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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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2021

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 2021, together with the comparative figures for the year ended 31 March 2020.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2021

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Revenue	5	70,241	67,227
Cost of revenue		<u>(36,626)</u>	<u>(30,853)</u>
Gross profit		33,615	36,374
Other income		2,006	888
Other gains or losses		114	30
Distribution and selling expenses		(899)	(935)
Administrative and other operating expenses		(25,370)	(24,386)
Finance costs		<u>(109)</u>	<u>(68)</u>
Profit before income tax	6	9,357	11,903
Income tax expense	7	<u>(1,498)</u>	<u>(2,337)</u>
Profit for the year and total comprehensive income attributable to owners of the Company		<u>7,859</u>	<u>9,566</u>
		<i>HK cent</i>	<i>HK cent</i>
Earnings per share attributable to owners of the Company	9		
Basic and diluted earnings per share		<u>0.98</u>	<u>1.20</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2021

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		888	1,335
Other asset		2,690	2,690
Financial assets measured at fair value through profit or loss		810	820
Deposits		700	132
Right-of-use assets		5,095	914
Deferred tax assets		77	7
		<u>10,260</u>	<u>5,898</u>
Current assets			
Inventories		21,104	15,454
Contract costs		–	2,195
Financial assets measured at fair value through profit or loss		46	–
Trade and other receivables, deposits and prepayments	10	9,530	10,703
Tax recoverable		858	–
Cash and cash equivalents		70,212	70,637
		<u>101,750</u>	<u>98,989</u>
Current liabilities			
Trade and other payables	11	12,520	8,312
Contract liabilities		1,566	5,940
Amount due to a related company		–	98
Lease liabilities		3,456	811
Tax payable		–	1,244
		<u>17,542</u>	<u>16,405</u>
Net current assets		<u>84,208</u>	<u>82,584</u>
Total assets less current liabilities		<u>94,468</u>	<u>88,482</u>
Non-current liabilities			
Lease liabilities		1,416	–
Net assets		<u>93,052</u>	<u>88,482</u>
CAPITAL AND RESERVES			
Share capital	12	8,000	8,000
Reserves		85,052	80,482
Total equity		<u>93,052</u>	<u>88,482</u>

NOTES

For the year ended 31 March 2021

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 2901–2903 and 2905, 29/F, The Octagon, 6 Sha Tsui Road, Tsuen Wan, New Territories, Hong Kong.

The Company is an investment holding company. The Company and its subsidiaries (collectively referred hereafter as 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 (“BVI”). 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 consolidated 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 consolidated 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 2020

The following new/revised HKFRSs, potentially relevant to the Group's consolidated financial statements, which are effective from current year, have been adopted by the Group.

Amendments to HKFRS 3	Definition of a Business
Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

None of the new or revised standards and interpretation that are effective from 1 April 2020 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.

(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 HKAS 1 HK Interpretation 5 (2020)	Classification of Liabilities as Current or Non-current ⁶ Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ⁶
Amendments to HKAS 1	Disclosure of Accounting Policies ⁶
Amendments to HKAS 8	Definition of Accounting Estimates ⁶
Amendments to HKAS 16	Proceeds before Intended Use ⁴
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract ⁴
Amendments to HKFRS 3	Reference to the Conceptual Framework ⁵
Amendments to HKAS 39, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2 ²
Amendment to HKFRS 16	COVID-19-Related Rent Concessions ²
Amendment to HKFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021 ³
Annual Improvements to HKFRSs 2018–2020	Amendments to HKFRS 9 — Financial Instruments and Amendments to HKFRS 16 — Leases ⁴

¹ Effective for annual periods beginning on or after 1 June 2020

² Effective for annual periods beginning on or after 1 January 2021

³ Effective for annual periods beginning on or after 1 April 2021

⁴ Effective for annual periods beginning on or after 1 January 2022

⁵ Effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022

⁶ Effective for annual periods beginning on or after 1 January 2023

Amendments to HKAS 1 — Classification of Liabilities as Current or Non-current and HK Interpretation (“HK Int”) 5 (2020) — Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability and explain that rights are in existence if covenants are complied with at the end of the reporting period. The amendments also introduce a definition of ‘settlement’ to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

HK Int 5 (2020) was revised as a consequence of the Amendments to HKAS 1 issued in August 2020. The revision to HK Int 5 (2020) updates the wordings in the interpretation to align with the Amendments to HKAS 1 with no change in conclusion and do not change the existing requirements.

Amendments to HKAS 1 — Disclosure of Accounting Policies

The amendments to *Disclosure of Accounting Policies* were issued following feedback that more guidance was needed to help companies decide what accounting policy information should be disclosed. The amendments to HKAS 1 require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendments to HKFRS Practice Statement 2 *Making Materiality Judgements* provide guidance on how to apply the concept of materiality to accounting policy disclosures.

Amendments to HKAS 8 — Definition of Accounting Estimates

The amendments to HKAS 8 clarify how companies should distinguish changes in accounting policies from changes in accounting estimates. That distinction is important because changes in accounting estimates are applied prospectively only to future transactions and other future events, but changes in accounting policies are generally also applied retrospectively to past transactions and other past events.

Amendments to HKAS 16 — Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, the proceeds from selling such items, and the cost of producing those items, is recognised in profit or loss.

Amendments to HKAS 37 — Onerous Contracts — Cost of Fulfilling a Contract

The amendments specify that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (e.g. direct labour and materials) or an allocation of other costs that relate directly to fulfilling contracts (e.g. the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

Amendments to HKFRS 3 — Reference to the Conceptual Framework

The amendments update HKFRS 3 so that it refers to the revised Conceptual Framework for Financial Reporting 2018 instead of the version issued in 2010. The amendments add to HKFRS 3 a requirement that, for obligations within the scope of HKAS 37, an acquirer applies HKAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of HK(IFRIC)-Int 21 Levies, the acquirer applies HK(IFRIC)-Int 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. The amendments also add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

Amendments to HKAS 39, HKFRS 7, HKFRS 9 and HKFRS 16 — Interest Rate Benchmark Reform — Phase 2

The amendments address issues that might affect financial reporting when a company replaces the old interest rate benchmark with an alternative benchmark rate as a result of the interest rate benchmark reform (the “Reform”). The amendments complement those issued in November 2019 and relate to (a) changes to contractual cash flows in which an entity will not have to derecognise or adjust the carrying amount of financial instruments for changes required by the Reform, but will instead update the effective interest rate to reflect the change to the alternative benchmark rate; (b) hedge accounting in which an entity will not have to discontinue its hedge accounting solely because it makes changes required by the Reform, if the hedge meets other hedge accounting criteria; and (c) disclosures in which an entity will be required to disclose information about new risks arising from the Reform and how it manages the transition to alternative benchmark rates.

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.

Amendment to HKFRS 16 — COVID-19-Related Rent Concessions beyond 30 June 2021 (“2021 Amendment to HKFRS 16”)

The 2021 Amendment to HKFRS 16 extends the availability of the practical expedient in paragraph 46A of HKFRS 16 so that it applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met.

Annual Improvements to HKFRSs 2018-2020

The annual improvements amends a number of standards, those are expected to be applicable to the Group including:

- HKFRS 9, *Financial Instruments*, which clarify the fees included in the ‘10 per cent’ test in paragraph B3.3.6 of HKFRS 9 in assessing whether to derecognise a financial liability, explaining that only fees paid or received between the entity and the lender, including fees paid or received by either the entity or the lender on other’s behalf are included.
- HKFRS 16, *Leases*, which amend Illustrative Example 13 to remove the illustration of reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

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. They 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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Timing of revenue recognition		
Over time	2,009	2,107
At a point in time	67,996	64,935
	<u>70,005</u>	<u>67,042</u>

(d) Information about major customers

For the year ended 31 March 2021, revenue from one customer amounted to HK\$9,986,000 which represented approximately 14% of the Group's revenue. No revenue from customers which represented 10% or more of the Group's revenue during the year ended 31 March 2020.

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:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Revenue from contracts with customers:		
Sales of medical devices and products		
Medical consumables	48,320	49,249
Medical equipment	17,410	13,726
Medical instruments	2,266	1,960
	67,996	64,935
Rendering of maintenance services	2,009	2,107
	70,005	67,042
Revenue from other source:		
Rental income from leasing medical devices	236	185
	<u>70,241</u>	<u>67,227</u>

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade receivables (note 10)	7,731	7,660
Contract liabilities	1,566	5,940

6. PROFIT BEFORE INCOME TAX

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

	2021	2020
	HK\$'000	HK\$'000
Auditor's remuneration	590	578
Cost of inventories recognised as expense [#]		
— Carrying amount of inventories consumed	33,735	28,444
— Allowance for inventories	1,326	593
— Write-off of inventories	—	260
	35,061	29,297
Change in fair value of financial assets measured at fair value through profit or loss	15	—
Depreciation of property, plant and equipment*	835	938
Depreciation of right-of-use assets	2,605	1,883
Employee costs (including directors' emoluments)		
— Salaries, allowances and other benefits	14,927	12,283
— Contributions to defined contribution retirement plan	470	393
— Equity-settled share-based payment expenses	211	1,304
	15,608	13,980
Loss on early termination of lease	21	—
Exchange difference, net	(122)	(6)
Research and development expenditure [^]	583	406
Reversal of loss allowance for trade receivables	(28)	(24)

[#] Included in cost of revenue

^{*} Included in administrative and other operating expenses

[^] Included in research and development expenditure are staff costs amounted to approximately HK\$531,000 for the year (2020: HK\$381,000) 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:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Current tax for the year		
— Hong Kong Profits Tax	1,588	2,446
Over-provision in respect of prior years	(20)	(18)
	<u>1,568</u>	<u>2,428</u>
Deferred tax	(70)	(91)
	<u>1,498</u>	<u>2,337</u>

The Group is subject to Hong Kong Profits Tax under the two-tiered profits tax rate regime. For the years ended 31 March 2021 and 2020, the first HK\$2 million of the estimated assessable profits of qualifying corporation in the Group will be taxed at 8.25%, and the estimated assessable profits above HK\$2 million will be taxed at 16.5%. The profits of group entity not qualifying for the two-tiered profits tax regime will continued to be taxed at a flat rate of 16.5% on their estimated assessable profits.

8. DIVIDENDS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Interim dividend	<u>3,500</u>	<u>3,500</u>

The dividend for the year ended 31 March 2021 amounting HK\$3,500,000 represented interim dividends declared by the Company to its shareholders during the year ended 31 March 2021.

During the year ended 31 March 2020, the board of directors 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 HK0.45 cent per ordinary share, totally amounting to HK\$3,600,000 in respect of the year ended 31 March 2021 has been declared by the directors. The interim dividend declared after the year ended 31 March 2021 was not recognised as a liability as at 31 March 2021 as it had not been approved by the board of directors of the Company as at 31 March 2021.

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:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Earnings		
Profit for the year attributable to owners of the Company	<u>7,859</u>	<u>9,566</u>
	<i>'000</i>	<i>'000</i>
Weighted average number of ordinary shares in issue		
Weighted average number of ordinary shares for the purpose of calculating the basic and diluted earnings per share	<u>800,000</u>	<u>800,000</u>

For the purpose of calculating diluted earnings per share for the years ended 31 March 2021 and 2020, no adjustment has been made as the exercise of the outstanding share options has an anti-dilutive effect of the basic earnings per share.

10. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade receivables	9,176	9,133
Less: allowance for impairment	<u>(1,445)</u>	<u>(1,473)</u>
Trade receivables, net	7,731	7,660
Other receivables	116	142
Deposits and prepayments	<u>1,683</u>	<u>2,901</u>
	<u>9,530</u>	<u>10,703</u>

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

As at 31 March 2021 and 2020, 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:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
0–30 days	5,958	4,171
31–60 days	873	2,324
61–90 days	408	286
Over 90 days	492	879
	<u>7,731</u>	<u>7,660</u>

11. TRADE AND OTHER PAYABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade payables	8,532	4,635
Accruals and other payables	3,988	3,677
	<u>12,520</u>	<u>8,312</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:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
0–30 days	7,093	2,323
31–60 days	474	1,080
61–90 days	227	207
Over 90 days	738	1,025
	<u>8,532</u>	<u>4,635</u>

12. SHARE CAPITAL

Ordinary shares	Number of shares	Amount HK\$'000
Authorised: Ordinary shares of HK\$0.01 each		
At 31 March 2020, 1 April 2020 and 31 March 2021	<u>8,000,000,000</u>	<u>80,000</u>
Issued and fully paid: Ordinary shares of HK\$0.01 each		
At 31 March 2020, 1 April 2020 and 31 March 2021	<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:

	2021 HK\$'000	2020 HK\$'000
Aggregate value of the surety bonds issued in favour of customers	<u>1,165</u>	<u>403</u>

The surety bonds are required for the entire period of the relevant tender contracts. As at 31 March 2021, the respective tender contracts are expected to be completed in year 2024 (2020: 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

BUSINESS REVIEW

For the year ended 31 March 2021, 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. The Group achieved its business growth through diversifying the product portfolio.

During the year ended 31 March 2021, Hong Kong's economy was significantly affected by the COVID-19 outbreak, the number of visitor to Hong Kong had greatly reduced. The spending plans of our customers have been disrupted or postponed by the outbreak of COVID-19. The above 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.

FINANCIAL REVIEW

Revenue

The Group's revenue increased by approximately 4.5%, from approximately HK\$67.2 million for the year ended 31 March 2020 to approximately HK\$70.2 million for the year ended 31 March 2021. The increase was primarily attributable to the increase in revenue generated from medical equipment, resulting from the sales of pharmacy automation system.

Gross profit and gross profit margin

The Group recorded gross profit of approximately HK\$33.6 million for the year ended 31 March 2021, representing a decrease by approximately HK\$2.8 million or 7.6%, as compared to approximately HK\$36.4 million for the year ended 31 March 2020. Gross profit margin decreased from approximately 54.1% for the year ended 31 March 2020 to approximately 47.9% for the year ended 31 March 2021. The decrease in gross profit margin was mainly due to the increase in sales of medical equipment, which had a comparatively lower 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, recruitment costs, staff costs, travelling and entertainment expenses and other miscellaneous expenses.

Administrative and other operating expenses for the year ended 31 March 2021 amounted to approximately HK\$25.4 million, representing an increase by approximately HK\$1.0 million or 4.0%, as compared to approximately HK\$24.4 million for the year ended 31 March 2020. The increase was primarily attributable to the increase of workforce of the Group for the year ended 31 March 2021.

Income tax expenses

Income tax expenses for the year ended 31 March 2021 amounted to approximately HK\$1.5 million (2020: approximately HK\$2.3 million).

Profit for the year

The Group's profit decreased by approximately HK\$1.7 million from approximately HK\$9.6 million for the year ended 31 March 2020 to approximately HK\$7.9 million for the year ended 31 March 2021. The decrease was primarily attribute to the decrease in gross profit.

DIVIDEND

The Board has declared the payment of an interim dividend of HK0.45 cent (2020: HK0.4375 cent) per ordinary share in lieu of final dividend for the year ended 31 March 2021. It is expected that the interim dividend will be paid on or before Monday, 16 August 2021 to the shareholders of the Company whose name appear on the register of members on Friday, 9 July 2021.

LIQUIDITY AND FINANCIAL RESOURCES

Liquidity

As at 31 March 2021, current assets amounted to approximately HK\$101.8 million (2020: approximately HK\$99.0 million). Current liabilities were approximately HK\$17.5 million (2020: approximately HK\$16.4 million).

Financial Resources

As at 31 March 2021, the Group had total cash and bank balances of approximately HK\$70.2 million (2020: approximately HK\$70.6 million).

As at 31 March 2021, the Group had trade receivables of approximately HK\$7.7 million (2020: approximately HK\$7.7 million).

Gearing Ratio

The gearing ratio of the Group as at 31 March 2021 was nil (2020: 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 2021, 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 2021, the Group did not have any significant capital commitments (2020: 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 2021.

SIGNIFICANT INVESTMENTS

As at 31 March 2021, there was no significant investment held by the Group (2020: Nil).

CONTINGENT LIABILITIES

As at 31 March 2021, the Group had no material contingent liabilities (2020: 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 was placed in bank to secure the banking facilities of the Group as at 31 March 2021 and 2020.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2021, the Group has a total of 34 employees (2020: 33 employees). Staff costs, including Directors’ remuneration, of the Group were approximately HK\$15.6 million for the year ended 31 March 2021 (2020: approximately HK\$14.0 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 2021.

Business objectives as stated in the Prospectus

Actual business progress up to 31 March 2021

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 to include an e-commerce platform to serve our retail customers online.

Expand the workforce

The Group has recruited and retained seven product representatives, two engineers, one warehouse staff, two R&D staff, one administration staff, two marketing staff, one driver 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 two 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 has installed racks to fully utilise the vertical space of our warehouses.

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 2021, 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	0.6	5.5	By end of 31 March 2022
Expand the workforce	9.7	9.7	–	N/A
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 2022
Upgrade the information technology systems	2.5	0.4	2.1	By end of 30 June 2022
Maximise the warehouse space, establish the showroom and upgrade the functionality of office space	2.1	0.4	1.7	By end of 31 March 2022
General working capital	1.8	1.8	–	N/A
	<u>31.2</u>	<u>13.0</u>	<u>18.2</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 2021. 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 2021, 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 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, 17 September 2021, 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, 7 July 2021 to Friday, 9 July 2021, both days inclusive, during which period no transfer of Shares will be registered. The record date will be Friday, 9 July 2021. 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, 6 July 2021.

(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, 17 September 2021, the register of members of the Company will be closed from Monday, 13 September 2021 to Friday, 17 September 2021, 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, 10 September 2021.

DONATIONS

Donations made by the Group during the year amounted to approximately HK\$26,000.

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 2021 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 2021 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 2021. 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, 18 June 2021

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).