

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## **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)**

### **ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2020**

#### **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 that 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” 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.*

## ANNUAL RESULTS

The board of Directors (the “Board”) of the Company is pleased to announce the audited consolidated results of the Group for the year ended 31 March 2020, together with the comparative figures for the year ended 31 March 2019.

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the year ended 31 March 2020*

	<i>Notes</i>	<b>2020</b> <i>HK\$'000</i>	2019 <i>HK\$'000</i>
<b>Revenue</b>	5	<b>67,227</b>	58,045
Cost of revenue		<u>(30,853)</u>	<u>(26,582)</u>
<b>Gross profit</b>		<b>36,374</b>	31,463
Other income		<b>888</b>	697
Other gains or losses		<b>30</b>	(188)
Distribution and selling expenses		<b>(935)</b>	(1,017)
Administrative and other operating expenses		<b>(24,386)</b>	(22,709)
Finance costs		<u>(68)</u>	<u>–</u>
<b>Profit before income tax</b>	6	<b>11,903</b>	8,246
Income tax expense	7	<u>(2,337)</u>	<u>(1,638)</u>
<b>Profit for the year and total comprehensive income attributable to owners of the Company</b>		<u><b>9,566</b></u>	<u>6,608</u>
		<i>HK cent</i>	<i>HK cent</i>
<b>Earnings per share attributable to owners of the company</b>	9		
Basic and diluted earnings per share		<u><b>1.20</b></u>	<u>0.83</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2020

	<i>Notes</i>	<b>2020</b> <i>HK\$'000</i>	2019 <i>HK\$'000</i>
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment		<b>1,335</b>	2,056
Other asset		<b>2,690</b>	2,690
Financial asset measured at fair value through profit or loss		<b>820</b>	820
Long-term deposit		<b>132</b>	417
Right-of-use assets		<b>914</b>	–
Deferred tax assets		<b>7</b>	–
		<b>5,898</b>	5,983
<b>Current assets</b>			
Inventories		<b>15,454</b>	16,829
Contract costs		<b>2,195</b>	–
Trade and other receivables, deposits and prepayments	<i>10</i>	<b>10,703</b>	10,759
Tax recoverable		<b>–</b>	644
Cash and bank balances		<b>70,637</b>	56,973
		<b>98,989</b>	85,205
<b>Current liabilities</b>			
Trade and other payables	<i>11</i>	<b>8,312</b>	9,763
Contract liabilities		<b>5,940</b>	229
Amount due to a related company		<b>98</b>	–
Lease liabilities		<b>811</b>	–
Tax payable		<b>1,244</b>	–
		<b>16,405</b>	9,992
<b>Net current assets</b>		<b>82,584</b>	75,213
<b>Total assets less current liabilities</b>		<b>88,482</b>	81,196
<b>Non-current liabilities</b>			
Deferred tax liabilities		<b>–</b>	84
<b>Net assets</b>		<b>88,482</b>	81,112
<b>CAPITAL AND RESERVES</b>			
Share capital	<i>12</i>	<b>8,000</b>	8,000
Reserves		<b>80,482</b>	73,112
<b>Total equity</b>		<b>88,482</b>	81,112

## **NOTES**

*For the year ended 31 March 2020*

### **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 Stock Exchange of Hong Kong Limited since 29 March 2018. 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. The Group 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.

### **2. BASIS OF PREPARATION**

#### **(a) Statement of compliance**

The Group's consolidated financial statements have been prepared in accordance with all Hong Kong Financial Reporting Standards ("HKFRS"), Hong Kong Accounting Standards ("HKAS") and interpretations (hereinafter collectively referred to as the "HKFRSs") and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of the Hong Kong Stock Exchange.

#### **(b) Basis of measurement**

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

#### **(c) Functional and presentation currency**

The financial statements are presented in Hong Kong dollars ("HK\$"), which is the same as the functional currency of the Company and its major subsidiaries.

### 3. ADOPTION OF HKFRSs

#### (a) Adoption of new/revised HKFRSs — effective on 1 April 2019

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Annual Improvements to HKFRSs 2015–2017 Cycle	Amendments to HKFRS 3, Business Combinations; HKFRS 11, Joint Arrangements; HKAS 12, Income Taxes and HKAS 23, Borrowing Costs

Except for HKFRS 16 *Leases* (“HKFRS 16”), none of the new or revised standards and interpretation that are effective from 1 April 2019 have had a material effect on the Group’s accounting policies. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. The impact of the adoption of HKFRS 16 is summarised below.

#### ***HKFRS 16 — Leases***

HKFRS 16 brings significant changes in accounting treatment for lease accounting, primarily for accounting for lessees. It replaces HKAS 17 “*Leases*” (“HKAS 17”), HK(IFRIC)-Int 4 “*Determining whether an Arrangement contains a Lease*” (“HK(IFRIC)-Int 4”), HK(SIC)-Int 15 “*Operating Leases-Incentives*” and HK(SIC)-Int 27 “*Evaluating the Substance of Transactions Involving the Legal Form of a Lease*”. From a lessee’s perspective, almost all leases are recognised in the statement of financial position as right-of-use assets and lease liabilities, with the narrow exception to this principle for leases which the underlying assets are of low-value or are determined as short-term leases. From a lessor’s perspective, the accounting treatment is substantially unchanged from HKAS 17.

#### *The new definition of a lease*

Under HKFRS 16, a contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset.

For a contract that contains a lease component and one or more additional lease or non-lease components, a lessee shall allocate the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components, unless the lessee apply the practical expedient which allows the lessee to elect, by class of underlying asset, not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component. The Group has adopted such practical expedient and not to separate non-lease components and to account for the lease and the associated non-lease components (e.g. property management services for properties lease) as a single component.

### *Accounting as a lessee*

Under HKAS 17, a lessee has to classify a lease as an operating lease or a finance lease based on the extent to which risks and rewards incidental to ownership of a lease asset lie with the lessor or the lessee. If a lease is determined as an operating lease, the lessee would recognise the lease payments under the operating lease as an expense over the lease term. The asset under the lease would not be recognised in the statement of financial position of the lessee.

Under HKFRS 16, all leases (irrespective of they are operating leases or finance leases) are required to be capitalised in the statement of financial position as right-of-use assets and lease liabilities, but HKFRS 16 provides accounting policy choices for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for low-value assets and leases for which at the commencement date have a lease term less than 12 months. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

The Group recognised a right-of-use asset and a lease liability at the commencement date of a lease.

### *Right-of-use asset*

The right-of-use asset is recognised at cost and comprise: (i) the amount of the initial measurement of the lease liability; (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee; and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease. The Group measures the right-of-use assets applying a cost model. Under the cost model, the Group measures the right-of-use assets at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability.

### *Lease liability*

The lease liability is recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group shall use the Group's incremental borrowing rate.

The following payments for the right-of-use of the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed payments less any lease incentives receivable; (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent to the commencement date, a lessee shall measure the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, e.g., a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in-substance fixed lease payments or a change in assessment to purchase the underlying asset.

### *Accounting as a lessor*

The Group has leased out its medical devices under inventory. Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of the medical devices are classified as operating leases. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the medical devices and the present value of the minimum lease payments not amounting to substantially all the fair value of the medical devices, that it retains substantially all the significant risks and rewards incidental to ownership of these medical devices which are leased out and accounts for the contracts as operating leases. Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease terms.

### *Impacts on the transition*

The Group has applied HKFRS 16 using the cumulative effect approach and recognised all the cumulative effect of initially applying HKFRS 16 as an adjustment to the opening balance of retained earnings at the date of initial application (i.e. 1 April 2019). The comparative information presented in 2019 has not been restated and continues to be reported under HKAS 17 and related interpretations as allowed by the transition provision in HKFRS 16.

The Group has recognised the lease liabilities at the date of 1 April 2019 for leases previously classified as operating leases applying HKAS 17 and measured those lease liabilities at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at 1 April 2019.

The weighted average incremental borrowing rate applied to the lease liabilities on 1 April 2019 was 4.13%.

	<i>HK\$'000</i>
<i>Reconciliation of operating lease commitments to lease liabilities</i>	
Operating lease commitments as of 31 March 2019	2,492
Less: short-term leases with lease terms that ends within 12 months from the date of initial application	(748)
Add: adjustments as result of a different treatment of termination options	798
Add: non-lease components of leases recognised as a liability	317
Less: future interest expenses	(62)
	<hr/>
Total lease liabilities as of 1 April 2019	<u><u>2,797</u></u>

The Group has elected to recognise the right-of-use assets at 1 April 2019 for leases previously classified as operating leases under HKAS 17 at an amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated statement of financial position immediately before the date of initial application. For these right-of-use assets, the Group has applied HKAS 36 "*Impairment of Assets*" on 1 April 2019 to assess if there was any impairment as on that date.

In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- applied a single discount rate to a portfolio of leases with reasonably similar characteristics;
- applied the exemption of not to recognise right-of-use assets and lease liabilities for leases with term that will end within 12 months from 1 April 2019 and accounted for those leases as short-term leases;
- exclude the initial direct costs from the measurement of the right-of-use asset at 1 April 2019; and
- used hindsight in determining the lease terms if the contracts contain options to extend or terminate the leases.

In addition, the Group has applied the practical expedients such that: (i) HKFRS 16 is applied to all of the Group's lease contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4; and (ii) not to apply HKFRS 16 to contracts that were not previously identified as containing a lease under HKAS 17 and HK(IFRIC)-Int 4.

As a result of initially applying HKFRS 16, in relation to the leases that were previously classified as operating lease, the Group recognised right-of-use assets of HK\$2,797,000 and lease liabilities of HK\$2,797,000 as at 1 April 2019.

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

The following new/revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Amendments to HKFRS 3	Definition of a Business <sup>1</sup>
Amendments to HKAS 1 and HKAS 8	Definition of Material <sup>1</sup>
Amendments to HKFRS 9, HKAS 39, HKFRS 7	Interest Rate Benchmark Reform <sup>1</sup>
Amendment to HKFRS 16	COVID-19-Related Rent Concessions <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2020

<sup>2</sup> Effective for annual periods beginning on or after 1 June 2020

***Amendments to HKFRS 3 — Definition of a Business***

The amendments clarify that a business must include, as a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs, together with providing extensive guidance on what is meant by a “substantive process”.

Additionally, the amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs, whilst narrowing the definition of “outputs” and a “business” to focus on returns from selling goods and services to customers, rather than on cost reductions. An optional concentration test has also been added that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

***Amendments to HKAS 1 and HKAS 8 — Definition of Material***

The amendments clarify the definition and explanation of “material”, aligning the definition across all HKFRS Standards and the Conceptual Framework, and incorporating supporting requirements in HKAS 1 into the definition.



### ***Amendments to HKFRS 9, HKAS 39 and HKFRS 7 — Interest Rate Benchmark Reform***

The amendments modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainties caused by interest rate benchmark reform. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties.

### ***Amendments to HKFRS 16 — COVID-19-Related Rent Concessions***

The amendment exempts lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and allows lessees to account for such rent concessions as if they were not lease modifications. It applies to COVID-19-related rent concessions that reduce lease payments due on or before 30 June 2021. The amendment does not affect lessors.

The directors of the Company anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncement. The directors of the Company are currently assessing the possible impact of these new or revised standards on the Group's results and financial position in the first year of application. The directors consider that these new or revised HKFRSs are not expected to have a material impact on the Group's financial statements.

## **4. 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**

	<b>2020</b>	2019
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
<b>Timing of revenue recognition</b>		
Over time	<b>2,107</b>	1,808
At a point in time	<b>64,935</b>	56,076
	<b>67,042</b>	57,884

**(d) Information about major customers**

For the year ended 31 March 2020, no revenue from customers which represented 10% or more of the Group's revenue. For the year ended 31 March 2019, revenue from one customer amounted to HK\$6,048,000 which represented 10% of the Group's revenue.

**5. 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:

	<b>2020</b> <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Revenue from contracts with customer:		
Sales of medical devices and products		
Medical consumables	<b>49,249</b>	38,642
Medical equipment	<b>13,726</b>	15,661
Medical instruments	<b>1,960</b>	1,773
	<b>64,935</b>	56,076
Rendering of maintenance services	<b>2,107</b>	1,808
	<b>67,042</b>	57,884
Revenue from other source:		
Rental income from leasing medical devices	<b>185</b>	161
	<b>67,227</b>	58,045

The following table provides information about the trade receivables and contract liabilities from contracts with customers:

	<b>2020</b> <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Trade receivables ( <i>note 10</i> )	<b>7,660</b>	9,162
Contract liabilities	<b>5,940</b>	229

## 6. PROFIT BEFORE INCOME TAX

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

	<b>2020</b>	2019
	<b>HK\$'000</b>	HK\$'000
Auditor's remuneration	578	578
Reversal of loss allowance for trade receivables	(24)	(8)
Cost of inventories recognised as expense <sup>#</sup>		
— Carrying amount of inventories consumed	28,444	24,243
— Allowance for inventories	593	553
— Write-off of inventories	260	279
	<u>29,297</u>	<u>25,075</u>
Change in fair value of financial asset measured at fair value through profit or loss	–	(70)
Depreciation of property, plant and equipment*	938	928
Depreciation of right-of-use assets	1,883	–
Employee costs (including directors' emoluments)		
— Salaries, allowances and other benefits	12,283	12,380
— Contributions to defined contribution retirement plan	393	336
— Equity-settled share-based payment expenses	1,304	–
	<u>13,980</u>	<u>12,716</u>
Gain on disposal of property, plant and equipment	–	(20)
Exchange difference, net	(6)	266
Total minimum lease payments for leases previously classified as operating leases under HKAS 17, in respect of buildings	–	3,009
Research and development expenditure <sup>^</sup>	406	554
	<u><u>406</u></u>	<u><u>554</u></u>

<sup>#</sup> Included in cost of revenue

<sup>\*</sup> Included in administrative and other operating expenses

<sup>^</sup> Included in research and development expenditure are staff costs amounted to approximately HK\$381,000 for the year (2019: HK\$536,000) which have been included in the employee costs above.

## 7. INCOME TAX EXPENSE

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

	<b>2020</b> <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Current tax for the year		
— Hong Kong Profits Tax	<b>2,446</b>	1,600
Over-provision in respect of prior years	<b>(18)</b>	(14)
	<b>2,428</b>	1,586
Deferred tax	<b>(91)</b>	52
	<b>2,337</b>	1,638

Two-tiered profits tax rate was introduced in 2018 and 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 years ended 31 March 2020 and 2019.

## 8. DIVIDENDS

	<b>2020</b> <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Interim dividend	<b>3,500</b>	—

*Note:*

The Board of the Company announced on 20 September 2019 that instead of paying the proposed final dividend of HK0.1250 cent per ordinary share of the Company and a special dividend of HK0.3125 cent per ordinary 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 HK0.4375 cent per ordinary share for the year ended 31 March 2019. The total amount of the dividend per ordinary share to be received by shareholders of the Company will remain unchanged, despite the reclassification of the dividend described above. The interim dividend of HK0.4375 cent per ordinary share, amounting to approximately HK\$3,500,000 in aggregate was paid on 21 October 2019.

Subsequent to the end of the reporting period, an interim dividend of HK0.4375 cent per ordinary share, totally amounting to HK\$3,500,000 in respect of the year ended 31 March 2020 has been declared by the directors. The interim dividend declared after the year ended 31 March 2020 was not recognised as a liability at 31 March 2020 as it had not been approved by the Board.

## 9. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

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

	<b>2020</b> <i>HK\$'000</i>	2019 <i>HK\$'000</i>
<b>Earnings</b>		
Profit for the year attributable to owners of the Company	<u>9,566</u>	<u>6,608</u>
	<i>'000</i>	<i>'000</i>
<b>Weighted average number of ordinary shares in issue</b>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>800,000</u>	<u>800,000</u>

The weighted average number of ordinary shares used for the purpose of calculating the basic earnings per share as 800,000,000 for the years ended 31 March 2020 and 2019.

Diluted earnings per share are same as the basic earnings per share as the share option scheme introduced by the Group would result in an anti-dilutive effect on earnings per share for the year ended 31 March 2020. There was no dilutive potential ordinary shares in existence during the year ended 31 March 2019.

## 10. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	<b>2020</b> <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Trade receivables	<b>9,133</b>	10,659
Less: allowance for impairment	<u>(1,473)</u>	<u>(1,497)</u>
Trade receivables, net ( <i>note</i> )	<b>7,660</b>	9,162
Other receivables	<b>142</b>	122
Deposits and prepayments	<u>2,901</u>	<u>1,475</u>
	<u><b>10,703</b></u>	<u>10,759</u>

*Note:*

The credit period granted to customers ranged from 0 to 30 days.

As at 31 March 2020 and 2019, the allowance for impairment on trade receivables has been recognised in accordance with the simplified approach, i.e. lifetime expected credit losses set out in HKFRS 9 *Financial Instruments*.

The ageing analysis of the trade receivables (net), based on invoice date, as of the end of the reporting period is as follows:

	<b>2020</b> <i>HK\$'000</i>	2019 <i>HK\$'000</i>
0–30 days	4,171	5,862
31–60 days	2,324	1,970
61–90 days	286	896
Over 90 days	879	434
	<u>7,660</u>	<u>9,162</u>

#### 11. TRADE AND OTHER PAYABLES

	<b>2020</b> <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Trade payables	4,635	7,358
Accruals and other payables	3,677	2,146
Deposits received	–	259
	<u>8,312</u>	<u>9,763</u>

The credit period granted by suppliers ranged from 0 to 90 days.

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

	<b>2020</b> <i>HK\$'000</i>	2019 <i>HK\$'000</i>
0–30 days	2,323	5,499
31–60 days	1,080	1,146
61–90 days	207	–
Over 90 days	1,025	713
	<u>4,635</u>	<u>7,358</u>

## 12. SHARE CAPITAL

Ordinary shares	Number of shares	Amount HK\$'000
<b>Authorised:</b> Ordinary shares of HK\$0.01 each		
<b>At 31 March 2019, 1 April 2019 and 31 March 2020</b>	<u>8,000,000,000</u>	<u>80,000</u>
<b>Issued and fully paid:</b> Ordinary shares of HK\$0.01 each		
<b>At 31 March 2019, 1 April 2019 and 31 March 2020</b>	<u>800,000,000</u>	<u>8,000</u>

## 13. GUARANTEES

The Group provided guarantees in respect of the surety bonds issued by a bank in favour of the customers of certain tender contracts. Details of these guarantees as of the end of each of the reporting period are as follows:

	2020 HK\$'000	2019 HK\$'000
Aggregate value of the surety bonds issued in favour of customers	<u>403</u>	<u>403</u>

The surety bonds are required for the entire period of the relevant tender contracts. As at 31 March 2020, the respective tender contracts are expected to be completed in year 2024 (2019: year 2024).

As assessed by the directors, it is not probable that the bank would claim the Group for losses in respect of the guarantee contracts as it is unlikely that the Group is unable to fulfill the performance requirements of the relevant contracts. Accordingly, no provision for the Group's obligations under the guarantees has been made.

## 14. CORONAVIRUS DISEASE 2019 OUTBREAK

Due to the outbreak of the Coronavirus Disease 2019 ("COVID-19") epidemic in January 2020, a series of precautionary and control measures have been and continued to be implemented. It has impacted the global business environment. Up to the date of this announcement, COVID-19 has not resulted in material impact to the Group. Pending the development and spread of COVID-19 subsequent to the date of this announcement, further changes in economic conditions may have impact on the financial results of the Group, the extent of which could not be estimated as at the date of this announcement. The Group will continue to monitor the development of COVID-19 and react actively to its impact on the financial position and operating results of the Group.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

For the year ended 31 March 2020, the Group continued to implement our business strategy to solidify our position as a major medical device distributor in Hong Kong. We have been strengthening the resource of our operation team to provide timely delivery of our products. 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.

During the year ended 31 March 2020, 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 and the COVID-19 outbreak, the number of visitor arrivals from Mainland China to Hong Kong had greatly reduced. The threat of China-US trade war further deteriorated the consumer sentiment. The above may raise challenges on our customers' business. The Group will expand the product portfolio and enhance the customer services to enhance our one-stop medical device solutions services.

### **FINANCIAL REVIEW**

#### **Revenue**

The Group's revenue increased by approximately 15.9%, from approximately HK\$58.0 million for the year ended 31 March 2019 to approximately HK\$67.2 million for the year ended 31 March 2020. The increase was primarily attributable to the increase in revenue generated from medical consumables, resulting from the increase in sales of respiratory products, surgical masks and feeding products.

#### **Gross profit and gross profit margin**

The Group recorded gross profit of approximately HK\$36.4 million for the year ended 31 March 2020, representing an increase by approximately HK\$5.0 million or 15.9%, as compared to approximately HK\$31.4 million for the year ended 31 March 2019. Gross profit margin remained stable at approximately 54.1% and 54.2% for the years ended 31 March 2020 and 2019, respectively.



## **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, recruitment costs, staff costs, travelling and entertainment expenses and other miscellaneous expenses.

Administrative and other operating expenses for the year ended 31 March 2020 amounted to approximately HK\$24.4 million, representing an increase by approximately HK\$1.7 million or 7.5%, as compared to approximately HK\$22.7 million for the year ended 31 March 2019.

The increase was primarily attributable to the increase in the staff costs, including Directors' remuneration. The increase in staff costs 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\$1.3 million and increase of workforce of the Group for the year ended 31 March 2020.

## **Income tax expenses**

Income tax expenses for the year ended 31 March 2020 amounted to approximately HK\$2.3 million (2019: approximately HK\$1.6 million).

## **Profit for the year**

The Group's profit increased by approximately HK\$3.0 million from approximately HK\$6.6 million for the year ended 31 March 2019 to approximately HK\$9.6 million for the year ended 31 March 2020. The increase was primarily attribute to the increase in gross profit netting off against the increase in administrative and other operating expenses explained above.

## **DIVIDEND**

The Board declared payment of an interim dividend of HK0.4375 cent (2019: HK0.4375 cent) per ordinary share in lieu of the final dividend for the year ended 31 March 2020. It is expected that the interim dividend will be paid on or before Monday, 3 August 2020 to the shareholders of the Company whose name appear on the register of members of the Company on Monday, 13 July 2020.

## **LIQUIDITY AND FINANCIAL RESOURCES**

### **Liquidity**

As at 31 March 2020, current assets amounted to approximately HK\$99.0 million (2019: approximately HK\$85.2 million). Current liabilities were approximately HK\$16.4 million (2019: approximately HK\$10.0 million).

## **Financial Resources**

As at 31 March 2020, the Group had total cash and bank balances of approximately HK\$70.6 million (2019: approximately HK\$57.0 million).

As at 31 March 2020, the Group had trade receivables of approximately HK\$7.7 million (2019: approximately HK\$9.2 million).

## **Gearing Ratio**

The gearing ratio of the Group as at 31 March 2020 was nil (2019: nil) as the Group had no material debt financing.

## **CAPITAL STRUCTURE**

There has been no change in the capital structure of the Company since the Listing. The share capital of the Group only comprises of ordinary shares.

As at 31 March 2020, the Company's issued share capital was HK\$8,000,000 and the number of issued ordinary shares was 800,000,000 of HK\$0.01 each. Details of the Group's share capital are set out in note 12 in this announcement.

## **COMMITMENTS**

As at 31 March 2020, the Group did not have any significant capital commitments (2019: Nil).

## **SEGMENT INFORMATION**

Segment information is disclosed in note 4 in this announcement.

## **FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS**

Save as disclosed in the prospectus of the Company dated 19 March 2018 (the "Prospectus"), the Group did not have other plans for material investments and capital assets.

## **MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES**

The Group did not have any material acquisitions or disposals of subsidiaries and affiliated companies during the year ended 31 March 2020.

## **SIGNIFICANT INVESTMENTS**

As at 31 March 2020, there was no significant investment held by the Group (2019: Nil).

## **CONTINGENT LIABILITIES**

As at 31 March 2020, the Group had no material contingent liabilities (2019: Nil).

## **FOREIGN EXCHANGE EXPOSURE**

The Group operates in Hong Kong with certain business transactions being settled in HK\$, United States dollars (“US\$”) or Euro. As HK\$ is pegged to US\$, the Directors do not expect any significant movement in the US\$/HK\$ exchange rate. The Group monitors its foreign currency exposure closely and will consider undertake foreign exchange hedging activities to reduce the impact of foreign exchange rate movements on the Group’s operating result.

## **CHARGE OF GROUP’S ASSETS**

No pledged bank deposits (2019: HK\$3.0 million) was placed in bank to secure the banking facilities of the Group as at 31 March 2020.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 31 March 2020, the Group has a total of 33 employees (2019: 27 employees). Staff costs, including Directors’ remuneration, of the Group were approximately HK\$14.0 million for the year ended 31 March 2020 (2019: approximately HK\$12.7 million). Remuneration is determined with reference to factors such as comparable market salaries and work performance, qualification and experience of individual employees. In addition to a basic salary, year-end discretionary bonuses are offered to employees with outstanding performance to attract and retain eligible employees to contribute to the Group.

## COMPARISON OF BUSINESS STRATEGIES AND ACTUAL BUSINESS PROGRESS

The following is a comparison of the Group's business plan as set out in the Prospectus with actual business progress up to 31 March 2020.

### **Business objectives as stated in the Prospectus**

### **Actual business progress up to 31 March 2020**

Further penetrate the medical device market and enhance the market share

The Group has been participating in various local and international trade shows, exhibitions including Hospital Authority Convention, Hong Kong International Medical and Healthcare Fair and Pediatric Society Annual Scientific Meeting.

The Group has re-designed and enhanced our website.

Expand the workforce

The Group has recruited and retained seven product representatives, two engineers, one warehouse staff, two R&D staff, one administration staff, one marketing staff and one accounting staff.

Selectively pursue opportunities for strategic acquisitions

The Group is in the process of identifying potential acquisition target with prudence.

Enhance the research and development and product development effort

The Group has recruited one software engineer to strengthen our product research and development capability and researching certain medical and healthcare automation solutions.

Upgrade the information technology systems

The Group has purchased some new hardware and software and engaged an independent consultant to implement an enterprise resources planning system and upgrade the information technology infrastructure.

Maximise the warehouse space, establish the showroom and upgrade the functionality of office space

The Group is in the process of identifying a suitable place of showroom and suppliers for warehouse facilities improvement with prudence.

## USE OF PROCEEDS

The actual net proceeds from the Share Offer, after deducting the listing-related expenses, were approximately HK\$31.2 million, compared to the estimated net proceeds of approximately HK\$33.1 million as disclosed in the Prospectus. The difference of HK\$1.9 million between the actual and estimated amount of the net proceeds has been adjusted in the same manner as stated in the Prospectus.

As at 31 March 2020, the net proceeds had been applied and utilised as follows:

	Net proceeds available <i>HK\$ million</i>	Utilised <i>HK\$ million</i>	Unutilised <i>HK\$ million</i>	Expected timeline of full utilisation of the balance
Further penetrate the medical device market and enhance the market share	6.1	0.5	5.6	By end of 31 March 2021
Expand the workforce	9.7	5.1	4.6	By end of 30 September 2021
Selectively pursue opportunities for strategic acquisitions	7.7	–	7.7	By end of 31 March 2022
Enhance the research and development and product development effort	1.3	0.1	1.2	By end of 30 September 2021
Upgrade the information technology systems	2.5	0.3	2.2	By end of 30 June 2021
Maximise the warehouse space, establish the showroom and upgrade the functionality of office space	2.1	0.1	2.0	By end of 31 March 2021
General working capital	1.8	1.8	–	N/A
	<u>31.2</u>	<u>7.9</u>	<u>23.3</u>	

The business objectives, future plans and planned use of proceeds as stated in the Prospectus were based on the best estimation and assumption of the future market conditions made by the Group at the time of preparing the Prospectus, while the proceeds were applied based on the actual development of the Group's business and the market.

The discrepancy between the planned use of the net proceeds and the actual use mainly arose as a result of the actual market conditions affecting the Group after the listing. The continuing trade conflict between the U.S. and the PRC, the PRC's gradual economic slowdown and the recent outbreak of coronavirus (COVID-19) epidemic have presented the Group with uncertainties and multiple challenges, rendering the need for the Group to be prudent in implementing its future plans as set out in the Prospectus.

The Group intends to apply the net proceeds in the manner as stated in the Prospectus. However, the Directors will constantly evaluate the Group's business objectives and may change or modify plans against the changing market condition to attain sustainable business growth of the Group.

The unused net proceeds have been deposited in licensed banks in Hong Kong.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

## **CORPORATE GOVERNANCE PRACTICE**

The Board is committed to maintaining robust corporate governance.

The Board believes that high standard of corporate governance is essential for the Group to enhance corporate value and accountability, safeguard shareholders' interests, set forth business development direction, develop internal controls and policies, and enhance transparency.

The Group has adopted the code provisions of the Corporate Governance Code (the "CG Code") as set out in the Appendix 15 to the GEM Listing Rules. The Board considers that the Group has complied with the all code provisions, except for code provision A.2.1 of the CG Code as mentioned below, for the financial year ended 31 March 2020. Code provision A.2.1 of the CG Code provides that the role of chairman and chief executive should be separate and should not be performed by the same individual.

For the financial year ended 31 March 2020, the role of Chairman is 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 another executive Director, Mr. Chan Chun Sing, prior to his resignation in executing the business development plan, operation and day-to-day management of the Group and always seeks for Board approval for any significant decisions and transactions.

Although Ms. Wong performs both roles, our 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.

## **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.

The Group has made specific enquiries of all the Directors and the 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.

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.

## **ANNUAL GENERAL MEETING**

The annual general meeting (the “AGM”) of the Company will be held on Friday, 18 September 2020, the notice of which shall be sent to the shareholders of the Company in accordance with the articles of association of the Company, the GEM Listing Rules and other applicable laws and regulations.

## **CLOSURE OF THE REGISTER OF MEMBERS**

### **(A) Entitlement to Interim Dividend**

For the purpose of determining Shareholders' entitlement to the interim dividend, the register of members of the Company will be closed from Wednesday, 8 July 2020 to Monday, 13 July 2020, both days inclusive, during which period no transfer of Shares will be registered. The record date will be Monday, 13 July 2020. In order to qualify for the entitlement of the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on Tuesday, 7 July 2020.

### **(B) Entitlement to Attend and Vote at the AGM**

For the purpose of determining Shareholders' entitlement to attend and vote at the forthcoming AGM to be held on Friday, 18 September 2020, the register of members of the Company will be closed from Monday, 14 September 2020 to Friday, 18 September 2020, both days inclusive, during which period no transfer of Shares will be registered. In order to qualify for attending and voting at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on Friday, 11 September 2020.

## **DONATIONS**

Donations made by the Group during the year amounted to approximately HK\$39,000.

## AUDIT COMMITTEE

The Board has complied with the provisions of the CG Code set out in Appendix 15 to the GEM Listing Rules and established the Audit Committee on 1 March 2018. The written terms of reference of the Audit Committee are posted on the website of the Stock Exchange and on the Company's website.

The Audit Committee consists of two independent non-executive Directors and one non-executive Director, namely:

Mr. Wong Lung Wo James	Chairman of Audit Committee & Independent non-executive Director
Mr. Chan Ping Keung	Independent non-executive Director
Dr. Miu Yin Shun Andrew	Non-executive Director

The audited annual results of the Group for the year ended 31 March 2020 have been reviewed by the Audit Committee.

## SCOPE OF WORK OF BDO LIMITED

The figures in respect of the Group's consolidated statement of comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 March 2020 as set out in this annual results announcement have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 March 2020. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagement issued by Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on the annual results announcement.

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

Hong Kong, 19 June 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](http://www.hkgem.com)) for at least seven days from the date of its publication and the website of the Company ([www.grandbrilliancegroup.com](http://www.grandbrilliancegroup.com)).*