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GRAND BRILLIANCE GROUP HOLDINGS LIMITED

君百延集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8372)

FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 30 JUNE 2018

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “HONG KONG STOCK EXCHANGE”)

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

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

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

FIRST QUARTERLY RESULTS

The board of the Directors (the “Board”) of the Company is pleased to announce the unaudited condensed consolidated results of the Group for the three months ended 30 June 2018, together with the unaudited comparative figures for the corresponding period in 2017, as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months ended 30 June 2018

	Notes	For the three months ended 30 June	
		2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Revenue	4	13,742	14,310
Cost of revenue		<u>(5,672)</u>	<u>(6,400)</u>
Gross profit		8,070	7,910
Other income		29	–
Other gains or losses		–	73
Distribution and selling expenses		(253)	(213)
Administrative and other operating expenses		(4,483)	(2,617)
Listing expenses		<u>–</u>	<u>(2,808)</u>
Profit before income tax	5	3,363	2,345
Income tax expense	6	<u>(626)</u>	<u>(912)</u>
Profit for the period attributable to owners of the Company		<u>2,737</u>	<u>1,433</u>
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Available-for-sale financial assets			
— Changes in fair value		<u>–</u>	<u>(30)</u>
Other comprehensive income for the period		<u>–</u>	<u>(30)</u>
Total comprehensive income attributable to owners of the Company		<u>2,737</u>	<u>1,403</u>
		<i>HK cent</i>	<i>HK cent</i>
Earnings per share attributable to owners of the Company			
Basic and diluted earnings per share	8	<u>0.34</u>	<u>0.23</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 30 June 2018

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Merger reserve <i>HK\$'000</i>	Available- for-sale financial assets revaluation reserve <i>HK\$'000</i>	Retained earnings <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2017 (audited)	1,500	–	–	225	29,507	31,232
Profit for the period	–	–	–	–	1,433	1,433
Other comprehensive income for the period						
— Fair value changes of available-for-sale financial asset	–	–	–	(30)	–	(30)
Total comprehensive income for the period	–	–	–	(30)	1,433	1,403
Dividend declared (<i>note 7</i>)	–	–	–	–	(2,840)	(2,840)
At 30 June 2017 (unaudited)	<u>1,500</u>	<u>–</u>	<u>–</u>	<u>195</u>	<u>28,100</u>	<u>29,795</u>
At 1 April 2018 (audited)	8,000	52,499	1,500	205	12,387	74,591
Adjustment on adoption of HKFRS 9	–	–	–	(205)	205	–
At 1 April 2018 (after adjustment)	8,000	52,499	1,500	–	12,592	74,591
Profit for the period and total comprehensive income for the period	–	–	–	–	2,737	2,737
At 30 June 2018 (unaudited)	<u>8,000</u>	<u>52,499</u>	<u>1,500</u>	<u>–</u>	<u>15,329</u>	<u>77,328</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 June 2018

1. GENERAL INFORMATION

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

The Company is an investment holding company and its subsidiaries are principally engaged in supplying medical devices and providing medical device solutions including market trend analysis, sourcing of medical devices, after-sale services, technical support and training services, medical devices leasing services and quality assurance.

The Company’s parent is B&A Success Limited (“B&A Success”), a company incorporated in the British Virgin Islands. In the opinion of the Directors, B&A Success is also the ultimate parent of the Company.

The condensed consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is the same as the functional currency of the Group.

Pursuant to the reorganisation of the Group (the “Reorganisation”) in connection with the Listing, the Company became the holding company of the companies comprising the Group. Details of the Reorganisation are set out in the section headed “History, Reorganisation and Corporate Structure” in the prospectus of the Company dated 19 March 2018 (the “Prospectus”).

2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations (hereinafter collectively referred to as the “HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants, the disclosure requirements of the Hong Kong Companies Ordinance and the GEM Listing Rules.

The condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 March 2018.

The condensed consolidated financial statements have been prepared under the historical cost basis, except for certain financial instruments which are measured at fair values.

The accounting policies and basis of preparation adopted in the preparation of the condensed consolidated financial statements are consistent with those of the Group as set out in the annual report of the Group for the year ended 31 March 2018, except for the adoption of the new/revised HKFRSs which are relevant to the Group's operation and are effective for the Group's financial year beginning on 1 April 2018 as described below:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers

The adoption of these new/revised HKFRSs has had no significant impact on financial results of the Group.

The condensed consolidated financial statements for the three months ended 30 June 2018 have not been audited by the Company's auditors, but have been reviewed by the audit committee of the Company (the "Audit Committee").

3. SEGMENT INFORMATION

(a) Operating segment information

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

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

(b) Geographical segment information

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

(c) Information about major customers

For the three months ended 30 June 2018, no revenue from a single customer accounted for 10% or above of the total revenue of the Group. For the three months ended 30 June 2017, revenue from two customers amounted to HK\$1,728,000 and HK\$1,611,000 respectively, which represented more than 10% of the Group's revenue.

4. REVENUE

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

	For the three months ended	
	30 June	
	2018	2017
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Sales of medical devices and products		
Medical consumables	9,884	9,854
Medical equipment	3,084	3,769
Medical instruments	285	267
Others	7	–
	13,260	13,890
Rendering of maintenance services	440	387
Rental income from leasing medical devices	42	33
	13,742	14,310

5. PROFIT BEFORE INCOME TAX

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

	For the three months ended	
	30 June	
	2018	2017
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Auditor's remuneration	–	265
Cost of inventories recognised as expense [#]		
— Carrying amount of inventories consumed	5,483	5,956
— (Reversal of allowance)/allowance for inventories	(148)	82
— Write-off of inventories	43	29
	5,378	6,067
Depreciation of property, plant and equipment*	193	157
Employee costs (including directors' emoluments)		
— Salaries, allowances and other benefits	2,594	1,431
— Contributions to defined contribution retirement plan	75	66
	2,669	1,497
Bank interest income	28	–
Exchange losses/(gains), net	50	(72)
Operating lease charges in respect of buildings	728	529
Research and development expenditure [^]	124	125

[#] Included in cost of revenue

^{*} Included in administrative and other operating expenses

[^] Included in research and development expenditure are staff costs amounted to approximately HK\$116,000 for the year (2017: HK\$104,000) which have been included in the employee costs above.

6. INCOME TAX EXPENSE

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

	For the three months ended 30 June	
	2018	2017
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax for the year		
— Hong Kong Profits Tax	503	905
Under-provision in respect of prior years	—	26
	<u>503</u>	<u>931</u>
Deferred tax	123	(19)
	<u>626</u>	<u>912</u>

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

7. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the three months ended 30 June 2018.

The dividend amounts set out in the condensed consolidated statements of changes in equity of HK\$2,840,000 for the three months ended 30 June 2017, represented the interim dividends declared by a subsidiary of the Company to their then shareholders and was fully settled.

8. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

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

	For the three months ended 30 June	
	2018	2017
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Earnings		
Profit for the period attributable to owners of the Company	<u>2,737</u>	<u>1,433</u>
	'000	'000
Number of shares		
Weighted average number of ordinary shares in issue for the purpose of calculating basic earnings per share	<u>800,000</u>	<u>632,000</u>

The weighted average number of ordinary shares used for the purposes of calculating the basic earnings per share for the three months ended 30 June 2017 of 632,000,000 represents the number of shares of the Company in issue immediately after the completion of the Capitalisation Issue (as defined in the Prospectus), as if these shares had been issued throughout the period.

Diluted earnings per share are same as the basic earnings per share as there are no dilutive potential ordinary shares in existence during the three months ended 30 June 2018 and 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

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

Recently, the Group further expanded the product portfolio with airways management medical device for a wide range of application including general anesthesia, emergency use, resuscitation and elective inpatient and outpatient surgical procedure, through entering into a new distribution agreement with an existing supplier.

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

FINANCIAL REVIEW

Revenue

The Group's revenue decreased by approximately 4.0%, from approximately HK\$14.3 million for the three months ended 30 June 2017 to approximately HK\$13.7 million for the three months ended 30 June 2018. The decrease was primarily attributable to the decrease in revenue generated from medical equipment, resulting from the decrease in sales of electric beds.

Gross profit and gross profit margin

The Group recorded gross profit of approximately HK\$8.1 million for the three months ended 30 June 2018, representing an increase by approximately HK\$0.2 million or 2.0%, as compared to approximately HK\$7.9 million for the three months ended 30 June 2017. Gross profit margin increased from approximately 55.3% for the three months ended 30 June 2017 to 58.7% for the three months ended 30 June 2018. The increase in gross profit and gross profit margin was mainly because the Group sold a higher proportion of electric beds which had a comparatively lower gross profit margin for the three months ended 30 June 2017 and the Group sold a higher proportion of spare parts of medical equipment, which had a comparatively higher gross profit margin for the three months ended 30 June 2018.

Administrative and other operating expenses

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

Administrative and other operating expenses for the three months ended 30 June 2018 amounted to approximately HK\$4.5 million, representing an increase by approximately HK\$1.9 million or 71.3%, as compared to approximately HK\$2.6 million for the three months ended 30 June 2017.

The increase was primarily attributable to the increase in the (i) staff costs, including Directors' remuneration, by approximately HK\$1.2 million; (ii) legal and professional fee by approximately HK\$0.3 million; (iii) rental expenses by approximately HK\$0.2 million; (iv) travelling and entertainment expenses by approximately HK\$0.1 million; and (v) other miscellaneous expenses by approximately HK\$0.1 million.

Listing expenses

For the three months ended 30 June 2018, no non-recurring listing expenses were incurred. The Group recognised such expenses of approximately HK\$2.8 million in connection with the Listing for the three months ended 30 June 2017.

Income tax expenses

Income tax expenses for the three months ended 30 June 2018 amounted to approximately HK\$0.6 million (2017: HK\$0.9 million). During the three months ended 30 June 2017, the Group incurred one-off listing expenses which were not deductible for taxation purpose.

Profit for the period

During the three months ended 30 June 2018, the Group recorded a profit of approximately HK\$2.7 million, as compared to the profit of approximately HK\$1.4 million for the three months ended 30 June 2017. Excluding the non-recurring listing expenses, profit for the three months ended 30 June 2017 would have been amounted to approximately HK\$4.2 million. The Group's profit (excluding non-recurring listing expenses) decreased by approximately 35.5%, from approximately HK\$4.2 million for the three months ended 30 June 2017 to approximately HK\$2.7 million for the three months ended 30 June 2018, mainly as a result of the increase in administrative and other operating expenses.

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

As at 30 June 2018, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which shall have to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which shall be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which shall be required to notify the Company and the Hong Kong Stock Exchange pursuant to Rule 5.46 to Rule 5.67 of the GEM Listing Rules, were as follows:

Long position in the Shares and shares in associated corporation

Name of Director/ chief executive	Name of Group member/ associated corporation	Nature of interest	Total number of shares/ shares in associated corporation	Approximate percentage of shareholding
Ms. Wong Bik Kwan Bikie ("Ms. Wong")	The Company	Interest in a controlled corporation	557,424,000 (Note 1)	69.68%
	B&A Success	Beneficial interest	100	100%
Dr. Miu Yin Shun Andrew ("Dr. Miu")	The Company	Interest of spouse	557,424,000 (Note 2)	69.98%
	B&A Success	Interest of spouse	100 (Note 2)	100%
Mr. Chiu Man Wai ("Mr. Chiu")	The Company	Interest in a controlled corporation	40,448,000 (Note 3)	5.06%

Notes:

- The Shares are registered in the name of B&A Success, the entire issued share capital of which is legally and beneficially owned by Ms. Wong. Under the SFO, Ms. Wong is deemed to be interested in the same number of Shares held by B&A Success.
- Dr. Miu is the spouse of Ms. Wong. Under the SFO, Dr. Miu is deemed to be interested in the same number of Shares and shares of B&A Success deemed to be held by Ms. Wong.
- The Shares are registered in the name of Infinite Crystal Limited ("Infinite Crystal"), approximately 61.11% of the issued share capital of which is legally and beneficially owned by Mr. Chiu. Under the SFO, Mr. Chiu is deemed to be interested in the same number of Shares held by Infinite Crystal.

Save as disclosed above, as at 30 June 2018, none of the Directors and chief executive of the Company had any interests or short positions in any shares, underlying shares and debenture of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

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

As at 30 June 2018, so far as the Directors are aware, other than the Directors or chief executive of the Company whose interests are disclosed under the paragraph headed "Directors' and chief executive's interest and short positions in shares, underlying shares or debentures of the Company or any associated corporation" above, the following persons had an interest or short position in the shares or underlying shares of the Company which shall be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, were interested in 5.0% or more of the issued voting shares of any member of the Group:

Long position in the Shares

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

* The English name is for identification purpose only.

Notes:

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

Saved as disclosed above and so far as is known to the Directors, the Directors were not aware of any other persons other than the Directors or chief executive of the Company who held an interest or short positions in the shares and underlying shares of the Company as at 30 June 2018 which required to be recorded pursuant to section 336 of the SFO.

SHARE OPTION SCHEME

The Company has adopted a share option scheme (the “Share Option Scheme”) on 1 March 2018. Details of the Share Option Scheme are set out in Appendix IV of the Prospectus.

For the three months ended 30 June 2018, no share option was granted, exercised, expired or lapsed and there was no outstanding share option under the Share Option Scheme as at 30 June 2018.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities during the three months ended 30 June 2018.

DIRECTORS’ SECURITIES TRADING TRANSACTIONS

The Group has adopted a code of conduct set out in the “required standard of dealings” in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, all Directors have confirmed that they have been complying with the required standard of dealings and the related code of conduct regarding director’s securities transactions during the three months ended 30 June 2018.

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

DIRECTORS' INTEREST IN COMPETING BUSINESS

None of the Directors and directors of the Company's subsidiaries, or any of their respective associates, as defined in the GEM Listing Rules, had interest in any business that competes or may compete, either directly or indirectly, with the businesses of the Group or has any other conflict of interests with the Group (other than being a director of the Company and/or its subsidiaries and their respective associates) during the three months ended 30 June 2018.

DEED OF NON-COMPETITION

Ms. Wong Bik Kwan Bikie and B&A Success (collectively the "Controlling Shareholders") have confirmed to the Company of their compliance with the non-competition undertakings provided to the Company under a deed of non-competition dated 1 March 2018. The independent non-executive Directors have reviewed the status of compliance and confirmed that all the undertakings under the deed of non-competition have been complied with by the Controlling Shareholders during the three months ended 30 June 2018.

CORPORATE GOVERNANCE PRACTICE

The Group has adopted the codes provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 15 to the GEM Listing Rules. During the three months ended 30 June 2018, the Group has complied with all the code provisions of the CG Code, except for the deviation stipulated below.

Chairman and Chief Executive Officer

According to the code provision A.2.1 of the CG Code, the roles of the chairman and chief executive should be separate and should not be performed by the same individual.

For the three months ended 30 June 2018, the roles of chairman of the Board were performed by the CEO, Ms. Wong Bik Kwan Bikie. As the chairman of the Board, Ms. Wong is responsible for the formulating, planning and directing the Group's overall strategy. Ms. Wong works with other executive Director in executing the business development plan, operation and day-to-day management of the Group and seeks for Board approval for any significant decisions and transactions.

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

INTERESTS OF THE COMPLIANCE ADVISER

As notified by the compliance adviser of the Company, Guotai Junan Capital Limited, save for the compliance adviser agreement dated 19 September 2017 entered into between the Company and Guotai Junan Capital Limited, none of Guotai Junan Capital Limited, its directors, employees and close associates had any interest in the securities of the Group which is required to be notified to the Group pursuant to Rule 6A.32 of the GEM Listing Rules as at 30 June 2018.

AUDIT COMMITTEE

The Company established the Audit Committee on 1 March 2018 with written terms of reference in compliance with the GEM Listing Rules which are available on the websites of the GEM and the Company. The Audit Committee currently consists of two independent non-executive Directors, namely Mr. Wong Lung Wo James and Mr. Chan Ping Keung, and one non-executive Director, namely Dr. Miu Yin Shun Andrew. Mr. Wong Lung Wo James has the appropriate accounting and financial related management expertise and serves as the chairman of the Audit Committee.

The Audit Committee of the Company has reviewed the unaudited condensed consolidated financial statements of the Group for the three months ended 30 June 2018, and is of the opinion that such statements complied with the applicable accounting standards, the requirements under the GEM Listing Rules, and that adequate disclosures have been made.

By order of the Board
Grand Brilliance Group Holdings Limited
Wong Bik Kwan Bikie
Chairman and Chief Executive Officer

Hong Kong, 7 August 2018

As at the date of this announcement, the executive Directors are Ms. Wong Bik Kwan Bikie and Mr. Chan Chun Sing; the non-executive Directors are Dr. Miu Yin Shun Andrew and Mr. Chiu Man Wai; and the independent non-executive Directors are Mr. Ng Leung Sing SBS, JP, Mr. Wong Lung Wo James and Mr. Chan Ping Keung.

This announcement will remain on the ‘‘Latest Company Announcements’’ page of the GEM website (www.hkgem.com) for at least seven days from the date of its publication and the website of the Company (www.grandbrilliancegroup.com).