain	42,490	-
Net realised gain on other financial assets	38,529	-
Others	52,188	47,719
Reversal of impairment loss on trade receivables	<u>642,688</u>	<u>21,463</u>
	<u>913,058</u>	<u>76,797</u>

**ANGY (CHINA) MEDICAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**6. LOSS BEFORE TAXATION**

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

	<b>2020 HK\$</b>	<b>2019 HK\$</b>
(a) Finance costs		
Interest on bank loans (note 19)	88,340	11,922
Interest on lease liabilities (note 20)	28,726	48,121
	<u>117,066</u>	<u>60,043</u>
	<b>2020 HK\$</b>	<b>2019 HK\$</b>
(b) Staff costs		
Contributions to defined contribution retirement plan	667,828	763,664
Salaries, wages and other benefits	9,294,209	9,623,575
	<u>9,962,037</u>	<u>10,387,239</u>
	<b>2020 HK\$</b>	<b>2019 HK\$</b>
(c) Other items		
Bad debt written off	145,838	29,402
Depreciation charge		
- owned property, plant and equipment	1,074,148	1,093,070
- right-of-use assets	867,207	771,856
Impairment loss on goodwill	3,396,571	-
Impairment losses on inventories	2,127,203	7,201,830
Loss on disposal of property, plant and equipment	90,133	-
Net foreign exchange (gain) / loss	(42,490)	95,064
Auditors' remuneration		
- audit services	246,500	458,000
- other services	21,023	37,038
Research and development costs	2,600,599	1,827,817
Cost of inventories (Note 14)	<u>86,289,161</u>	<u>99,207,147</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**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>2020 Total HK\$</b>
<b>Executive director</b>				
Ao Zhenming	-	741,387	12,829	754,216
<b>Non-executive directors</b>				
Li Haibin	-	15,000	-	15,000
Matthias Hoedl	-	50,000	-	50,000
Tan Weimin	-	60,000	-	60,000
	-	866,387	12,829	879,216

	<b>Directors' fee HK\$</b>	<b>Salaries, allowances and benefits in kind HK\$</b>	<b>Retirement scheme contributions HK\$</b>	<b>2019 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
	-	680,000	-	680,000

# **ANGY (CHINA) MEDICAL LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

### **8. INDIVIDUALS WITH HIGHEST EMOLUMENTS**

Of the five individuals with the highest emoluments, one (2019: one) is director whose emoluments are disclosed in note 7. The aggregate of the emoluments in respect of the other four (2019: four) individuals are as follows:

	<b>2020 HK\$</b>	<b>2019 HK\$</b>
Salaries and other emoluments	2,121,853	1,931,371
Retirement scheme contributions	50,314	42,099
	<u>2,172,167</u>	<u>1,973,470</u>

The emoluments of the four (2019: four) individuals with the highest emoluments are within the following bands:

	<b>No. of employee</b>	
	<b>2020</b>	<b>2019</b>
HK\$500,001 – HK\$1,000,000	-	-
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>2020 HK\$</b>	<b>2019 HK\$</b>
<b>Current tax – Overseas</b>		
Provision for the year	-	95,354
Over-provision in respect of prior years	(217,430)	-
<b>Deferred tax</b>		
Origination and reversal of temporary differences (Note 22(b))	(40,692)	288,749
	<u>(258,122)</u>	<u>384,103</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**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 has been made for Hong Kong Profits Tax as the Group did not have assessable profits during 2020 (2019: Nil).

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 loss at applicable tax rates:

	<b>2020</b> <b>HK\$</b>	<b>2019</b> <b>HK\$</b>
Loss before taxation	<u>(8,988,375)</u>	<u>(1,263,702)</u>
Notional tax on loss before taxation, calculated at the rates applicable to profits in the countries concerned	(1,601,092)	(537,561)
Tax effect of non-deductible expenses	412	18,671
Tax effect of non-taxable income	(1)	(38)
Temporary difference	-	(1,719)
Recognition of deferred tax previously not recognised	(40,692)	288,749
Tax effect of different taxation rate in other jurisdictions	1,333,370	632,897
Statutory tax concession	-	(16,896)
Others	<u>49,881</u>	<u>-</u>
Actual tax expense	<u>(258,122)</u>	<u>384,103</u>



# ANGY (CHINA) MEDICAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

### 10. EARNINGS PER SHARE

#### Basic earnings per share

The calculation of basic earnings per share is based on the loss attributable to ordinary equity shareholders of the Company of HK\$8,338,994 (2019: HK\$1,264,606) and the weighted average of 10,000,000 ordinary shares (2019: 10,000,000) in issue during the year.

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

### 11. PROPERTY, PLANT AND EQUIPMENT

#### (a) Reconciliation of carrying amount

	Buildings held for own use HK\$	Leasehold improvement HK\$	Office equipment HK\$	Motor vehicle HK\$	Properties leased for own use carried at cost HK\$	Total HK\$
<b>Cost</b>						
At 1 January 2019	-	1,081,042	1,716,751	310,000	579,129	3,686,922
Additions	-	-	3,035,736	-	1,341,541	4,377,277
Exchange adjustments	-	(44,960)	(71,400)	-	(24,092)	(140,452)
At 31 December 2019 and 1 January 2020	-	1,036,082	4,681,087	310,000	1,896,578	7,923,747
Additions	4,679,850	-	-	-	141,501	4,821,351
Disposals	-	-	-	(310,000)	(810,195)	(1,120,195)
Exchange adjustments	-	(10,846)	(49,003)	-	(19,854)	(79,703)
At 31 December 2020	4,679,850	1,025,236	4,632,084	-	1,208,030	11,545,200

ANGY (CHINA) MEDICAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

11. PROPERTY, PLANT AND EQUIPMENT (continued)

(a) Reconciliation of carrying amount (continued)

	Buildings held for own use HK\$	Leasehold improvement HK\$	Office equipment HK\$	Motor vehicle HK\$	Properties leased for own use carried at cost HK\$	Total HK\$
<b>Accumulated depreciation and amortisation</b>						
At 1 January 2019	-	1,081,042	1,041,286	310,000	-	2,432,328
Charge for the year	-	-	1,093,070	-	771,856	1,864,926
Exchange adjustments	-	(44,960)	(59,376)	-	(11,347)	(115,683)
At 31 December 2019 and 1 January 2020	-	1,036,082	2,074,980	310,000	760,509	4,181,571
Charge for the year	55,245	-	1,018,903	-	867,207	1,941,355
Disposals	-	-	-	(310,000)	(720,062)	(1,030,062)
Exchange adjustments	328	(10,846)	(15,667)	-	(7,087)	(33,272)
At 31 December 2020	55,573	1,025,236	3,078,216	-	900,567	5,059,592
<b>Net book value</b>						
At 31 December 2020	4,624,277	-	1,553,868	-	307,463	6,485,608
At 31 December 2019	-	-	2,606,107	-	1,136,069	3,742,176

(b) The analysis of net book value of properties is as follows:

	2020 HK\$	2019 HK\$
Outside Hong Kong		
- medium-term leases	4,931,740	-
<i>Representing:</i>		
Buildings held for own use	4,624,277	-
Properties leased for own use carried at cost	307,463	-
	4,931,740	-

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**11. PROPERTY, PLANT AND EQUIPMENT (continued)**

(c) Right-of-use assets

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

	<b>2020</b> <b>HK\$</b>	<b>2019</b> <b>HK\$</b>
Properties leased for own use, carried at depreciated cost	307,463	1,136,069

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

	<b>2020</b> <b>HK\$</b>	<b>2019</b> <b>HK\$</b>
Depreciation charge of right-of-use assets by class of underlying asset:		
- Properties leased for own use	867,207	771,856
Interest on lease liabilities (Note 6(a))	28,726	48,121
Expense relating to short-term leases with remaining lease term ending on or before 31 December 2019	228,636	403,376

During the year, additions to right-of-use assets were HK\$141,501 (2019: HK\$1,341,541). This amount related to the capitalised lease payments payable under new tenancy agreements, and the remainder primarily related to the capitalised lease payments payable under new tenancy agreements.

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in notes 16(c) and notes 20, respectively.

Other properties leased for own use

The Group has obtained the right to use other properties as its warehouses through tenancy agreements. The leases typically run for an initial period of 1 to 2 years. Lease payments are usually increased every 2 years to reflect market rentals.

## ANGY (CHINA) MEDICAL LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 12. GOODWILL

	HK\$
<b>Cost</b>	
At 1 January 2019, 31 December 2019 and 1 January 2020	155,639
Additions	<u>3,396,571</u>
At 31 December 2020	<u>3,552,210</u>
<b>Accumulated impairment losses</b>	
At 1 January 2019, 31 December 2019 and 1 January 2020	155,639
Impairment loss	<u>3,396,571</u>
At 31 December 2020	<u>3,552,210</u>
<b>Carrying amount</b>	
At 31 December 2020	<u>-</u>
At 31 December 2019	<u>-</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.

#### Medical instrument

In 2017, 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.

On 30 November 2020, the Group entered into the agreement to acquire 14.65% equity interest in Yingshi (Guangzhou) Special Equipment Manufacture Company Limited at a total consideration of RMB2,057,000. The principal activity of Yingshi (Guangzhou) Special Equipment Manufacture Company Limited is research and development of new medical device such as the medical endoscope camera and related consumable products. The transaction was completed in December 2020 and recognised as an acquisition of assets, rather than a business combination, given that substantially all of the fair value of the gross assets is concentrated in a group of similar identifiable assets.

# **ANGY (CHINA) MEDICAL LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

### **13. OTHER FINANCIAL ASSETS**

	<b>2020 HK\$</b>	<b>2019 HK\$</b>
<b>Non-current assets</b>		
Equity securities designated at FVOCI (non-recycling)		
- Unlisted equity securities (Note 1)	59,581	-
<b>Current assets</b>		
Wealth management products (Note 2)	1,180,383	-
	<u>1,239,964</u>	<u>-</u>

Note 1: The unlisted equity securities are shares in 廣州市盈立信息諮詢合伙企業（有限合伙），a company incorporated in PRC and engaged in software testing and development services; sales of software. The Group designated certain unlisted equity investments at FVOCI (non-recycling), as the investments are held for strategic purposes. No dividends were received on this investment during the year (2019: Nil).

Note 2: As at 31 December 2020, the Group invested in wealth management products issued by banks in the PRC with the aggregate principals amount of RMB1,050,000 (2019: Nil). There are no fixed or determinable returns of these bank wealth management products and the returns of principals are not guaranteed.

### **14. INVENTORIES**

	<b>2020 HK\$</b>	<b>2019 HK\$</b>
Finished goods	15,433,728	15,931,308

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

	<b>2020 HK\$</b>	<b>2019 HK\$</b>
Carrying amount of inventories sold	86,289,161	99,207,147
Write down of inventories	2,127,203	7,201,830
	<u>88,416,364</u>	<u>106,408,977</u>

# **ANGY (CHINA) MEDICAL LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

### **15. TRADE AND OTHER RECEIVABLES**

	<b>2020 HK\$</b>	<b>2019 HK\$</b>
Trade debtors, net of loss allowance	2,763,868	2,494,264
Other receivables	7,823,651	2,615,463
Deposits and prepayment	1,268,520	3,312,959
	<u>11,856,039</u>	<u>8,422,686</u>

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

#### Ageing analysis

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

	<b>2020 HK\$</b>	<b>2019 HK\$</b>
Within 1 month	2,745,010	347,308
1 – 6 months	2,558	163,645
6 months – within 1 year	16,300	113,493
Over 1 year	-	1,869,818
	<u>2,763,868</u>	<u>2,494,264</u>

Trade debtors are due within 120 days from the date of billing. Further details on the Group's credit policy and credit risk arising from trade debtors are set out in note 24(a).

### **16. CASH AND CASH EQUIVALENTS**

(a) Cash and cash equivalents comprise:

	<b>2020 HK\$</b>	<b>2019 HK\$</b>
Cash at bank and on hand	<u>2,550,741</u>	<u>6,892,185</u>

At 31 December 2020, cash at bank balances were placed with banks in the PRC amounted to HK\$1,490,047 (2019: HK\$5,951,751). Remittance of funds out of the PRC is subject to the exchange restrictions imposed by the PRC government.

**ANGY (CHINA) MEDICAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**16. CASH AND CASH EQUIVALENTS (continued)**

**(b) Reconciliation of liabilities arising from financing activities**

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

	<b>Bank loans HK\$</b>	<b>Lease liabilities HK\$</b>	<b>Total HK\$</b>
<b>At 1 January 2020</b>	806,757	1,091,195	1,897,952
<b>Changes from financing cash flows:</b>			
Proceeds from new bank loans	6,061,816	-	6,061,816
Repayment of bank loans	(840,483)	-	(840,483)
Capital element of lease rentals paid	-	(933,861)	(933,861)
Interest on bank loans	(88,340)	-	(88,340)
Interest element of lease rentals paid	-	(28,726)	(28,726)
<b>Total changes from financing cash flows</b>	<b>5,132,993</b>	<b>(962,587)</b>	<b>4,170,406</b>
<b>Other changes</b>			
Increase in lease liabilities from entering into new leases during the year	-	141,501	141,501
Interest expenses (Note 6(a))	88,340	28,726	117,066
<b>Total other changes</b>	<b>88,340</b>	<b>170,227</b>	<b>258,567</b>
<b>At 31 December 2020</b>	<b>6,028,090</b>	<b>298,835</b>	<b>6,326,925</b>

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**ANGY (CHINA) MEDICAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**16. CASH AND CASH EQUIVALENTS (continued)**

**(b) Reconciliation of liabilities arising from financing activities (continued)**

	<b>Bank loans HK\$</b>	<b>Lease liabilities HK\$</b>	<b>Total HK\$</b>
<b>At 1 January 2019</b>	-	579,129	579,129
<b>Changes from financing cash flows:</b>			
Proceeds from new bank loans	2,298,185	-	2,298,185
Repayment of bank loans	(1,491,428)	-	(1,491,428)
Capital element of lease rentals paid	-	(829,475)	(829,475)
Interest on bank loans	(11,922)	-	(11,922)
Interest element of lease rentals paid	-	(48,121)	(48,121)
<b>Total changes from financing cash flows</b>	<b>794,835</b>	<b>(877,596)</b>	<b>(82,761)</b>
<b>Other changes</b>			
Increase in lease liabilities from entering into new leases during the year	-	1,341,541	1,341,541
Interest expenses (Note 6(a))	11,922	48,121	60,043
<b>Total other changes</b>	<b>11,922</b>	<b>1,389,662</b>	<b>1,401,584</b>
<b>At 31 December 2019</b>	<b>806,757</b>	<b>1,091,195</b>	<b>1,897,952</b>

**(c) Total cash outflow of leases**

Amounts included in the cash flow statement for leases comprise the following:

	<b>2020 HK\$</b>	<b>2019 HK\$</b>
Within operating cash flows	228,636	403,376
Within financing cash flows	962,587	877,596
	<b>1,191,223</b>	<b>1,280,972</b>



**ANGY (CHINA) MEDICAL LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020****16. CASH AND CASH EQUIVALENTS (continued)****(c) Total cash outflow of leases (continued)**

These amounts relate to the following:

	<b>2020 HK\$</b>	<b>2019 HK\$</b>
Lease rentals paid	<u>1,191,223</u>	<u>1,280,972</u>

**(d) Net cash outflow arising from the acquisition of subsidiaries**

The recognised amounts of assets acquired and liabilities at the date of acquisition of the subsidiaries comprise the following:

	<b>HK\$</b>
Inventories	710,601
Trade and other receivables	191,080
Cash	104,180
Trade and other payables	(180,362)
Contract liabilities	<u>(680,338)</u>
	145,161
Total consideration paid in cash	3,350,802
Less: cash of subsidiary acquired	<u>(104,180)</u>
	<u>3,391,783</u>

**17. TRADE AND OTHER PAYABLES**

	<b>2020 HK\$</b>	<b>2019 HK\$</b>
Trade payables	7,461,551	6,414,987
Other payables and accruals	<u>5,333,409</u>	<u>2,917,559</u>
	<u>12,794,960</u>	<u>9,332,546</u>

All of the other trade and other payables are expected to be settled or recognised as income within one year or are repayable on demand.

## ANGY (CHINA) MEDICAL LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 17. TRADE AND OTHER PAYABLES (continued)

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

	2020 HK\$	2019 HK\$
Within 1 month	7,438,011	6,395,023
1 – 6 months	-	3,964
6 months – within 1 year	-	-
Over 1 year	23,540	16,000
	<u>7,461,551</u>	<u>6,414,987</u>

#### 18. CONTRACT LIABILITIES

	2020 HK\$	2019 HK\$
<b>Contract liabilities</b>		
Billings in advance of performance	<u>2,254,149</u>	<u>5,312,388</u>

When the Group receives a deposit before the production activity commences this will give rise to contract liabilities at the start of a contract, until the revenue recognised. The Group receives deposits on acceptance of orders on a case by case basis with customers before work commences.

#### 19. BANK LOANS

At 31 December 2020, the bank loans were repayable as follows:

	2020 HK\$	2019 HK\$
Within 1 year or on demand	<u>6,028,090</u>	<u>806,757</u>

All bank loans are unsecured, denominated in Renminbi and measured at amortised cost.

## ANGY (CHINA) MEDICAL LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 20. LEASE LIABILITIES

At 31 December 2020, the lease liabilities were repayable as follows:

	2020 HK\$	2019 HK\$
Within 1 year	237,909	834,231
After 1 year but within 2 years	60,926	256,964
	<u>298,835</u>	<u>1,091,195</u>

#### 21. EMPLOYEE RETIREMENT BENEFITS

The PRC subsidiaries of the Group participate in several defined contribution retirement benefit schemes (“the Schemes”) organised by the PRC municipal and provincial government authorities whereby the Group is required to make contributions to the Schemes at the applicable rates of the eligible employees’ salaries. The local government authority is responsible for the entire pension obligations payable to retired employees.

The Group also operates a Mandatory Provident Fund Scheme (“the MPF scheme”) under the Hong Kong Mandatory Provident Fund Scheme 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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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

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

	<b>2020 HK\$</b>	<b>2019 HK\$</b>
Balance of Profits Tax provision relating to prior years	(119,051)	(26,616)
Provision for Overseas Profits Tax for the year and prior year	<u>313,612</u>	<u>537,965</u>
	<u>194,561</u>	<u>511,349</u>

(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>2020 HK\$</b>	<b>2019 HK\$</b>
At 1 January	73,926	362,675
Charged / (credited) to profit or loss	<u>40,692</u>	<u>(288,749)</u>
At 31 December	<u>114,618</u>	<u>73,926</u>

(ii) Reconciliation to the consolidated statement of financial position

	<b>2020 HK\$</b>	<b>2019 HK\$</b>
Net deferred tax asset recognised in the consolidated statement of financial position	<u>114,618</u>	<u>73,926</u>

# ANGY (CHINA) MEDICAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

### 23. 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 2019</b>	10,000,000	4,374,906	14,374,906
<b>Changes in equity for 2019:</b>			
Total comprehensive loss for the year	-	(224)	(224)
<b>Balance at 31 December 2019 and 1 January 2020</b>	10,000,000	4,374,682	14,374,682
<b>Changes in equity for 2020:</b>			
Total comprehensive loss for the year	-	(609,602)	(609,602)
<b>Balance at 31 December 2020</b>	10,000,000	3,765,080	13,765,080

#### (b) Share capital

##### Issued share capital

	2020 HK\$	2019 HK\$
<b>Ordinary shares, issued and fully paid:</b>		
10,000,000 (2019: 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 2020

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23. 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(t).

Other reserve

The other reserves mainly arises from transactions undertaken with non-controlling interests. The Group has disposed non-controlling interests in certain non-wholly owned subsidiaries and the aggregate net excess of considerations over the carrying amounts of acquired non-controlling interests was recognised directly in equity.

(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 capital with reference to its debt position. The Group's strategy was to maintain the equity and debt in a balanced position and ensure there was adequate working capital to service its debt obligations. At 31 December 2020, the ratio of the Group's total liabilities over its total assets was 60% (2019: 49%).

The Group is not subject to externally imposed capital requirements during the years ended 31 December 2020 and 2019.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**24. 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**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade receivables. The Group's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are the major banks in the PRC with established credit ratings, for which the Group considers to have low credit risk.

Trade receivables

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, 17% (2019: 25%) and 17% (2019: 25%) of the total trade receivables was due from the Group's largest customer and the five largest customers respectively.

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. Normally, the Group does not obtain collateral from customers.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

**ANGY (CHINA) MEDICAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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

(a) Credit risk (continued)

Trade receivables (continued)

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

	<b>2020</b>		
	<b>Expected loss rate %</b>	<b>Gross carrying amount HK\$</b>	<b>Loss allowance HK\$</b>
Current (not past due)	0%	2,745,010	-
1 – 6 months past due	0%	2,558	-
6 – 12 months past due	0%	16,300	-
More than 1 year past due	0%	-	-
		<u>2,763,868</u>	<u>-</u>

	<b>2019</b>		
	<b>Expected loss rate %</b>	<b>Gross carrying amount HK\$</b>	<b>Loss allowance HK\$</b>
Current (not past due)	0.5%	349,053	(1,745)
1 – 6 months past due	3%	168,706	(5,061)
6 – 12 months past due	10%	126,103	(12,610)
More than 1 year past due	25%	2,493,090	(623,272)
		<u>3,136,952</u>	<u>(642,688)</u>

Expected loss rates are based on actual loss experience over the past 3 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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

(a) Credit risk (continued)

Trade receivables (continued)

Movement in the loss allowance account in respect of trade receivables during the year is as follows:

	2020 HK\$	2019 HK\$
Balance at 1 January	642,688	664,151
Reversal of impairment loss on trade receivables	<u>(642,688)</u>	<u>(21,463)</u>
Balance at 31 December	<u>-</u>	<u>642,688</u>

As a result of the business nature of the Group, the Group has no significant concentration of credit risk arising from its customers.

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the parent Company's board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

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.

**ANGY (CHINA) MEDICAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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

**(b) Liquidity risk (continued)**

	<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	12,771,420	23,540	12,794,960	12,794,960
Bank loans	6,028,090	-	6,028,090	6,028,090
Lease liabilities	237,909	60,926	298,835	298,835
At 31 December 2020	19,037,419	84,466	19,121,885	19,121,885

	<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	9,316,546	16,000	9,332,546	9,332,546
Bank loans	806,757	-	806,757	806,757
Lease liabilities	834,231	256,964	1,091,195	1,091,195
At 31 December 2019	10,957,534	272,964	11,230,498	11,230,498

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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

(c) Interest rate risk

The Group's interest rate risk arises primarily from short term borrowings. Borrowings issued at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively.

(i) Interest rate risk profile

The following table, as reported to the management of the Group, details the interest rate risk profile of the Group's borrowings at the end of the reporting period:

	Effective interest rate	2020 HK\$	Effective interest rate	2019 HK\$
<b>Fixed rate borrowings:</b>				
Lease liabilities	2.5%	298,835	2.5%	1,091,195
Bank loans	2.05%	<u>6,028,090</u>	2.05%	<u>806,757</u>
Total		<u>6,326,925</u>		<u>1,897,952</u>

(ii) Sensitivity analysis

At 31 December 2020, it is estimated that a general increase/decrease of 100 basis points in interest rates for floating rate bank loans, with all other variables held constant, would have decreased/increased the Group's profit after tax and retained profits by approximately HK\$47,452 (2019: HK\$14,235).

The sensitivity analysis has been performed assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the end of the reporting period. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of the reporting period, the impact on the Group's profit after tax (and retained profits) and other components of consolidated equity is estimated as an annualised impact on interest expense or income of such a change in interest rates. The analysis is performed on the same basis as 2019.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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

(d) Currency risk

The Group is exposed to currency risk primarily through bank borrowings, sales and purchases 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 ("EUR"), United States dollars ("USD") and Renminbi ("RMB"). Presently, the Group has no hedging policy with respect to the foreign exchange exposure.

(i) Exposure to currency risk

The following table details the Group's major exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than HK\$. For presentation purposes, the amounts of the exposure are shown in HK\$, translated using the spot rate at the year end date.

**Exposure to foreign currencies (expressed in Hong Kong Dollars)**

	<b>At 31 December 2020</b>		
	<b>Euros</b>	<b>United States</b>	<b>Renminbi</b>
	<b>HK\$</b>	<b>dollars</b>	<b>HK\$</b>
		<b>HK\$</b>	
Trade and other receivables	-	-	6,355,448
Cash and cash equivalents	1	931,060	1,490,047
Trade and other payables	(560,353)	-	(11,841,361)
Contract liabilities	-	-	(2,254,149)
Bank loans	-	-	(6,028,090)
Gross and net exposure arising from recognised assets and liabilities	(560,352)	931,060	(12,278,105)

	<b>At 31 December 2019</b>		
	<b>Euros</b>	<b>United States</b>	<b>Renminbi</b>
	<b>HK\$</b>	<b>dollars</b>	<b>HK\$</b>
		<b>HK\$</b>	
Trade and other receivables	-	-	7,123,937
Cash and cash equivalents	535,558	265	5,951,751
Trade and other payables	(565,092)	-	(8,284,453)
Contract liabilities	-	-	(5,312,388)
Bank loans	-	-	(806,757)
Gross and net exposure arising from recognised assets and liabilities	(29,534)	265	(1,327,910)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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

(d) Currency risk (continued)

(ii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's loss 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.

	2020		2019	
	Increase / (decrease) in foreign exchange rates	Effect on loss after taxation and retained earnings HK\$	Increase / (decrease) in foreign exchange rates	Effect on loss after taxation and retained earnings HK\$
Euros	5% (5%)	(28,017) 28,017	5% (5%)	(1,477) 1,477
United States dollars	5% (5%)	46,553 (46,553)	5% (5%)	13 (13)
Renminbi	5% (5%)	(613,905) 613,905	5% (5%)	(66,395) 66,395

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' loss 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 2019.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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

(e) Fair value measurement

Financial assets measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs

	Fair value at 31 December 2020 HK\$	Fair value measurements as at 31 December 2020 categorised into		
		Level 1 HK\$	Level 2 HK\$	Level 3 HK\$
<b>Recurring fair value measurement</b>				
Other financial assets				
Unlisted equity securities	59,581	-	-	59,581
Wealth management products	1,180,383	-	1,180,383	-

	Fair value at 31 December 2019 HK\$	Fair value measurements as at 31 December 2019 categorised into		
		Level 1 HK\$	Level 2 HK\$	Level 3 HK\$
<b>Recurring fair value measurement</b>				
Other financial assets	-	-	-	-

## ANGY (CHINA) MEDICAL LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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

##### (e) Fair value measurement (continued)

##### Financial assets measured at fair value (continued)

##### Fair value hierarchy (continued)

During the years ended 31 December 2019 and 2020, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

##### **Valuation techniques and inputs used in Level 2 fair value measurements**

The fair value of financial assets in Level 2 is determined by discounting the expected future cash flows at prevailing market interest rate as at the end of the reporting period. The discount rate used is derived from the relevant China Government Benchmark Yield Curve as at the end of the reporting period plus an adequate constant credit spread.

##### **Information about Level 3 fair value measurements**

The fair value of the unlisted equity investment is determined by using the adjusted net assets value method and comparable company method with unobservable inputs of net assets value and price/book ratio respectively. The fair value measurements are positively correlated to the net assets value and the price/book ratio.

#### 25. COMMITMENTS

##### Operating lease commitments

At 31 December 2020, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2020 HK\$	2019 HK\$
Within 1 year	245,380	861,511
After 1 year but within 3 years	62,448	263,388
	<u>307,828</u>	<u>1,124,899</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**26. MATERIAL RELATED PARTY TRANSACTIONS**

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>2020</b>	<b>2019</b>
	<b>HK\$</b>	<b>HK\$</b>
Salaries, wages and other benefits	<u>879,216</u>	<u>680,000</u>

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




ANGY (CHINA) MEDICAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

27. COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	Note	2020 HK\$	2019 HK\$
<b>Non-current asset</b>			
Investments in subsidiaries	28	8,810,000	8,810,000
Interest in an associate	29	3,000,000	3,000,000
		11,810,000	11,810,000
<b>Current assets</b>			
Deposit, prepayment and other receivables		4,084,553	1,941,436
Amount due from a subsidiary	28	674,136	3,714,289
Cash and cash equivalents		1,060,693	940,433
Tax recoverable		119,051	26,616
		5,938,433	6,622,774
<b>Current liabilities</b>			
Trade and other payables		973,353	1,048,092
Amount due to a subsidiary	28	10,000	10,000
Amount due to an associate	29	3,000,000	3,000,000
		3,983,353	4,058,092
<b>Net current assets</b>		1,955,080	2,564,682
<b>NET ASSETS</b>		13,765,080	14,374,682
<b>CAPITAL AND RESERVES</b>			
Share capital	23(b)	10,000,000	10,000,000
Retained earnings		3,765,080	4,374,682
<b>TOTAL EQUITY</b>		13,765,080	14,374,682

Approved and authorised for issue by the Board of Directors on 29 April 2021

  
 .....  
 Executive Director  
 Ao Zhenming

The notes on pages 32 to 86 form part of these financial statements.

# ANGY (CHINA) MEDICAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

### 28. INVESTMENTS IN SUBSIDIARIES

	2020 HK\$	2019 HK\$
Unlisted shares, at cost	8,810,000	8,810,000
Amounts due from/(to) subsidiaries (net)	664,136	3,704,289
	<u>9,474,136</u>	<u>12,514,289</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.

Name of companies	Place of incorporation and business	Particulars of issued and paid up capital	Proportion of ownership interest held by the Company		Principal activities
			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)專用設備制 造有限公司 Yingshi (Guangzhou) Special Equipment Manufacture Company Limited	The People's Republic of China	RMB8,500,000 (2019: RMB5,500,000)	-	73.65% (2019: 59%)	Research and development of new medical device such as the medical endoscope camera and related consumable products
716 Company Limited	Hong Kong	HK\$10,000	100%	-	Investment holding

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

## ANGY (CHINA) MEDICAL LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

#### 29. INTEREST IN AN ASSOCIATE

	2020 HK\$	2019 HK\$
Unlisted shares, at cost	3,000,000	3,000,000
Amount due to an associate	(3,000,000)	(3,000,000)
	-	-

The following list contains only the particulars of material associate, all of which is unlisted corporate entities whose quoted market price is not available:

Name of associate	Form of business structure	Place of incorporation and business	Particulars of issued and paid up capital	Proportion of ownership interest			Principal activity
				Group's effective interest	Held by the Company	Held by a subsidiary	
MicroStep HK Incorporated Company Limited		Hong Kong	10,000,000 ordinary shares	70%	30%	40%	Dormant

Summarised financial information of the material associates, adjusted for any differences in accounting policies, and reconciled to the carrying amounts in the consolidated financial statements, are disclosed below:

	2020 HK\$	2019 HK\$
<b>Gross amount of the associate</b>		
Current assets	10,000,000	10,000,000
Equity	10,000,000	10,000,000

#### 30. 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 2020**

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**31. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2020**

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments and new standards and interpretations which are not yet effective for the year ended 31 December 2020 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>
Amendments to HKFRS 3, Reference to the Conceptual Framework	1 January 2022
Amendments to HKAS 16, Property, Plant and Equipment: Proceeds before Intended Use	1 January 2022
Amendments to HKAS 37, Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to HKFRSs 2018-2020 Cycle	1 January 2022
Amendments to HKAS 1, Classification of Liabilities as Current or Non-current	1 January 2023

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

**32. APPROVAL OF FINANCIAL STATEMENTS**

The financial statements were authorised for issue by the Group's Board of Directors on 29 April 2021.

## 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>2020 HK\$</b>	<b>2019 HK\$</b>	<b>2018 HK\$</b>
Revenue	102,805,227	124,860,870	111,256,568
Gross profit	16,516,066	25,653,723	22,970,733
(Loss) / profit before taxation	(8,988,375)	(1,263,702)	1,921,866
(Loss) / profit for the year	<u>(8,730,253)</u>	<u>(1,647,805)</u>	<u>1,100,154</u>
Assets and liabilities			
Total assets	37,680,698	35,062,281	43,927,418
Total liabilities	21,570,595	17,054,235	23,593,199
Capital and reserves			
Total equity	<u>16,110,103</u>	<u>18,008,046</u>	<u>20,334,219</u>

**ANGY (CHINA) MEDICAL LIMITED**

**DETAILED INCOME STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2020  
(For management information only)**

	<b>2020 HK\$</b>	<b>2019 HK\$</b>
<b>Revenue</b>		
Sales of medical instrument	3,834,396	6,715,675
Less: Cost of sales	1,894,053	2,799,897
<b>Gross profit</b>	1,940,343	3,915,778
<b>Add: Other income</b>		
Interest income	4	450
Net foreign exchange gain	4,544	-
Sundry income	-	21,600
	4,548	22,050
	1,944,891	3,937,828
<b>Less: Administrative expenses</b>		
Accounting fee	13,000	13,000
Auditors' remuneration	246,500	458,000
Bank charges	4,849	8,173
Commission	-	400,000
Consulting fee	155,000	148,300
Directors' remuneration	625,000	680,000
Entertainment	98,971	101,372
Net foreign exchange loss	-	128,758
Insurance expenses	9,786	9,786
Legal and professional fee	758,314	682,070
Motor vehicle expenses	9,920	61,880
Research and development expenses	-	623,371
Salaries and wages	600,000	600,000
Sundry expenses	33,153	23,342
	2,554,493	3,938,052
<b>Loss before tax</b>	(609,602)	(224)