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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)

THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 31 DECEMBER 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.

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This announcement, for which the directors (the “Directors”) of Grand Brilliance Group Holdings Limited (the “Company”, together with its subsidiaries, the “Group” or “We”) 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.

THIRD 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 nine months ended 31 December 2019, together with the comparative figures for the corresponding period in 2018, as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and nine months ended 31 December 2019

	Notes	Three months ended 31 December		Nine months ended 31 December	
		2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Revenue	4	17,248	14,153	49,249	42,157
Cost of revenue		<u>(8,423)</u>	<u>(7,247)</u>	<u>(23,538)</u>	<u>(19,227)</u>
Gross profit		8,825	6,906	25,711	22,930
Other income		205	124	735	488
Other gains or losses		(8)	–	11	–
Distribution and selling expenses		(209)	(253)	(738)	(726)
Administrative and other operating expenses		<u>(4,709)</u>	<u>(5,744)</u>	<u>(15,754)</u>	<u>(15,045)</u>
Finance costs	5	<u>(45)</u>	<u>–</u>	<u>(149)</u>	<u>–</u>
Profit before income tax	6	4,059	1,033	9,816	7,647
Income tax expense	7	<u>(728)</u>	<u>(317)</u>	<u>(1,902)</u>	<u>(1,538)</u>
Profit and total comprehensive income for the period attributable to owners of the Company		<u>3,331</u>	<u>716</u>	<u>7,914</u>	<u>6,109</u>
Earnings per share attributable to owners of the Company		HK cent	HK cent	HK cent	HK cent
Basic and diluted earning per share	8	<u>0.42</u>	<u>0.09</u>	<u>0.99</u>	<u>0.76</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 December 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	–	–	–	–	–	6,109	6,109
At 31 December 2018 (unaudited)	<u>8,000</u>	<u>52,499</u>	<u>1,500</u>	<u>–</u>	<u>–</u>	<u>18,614</u>	<u>80,613</u>
At 1 April 2019 (audited)	8,000	52,499	1,500	–	–	19,113	81,112
Profit and total comprehensive income for the period	–	–	–	–	–	7,914	7,914
Recognition of equity-settled share-based payment	–	–	–	–	702	–	702
Dividend declared (<i>Note 9</i>)	–	–	–	–	–	(3,500)	(3,500)
At 31 December 2019 (unaudited)	<u>8,000</u>	<u>52,499</u>	<u>1,500</u>	<u>–</u>	<u>702</u>	<u>23,527</u>	<u>86,228</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 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 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

As described in note 2 of the Group’s interim report for the six months ended 30 September 2019, the application of the 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.

(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 nine months ended 31 December 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

	Three months ended		Nine months ended	
	31 December		31 December	
	2019	2018	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Timing of revenue recognition				
Over time	764	522	1,923	1,572
At a point in time	16,484	13,631	47,326	40,585
	<u>17,248</u>	<u>14,153</u>	<u>49,249</u>	<u>42,157</u>

(d) Information about major customers

For the nine months ended 31 December 2019, no revenue from a single customer accounted for 10% or above of the total revenue of the Group. For the nine months ended 31 December 2018, revenue from one customer amounted to approximately HK\$4,487,000, which represented more than 10% of the Group's revenue.

4. REVENUE

Revenue derived from the principal activities comprises the following:

	Three months ended 31 December		Nine months ended 31 December	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Revenue from Contracts with customer with the scope of HKFRS 15:				
Sales of medical devices and products				
Medical consumables	12,183	8,550	35,374	27,881
Medical equipment	3,832	4,540	10,838	11,460
Medical instruments	460	538	1,105	1,234
Others	9	3	9	10
	16,484	13,631	47,326	40,585
Rendering of maintenance services	718	482	1,798	1,451
	17,202	14,113	49,124	42,036
Revenue from other source:				
Rental income from leasing medical devices	46	40	125	121
	17,248	14,153	49,249	42,157

5. FINANCE COSTS

	Three months ended 31 December		Nine months ended 31 December	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Interest expenses on lease liabilities	45	–	149	–
	45	–	149	–

6. PROFIT BEFORE INCOME TAX

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

	Three months ended 31 December		Nine months ended 31 December	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Reversal of loss allowance for trade receivables	8	–	(11)	–
Cost of inventories recognised as expense [#]				
— Carrying amount of inventories consumed	7,395	6,560	21,466	17,780
— Allowance for inventories	634	166	763	277
— Write-off of inventories	157	125	263	172
	<u>8,186</u>	<u>6,851</u>	<u>22,492</u>	<u>18,229</u>
Depreciation of property, plant and equipment	238	245	709	688
Depreciation of right-of-use assets	464	–	1,783	–
Employee costs (including directors' emoluments)				
— Salaries, allowances and other benefits	3,101	2,855	9,332	7,998
— Equity-settled share-based payment expenses	(254)	–	702	–
— Contributions to defined contribution retirement plan	104	90	296	241
	<u>2,951</u>	<u>2,945</u>	<u>10,330</u>	<u>8,239</u>
Bank interest income	(205)	(124)	(693)	(367)
Exchange loss/(gains), net	(37)	161	146	244
Operating lease charges in respect of buildings	528	722	854	2,190
Research and development expenditure [^]	153	140	458	378

[#] Included in cost of revenue

[^] Included in research and development expenditure are staff costs amounted to approximately HK\$432,000 for the nine months ended 31 December 2019 (nine months ended 31 December 2018: approximately HK\$360,000) 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:

	Three months ended 31 December		Nine months ended 31 December	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Current tax for the period				
— Hong Kong Profits Tax	766	356	1,963	1,463
Over-provision in respect of prior years	—	—	—	(14)
	766	356	1,963	1,449
Deferred tax	(38)	(39)	(61)	89
	728	317	1,902	1,538

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 nine months period ended 31 December 2019.

For the nine months period ended 31 December 2018, Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profits.

8. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

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

	Three months ended 31 December		Nine months ended 31 December	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Earnings				
Profit for the period attributable to owners of the Company	<u>3,331</u>	<u>716</u>	<u>7,914</u>	<u>6,109</u>
	'000	'000	'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>800,000</u>	<u>800,000</u>	<u>800,000</u>

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 nine months ended 31 December 2019. There was no dilutive potential ordinary shares in existence during the nine months ended 31 December 2018.

9. DIVIDENDS

The Board resolved not to declare the payment of an interim dividend for the nine months ended 31 December 2019 (nine months ended 31 December 2018: Nil).

	Three months ended 31 December		Nine months ended 31 December	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Interim dividend for the year ended 31 March 2019 of HK cent 0.4375 per share (2018: Nil)	<u>–</u>	<u>–</u>	<u>3,500</u>	<u>–</u>

Note:

The Board of the Company announced on 20 September 2019 that the Board has resolved that instead of paying the proposed final dividend of HK\$0.1250 cents per Share of the Company and a special dividend of HK\$0.3125 cents per Share for the year ended 31 March 2019 as disclosed in the result announcement on 21 June 2019, the Company would pay an interim dividend of HK\$0.4375 cents per Share for the year ended 31 March 2019. The total amount of the dividend per Share to be received by shareholders of the Company will remain unchanged, despite the reclassification of the dividend described above. Such reclassification is called for due to an unintentional oversight in that the resolution approving the final and special dividend was not put to the vote at the annual general meeting held on 18 September 2019. The interim dividend of HK\$0.4375 cents per Share was paid on Monday, 21 October 2019 to the Shareholders whose names appear on the register of members of the Company on Monday, 30 September 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

We are an established medical device distributor and one-stop medical device solutions provider with over 20 years of experience in the medical device market in Hong Kong.

For the nine months ended 31 December 2019, the Group continued to implement our business strategy to solidify our position as a major medical device distributor in Hong Kong. We have recruited talented personnel in various business units in order to support and sustain the growth of our business and expand our business, including product representatives and marketing staff to extend our customers coverage and meet our customers' need and capture the business opportunities. The Group achieved its business growth through diversifying the product portfolio.

We are in the process in supplying the first pharmacy automation system in Hong Kong. Being the pioneer to introduce this kind of automation system in Hong Kong, we are responsible for the supply, installation and maintenance of this system. The successful experience of this new system will certainly help to solve the shortage in medical healthcare manpower and give strong confidence to other potential customers in Hong Kong.

During the period under review, Hong Kong's economy was significantly affected by the social atmosphere. As a result of the continuous social incidents in Hong Kong, together with the effect of depreciation of Renminbi, the number of visitor arrivals from Mainland China to Hong Kong had greatly reduced. The above may raise challenges on our customers' business. The Group will further expand the product portfolio and enhance the customer services to enhance our one-stop medical device solutions services.

We continue to be optimistic on the outlook of the medical and healthcare industry, attributable to the increase of aging population and rising healthcare awareness of the public in Hong Kong together with our automation solution to eliminate the medical manpower shortage crisis in Hong Kong.

FINANCIAL REVIEW

Revenue

The Group's revenue increased by approximately 16.8%, from approximately HK\$42.2 million for the nine months ended 31 December 2018 to approximately HK\$49.3 million for the nine months ended 31 December 2019. The increase was primarily attributable to the increase in revenue generated from medical consumables, resulting from the increase in sales of respiratory products and feeding products.

Gross profit and gross profit margin

The Group recorded gross profit of approximately HK\$25.7 million for the nine months ended 31 December 2019, representing an increase by approximately HK\$2.8 million or 12.1%, as compared to approximately HK\$22.9 million for the nine months ended 31 December 2018. Gross profit margin decreased from approximately 54.4% for the nine months ended 31 December 2018 to approximately 52.2% for the nine months ended 31 December 2019. The decrease in gross profit margin was mainly because a higher proportion of respiratory products and feeding products were sold, which had a comparatively lower gross profit margin.

Administrative and other operating expenses

Administrative and other operating expenses for the nine months ended 31 December 2019 amounted to approximately HK\$15.8 million, representing an increase by approximately HK\$0.8 million or 4.7%, as compared to approximately HK\$15.0 million for the nine months ended 31 December 2018. The increase was primarily attributable to the increase in the staff costs, including Directors' remuneration. The increase in staff cost 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\$0.7 million and increase of workforce of the Group for the nine months ended 31 December 2019.

Profit for the period

The Group's profit increased by approximately HK\$1.8 million from approximately HK\$6.1 million for the nine months ended 31 December 2018 to approximately HK\$7.9 million for the nine months ended 31 December 2019. The increase was primarily attribute to the increase in gross profit netting off against the increase in administrative and other operating expenses explained above.

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

As at 31 December 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	–	7,980,000		
			557,424,000	7,980,000	565,404,000	70.68%
	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	7,980,000	565,404,000	70.68%
Mr. Chiu Man Wai ("Mr. Chiu") (Note 3)	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:

- 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 deemed to be held by Ms. Wong.
- The shares are registered in the name of Infinite Crystal Limited, the entire issued share capital of which is legally and beneficially owned by Mr. Chiu. Under the SFO, Mr. Chiu is deemed to be interested in the same number of shares held by Infinite Crystal Limited.

Save as disclosed above, as at 31 December 2019, none of the Directors and chief executive of the Company had any interests or short positions in any shares, underlying shares and debenture of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required to be notified to the Company and the Hong Kong Stock Exchange, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

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

As at 31 December 2019, so far as the Directors are aware, other than the Directors or chief executive of the Company whose interests are disclosed under the paragraph headed "Directors' and chief executive's interest and short positions in shares, underlying shares or debentures of the Company or any associated corporation" above, the following persons had an interest or short position in the shares or underlying shares of the Company which shall be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, were interested in 5.0% or more of the issued voting shares of any member of the Group:

Long position in the shares

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

Saved as disclosed above and so far as is known to the Directors, the Directors were not aware of any other persons other than the Directors or chief executive of the Company who held an interest or short positions in the shares and underlying shares of the Company as at 31 December 2019 which required to be recorded pursuant to section 336 of the SFO.

SHARE OPTION SCHEME

The Company has adopted a share option scheme (“Share Option Scheme”) on 1 March 2018 to enable the Company to grant options to selected participants as incentives or rewards for their contribution to the Group and continuing efforts to promote the interest of the Group. The terms of the Share Option Scheme are in accordance with Chapter 23 of the GEM Listing Rules.

Details of Share Options and their movements during the period ended 31 December 2019 are as follows:

	Date of Grant	Exercise price per Share HK\$	as at 01/04/2019	granted during the period	exercised during the period	Number of Shares issuable under the options				as at 31/12/2019	Exercise period
						forfeited during the period	cancelled during the period	reclassified during the period	lapsed during the period		
Directors											
Ms. Wong	18/04/2019	0.12	-	12,000,000	-	-	(4,020,000)	-	-	7,980,000	Note 1
Mr. Chan Chun Sing (“Mr. C.S. Chan”) (resigned on 24 September 2019)	18/04/2019	0.12	-	10,000,000	-	-	(2,020,000)	(7,980,000)	-	-	Note 1
Former Director	18/04/2019	0.12	-	-	-	-	-	7,980,000	(7,980,000)	-	Note 1
Employees of the Group											
In aggregate	18/04/2019	0.12	-	17,500,000	-	(500,000)	(2,020,000)	-	-	14,980,000	Note 1
				39,500,000	-	(500,000)	(8,060,000)	-	(7,980,000)	22,960,000	

Notes:

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

and in each case, not later than 17 April 2024.
- Mr. C.S. Chan resigned as an executive Director on 24 September 2019. The remaining 7,980,000 share options held by him had been reclassified as share options held by former director and were lapsed on 23 December 2019.
- The closing price of the shares as stated in the Stock Exchange’s daily quotations sheet immediately before the date on which the share options are granted (i.e. 17 April 2019) was HK\$0.12.

Save as disclosed above, no options were granted, exercised, forfeited, cancelled or lapsed during the nine months ended 31 December 2019.

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 nine months ended 31 December 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 nine months ended 31 December 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 nine months ended 31 December 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 nine months ended 31 December 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 nine months ended 31 December 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 nine months ended 31 December 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.

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 31 December 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 nine months ended 31 December 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, 11 February 2020

As at the date of this announcement, the executive Director is Ms. Wong Bik Kwan Bikie; 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).