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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 2019

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.

FINANCIAL HIGHLIGHTS

- The Group's revenue increased by approximately 5.3%, from approximately HK\$13.7 million for the three months ended 30 June 2018 to approximately HK\$14.5 million for the three months ended 30 June 2019.
- The Group recorded gross profit of approximately HK\$7.7 million for the three months ended 30 June 2019, representing a decrease by approximately HK\$0.4 million or 4.3%, as compared to approximately HK\$8.1 million for the three months ended 30 June 2018.
- The Group recorded a profit of approximately HK\$1.7 million for the three months ended 30 June 2019, as compared to the profit of approximately HK\$2.7 million for the three months ended 30 June 2018. The decrease was primarily attributable to the non-cash equity-settled share-based payment expenses of approximately HK\$0.9 million, in relation to the share options granted on 18 April 2019.
- The Board does not recommend the payment of a dividend for the three months ended 30 June 2019 (three months ended 30 June 2018: Nil).

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 2019, together with the comparative figures for the corresponding period in 2018, as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months ended 30 June 2019

	<i>Notes</i>	For the three months ended 30 June	
		2019	2018
		<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)
Revenue	4	14,471	13,742
Cost of revenue		(6,752)	(5,672)
Gross profit		7,719	8,070
Other income		228	29
Other gains or losses		19	–
Distribution and selling expenses		(258)	(253)
Administrative and other operating expenses		(5,499)	(4,483)
Finance costs	5	(49)	–
Profit before income tax	6	2,160	3,363
Income tax expense	7	(429)	(626)
Profit and total comprehensive income for the period attributable to owners of the Company		1,731	2,737
		<i>HK cent</i>	<i>HK cent</i>
Earnings per share attributable to owners of the Company			
Basic and diluted earnings per share	9	0.22	0.34

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 30 June 2019

	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>	Share option reserve <i>HK\$'000</i>	Retained earnings <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2018 (audited)	8,000	52,499	1,500	205	–	12,387	74,591
Initial application of Hong Kong Financial Reporting Standards (“HKFRS”) 9	–	–	–	(205)	–	118	(87)
Restated balance at 1 April 2018	8,000	52,499	1,500	–	–	12,505	74,504
Profit and total comprehensive income for the 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>–</u>	<u>15,242</u>	<u>77,241</u>
At 1 April 2019 (audited)	8,000	52,499	1,500	–	–	19,113	81,112
Profit and total comprehensive income for the period	–	–	–	–	–	1,731	1,731
Recognition of equity-settled share-based payment	–	–	–	–	908	–	908
At 30 June 2019 (unaudited)	<u>8,000</u>	<u>52,499</u>	<u>1,500</u>	<u>–</u>	<u>908</u>	<u>20,844</u>	<u>83,751</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 June 2019

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.

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 2019.

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

(a) Adoption of new/revised HKFRSs

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 2019, 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 2019 as described below:

HKFRS 16	Leases
HK (IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKAS 19	Plan Amendments, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKFRSs	Annual Improvement to HKFRSs 2015–2017 Cycle

Except as described below, the application of the other new/revised HKFRSs in the current period has had no material effect on the amounts reported in the condensed consolidated financial statements and/or disclosures set out in the condensed consolidated financial statements.

HKFRS 16 — Leases

The Group has applied HKFRS 16 for the first time in the current period. HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees which superseded HKAS 17 “Leases” and the related interpretations.

Under HKFRS 16, distinctions of operating leases and finance leases are removed for lessee accounting and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low-value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modification, amongst others.

Other than certain requirements which are also applicable to lessor, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17 and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as lease applying HKAS 17 and HK(IFRIC)-Int 4 “Determining whether an Arrangement contains a Lease” and not apply this standard to contracts that were not previously identified as containing a lease applying HKAS 17 and HK(IFRIC)-Int 4. Therefore, the Group will not reassess whether the contracts are, or contain a lease which already existed prior to the date of initial application, i.e. 1 April 2019. Furthermore, the Group has opted the modified retrospective approach for the application of HKFRS 16 as lessee and will recognise the cumulative effect of initial application to opening retained earnings without restating comparative information.

Based on the allowed practical expedients under HKFRS 16, the Group has elected not to apply the requirements of HKFRS 16 in respect of recognition of lease liability and right-of-use assets to short-term leases and leases of low-value assets.

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

A number of new/revised HKFRSs have not come into effect for the financial year beginning 1 April 2019, and have not been early adopted by the Group in the preparation of the condensed consolidated financial statements. None of these are expected to have a significant effect on the condensed consolidated financial statements of the Group based on the preliminary assessment made by management.

The condensed consolidated financial statements for the three months ended 30 June 2019 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) Disaggregation of revenue from contracts with customers

	For the three months ended 30 June	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Timing of revenue recognition		
Over time	361	440
At a point in time	14,070	13,260
	14,431	13,700

(d) Information about major customers

For the three months ended 30 June 2019 and 2018, no revenue from a single customer accounted for 10% or above of the total revenue of the Group.

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	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Revenue from contracts with customer within the scope of HKFRS 15:		
Sales of medical devices and products		
Medical consumables	10,530	9,884
Medical equipment	3,301	3,084
Medical instruments	239	285
Others	–	7
	14,070	13,260
Rendering of maintenance services	361	440
	14,431	13,700
Revenue from other source:		
Rental income from leasing medical devices	40	42
	14,471	13,742

5. FINANCE COSTS

	For the three months ended 30 June	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest expenses on lease liabilities	49	–
	49	–

6. PROFIT BEFORE INCOME TAX

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

	For the three months ended 30 June	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Reversal of loss allowance for trade receivables	(19)	–
Cost of inventories recognised as expense [#]		
— Carrying amount of inventories consumed	6,267	5,483
— Allowance/(reversal of allowance) for inventories	52	(148)
— Write-off of inventories	–	43
	<u>6,319</u>	<u>5,378</u>
Depreciation of property, plant and equipment	234	193
Depreciation of right-of-use assets	681	–
Employee costs (including directors' emoluments)		
— Salaries, allowances and other benefits	2,111	2,594
— Equity-settled share-based payment expenses	908	–
— Contributions to defined contribution retirement plan	88	75
	<u>3,107</u>	<u>2,669</u>
Bank interest income	(214)	(28)
Exchange difference, net	160	50
Operating lease charges in respect of properties	66	728
Research and development expenditure [^]	144	124
	<u>144</u>	<u>124</u>

[#] Included in cost of revenue

[^] Included in research and development expenditure are staff costs amounted to approximately HK\$132,000 for the three months ended 30 June 2019 (three months ended 30 June 2018: HK\$116,000) which have been included in the employee costs above.

7. 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	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Current tax for the year		
— Hong Kong Profits Tax	419	503
Deferred tax	10	123
	<u>429</u>	<u>626</u>

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

Two-tiered profits tax rate applies to years of assessment commencing on or after 1 April 2018. Under the regime, the first HK\$2 million of the estimated assessable profits of qualifying corporation will be taxed at 8.25%, and the estimated assessable profits above HK\$2 million will be taxed at 16.5%. The two-tiered profits tax rates regime was applicable to the Group for the three months period ended 30 June 2019.

For the three months period ended 30 June 2018, Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profits.

8. DIVIDENDS

The Board does not recommend the payment of a dividend for the three months ended 30 June 2019 (three months ended 30 June 2018: Nil).

9. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

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

	For the three months ended 30 June	
	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Earnings		
Profit for the period attributable to owners of the Company	<u>1,731</u>	<u>2,737</u>
	<i>'000</i>	<i>'000</i>
Number of shares		
Weighted average number of ordinary shares in issue for the purpose of calculating basic and diluted earnings per share	<u>800,000</u>	<u>800,000</u>

The calculation of basic earnings per share is based on the profit for the period attributable to owners of the Company of approximately HK\$1,731,000 (three months ended 30 June 2018: approximately HK\$2,737,000) and on the weighted average number of 800,000,000 (three months ended 30 June 2018: 800,000,000) ordinary shares in issue during the period.

Diluted earnings per share are the same as the basic earnings per share, as the Group’s share options would result in an anti-dilutive effect on earnings per share for the three months ended 30 June 2019 and there was no dilutive potential ordinary shares in existence during the three months ended 30 June 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group continues to be an established medical device distributor with over 20 years of experience in the medical device market in Hong Kong. As an integral part of the distribution business, the Group also provides 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. The Group's customers mainly comprise all private hospitals in Hong Kong, substantially all of the public hospitals in Hong Kong, and some of the private clinics, government department, non-profit organisations, universities and individual end-users in Hong Kong.

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

Looking forward, the Group will continue to expand the market of (i) respiratory products for oxygen and aerosol therapy together with active humidification for both invasive and non-invasive ventilation; (ii) urology products; and (iii) hemostatic dressing for efficient control of severe bleeding such as surgical wounds and traumatic injuries.

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

FINANCIAL REVIEW

Revenue

The Group's revenue increased by approximately 5.3%, from approximately HK\$13.7 million for the three months ended 30 June 2018 to approximately HK\$14.5 million for the three months ended 30 June 2019. The increase was primarily attributable to the increase in revenue generated from medical consumables and medical equipment, resulting from the increase in sales of respiratory products and electric beds.

Gross profit and gross profit margin

The Group recorded gross profit of approximately HK\$7.7 million for the three months ended 30 June 2019, representing a decrease by approximately HK\$0.4 million or 4.3%, as compared to approximately HK\$8.1 million for the three months ended 30 June 2018. Gross profit margin decreased from approximately 58.7% for the three months ended 30 June 2018 to approximately 53.3% for the three months ended 30 June 2019. The decrease in gross profit margin was mainly because during the three months ended 30 June 2019, the Group sold a higher proportion of respiratory products and electric beds which had a comparatively lower gross profit margin and sold a lower proportion of ligation clips and spare parts of medical equipment which had a comparatively higher gross profit margin.

Administrative and other operating expenses

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

Administrative and other operating expenses for the three months ended 30 June 2019 amounted to approximately HK\$5.5 million, representing an increase by approximately HK\$1.0 million or 22.7%, as compared to approximately HK\$4.5 million for the three months ended 30 June 2018. The increase was mainly attributable to the non-cash equity-settled share-based payment expenses in relation to the share options granted on 18 April 2019 under the share option scheme (the "Share Option Scheme") adopted by the Company on 1 March 2018, which amounted to approximately HK\$0.9 million for the three months ended 30 June 2019.

Income tax expenses

Income tax expenses for the three months ended 30 June 2019 amounted to approximately HK\$0.4 million (three months ended 30 June 2018: approximately HK\$0.6 million).

Profit for the period

During the three months ended 30 June 2019, the Group recorded a profit of approximately HK\$1.7 million, as compared to the profit of approximately HK\$2.7 million for the three months ended 30 June 2018. The Group's profit decreased by approximately HK\$1.0 million or 36.8%, mainly as a result of the non-cash equity-settled share-based payment expenses of approximately HK\$0.9 million incurred for the three months ended 30 June 2019.

Dividends

The Board does not recommend the payment of a dividend for the three months ended 30 June 2019 (three months ended 30 June 2018: Nil).

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

Long position in the shares and shares in the Company and associated corporations

Name of Director/ chief executive	Name of Group member/associated corporation	Nature of Interest	Number of shares	Number of underlying shares	Aggregate Interest	Approximate percentage of shareholding
Ms. Wong Bik Kwan Bikie ("Ms. Wong") (Note 1)	The Company	Interest in a controlled corporation	557,424,000	-		
		Beneficial owner	-	12,000,000		
			557,424,000	12,000,000	569,424,000	71.18%
	B&A Success	Beneficial owner	100 shares of US\$1.00 each	-	-	100%
Dr. Miu Yin Shun Andrew ("Dr. Miu") (Note 2)	The Company	Interest of spouse	557,424,000	12,000,000	569,424,000	71.18%
Mr. Chan Chun Sing ("Mr. C.S. Chan") (Note 3)	The Company	Beneficial owner	-	10,000,000	10,000,000	1.25%
Mr. Chiu Man Wai ("Mr. Chiu") (Note 4)	The Company	Interest in a controlled corporation	24,718,223	-	24,718,223	3.09%
	Infinite Crystal Limited	Beneficial owner	900 shares of US\$1.00 each	-	-	100%

Notes:

1. The shares are registered in the name of B&A Success, the entire issued share capital of which is legally and beneficially owned by Ms. Wong. Under the SFO, Ms. Wong is deemed to be interested in the same number of shares held by B&A Success.
2. Dr. Miu is the spouse of Ms. Wong. Under the SFO, Dr. Miu is deemed to be interested in the same number of shares deemed to be held by Ms. Wong.
3. The share options were granted by the Company under the Company's Share Option Scheme, details of which are set out in the section headed "Share Option Scheme" below of this announcement.
4. The shares are registered in the name of Infinite Crystal Limited, the entire issued share capital of which is legally and beneficially owned by Mr. Chiu. Under the SFO, Mr. Chiu is deemed to be interested in the same number of shares held by Infinite Crystal Limited.

Save as disclosed above, as at 30 June 2019, none of the Directors and chief executive of the Company had any interests or short positions in any shares, underlying shares and debenture of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required to be notified to the Company and the Hong Kong Stock Exchange, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

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

As at 30 June 2019, so far as the Directors are aware, other than the Directors or chief executive of the Company whose interests are disclosed under the paragraph headed "Directors' and chief executive's interest and short positions in shares, underlying shares or debentures of the Company or any associated corporation" above, the following persons had an interest or short position in the shares or underlying shares of the Company which shall be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, were interested in 5.0% or more of the issued voting shares of any member of the Group:

Long position in the shares

Name of shareholders	Nature of interest	Total number of shares	Approximate percentage of shareholding
B&A Success	Beneficial owner	557,424,000	69.68%

Saved as disclosed above and so far as is known to the Directors, the Directors were not aware of any other persons other than the Directors or chief executive of the Company who held an interest or short positions in the shares and underlying shares of the Company as at 30 June 2019 which required to be recorded pursuant to section 336 of the SFO.

SHARE OPTION SCHEME

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

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

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

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

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

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

On 18 April 2019, the Group offered to grant 39,500,000 share options (the “Share Options”) to certain eligible participants. A total of 39,000,000 Share Options were accepted and outstanding. Details of such Share Options and their movements during the period ended 30 June 2019 are as follows:

	Date of Grant	Exercise price per Share HK\$	Number of Shares issuable under the options					as at 30/06/2019	Exercise period
			as at 01/04/2019	granted during the period	exercised during the period	forfeited during the period	cancelled during the period		
Directors									
Ms. Wong	18/04/2019	0.12	-	12,000,000	-	-	-	12,000,000	<i>Note</i>
Mr. C.S. Chan	18/04/2019	0.12	-	10,000,000	-	-	-	10,000,000	<i>Note</i>
Employees of the Group									
In aggregate	18/04/2019	0.12	-	17,500,000	-	500,000	-	17,000,000	<i>Note</i>
				<u>39,500,000</u>	<u>-</u>	<u>500,000</u>	<u>-</u>	<u>39,000,000</u>	

Note:

- (i) up to 40% of the Share Options are exercisable on or after 18 April 2019;
- (ii) up to 70% of the Share Options are exercisable on or after 18 April 2020;
- (iii) all the remaining Share Options are exercisable on or after 18 April 2021;

and in each case, not later than 17 April 2024. No Share Options can be exercised until the relevant Share Options have been unconditionally vested.

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 2019.

DIRECTORS’ SECURITIES TRADING TRANSACTIONS

The Group has adopted a code of conduct set out in the “required standard of dealings” in Rules 5.48 to 5.67 of the GEM Listing Rules. 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 directors’ securities transactions during the three months ended 30 June 2019.

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 2019.

DEED OF NON-COMPETITION

Ms. Wong 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 2019.

CORPORATE GOVERNANCE PRACTICE

The Group has adopted the code 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 2019, 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 2019, the roles of chairman of the Board were performed by the chief executive officer, Ms. Wong. 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 2019.

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 2019, 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, 9 August 2019

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).