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 2019

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "HONG KONG STOCK EXCHANGE")

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

Given 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") 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 2019, together with the comparative figures for the year ended 31 March 2018.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
Revenue	5	**58,045**	53,703
Cost of revenue		**(26,582)**	(23,775)
Gross profit		**31,463**	29,928
Other income		**697**	55
Other gains or losses		**(188)**	235
Distribution and selling expenses		**(1,017)**	(841)
Administrative and other operating expenses		**(22,709)**	(14,651)
Listing expenses		**–**	(15,173)
Profit/(Loss) before income tax	6	**8,246**	(447)
Income tax expense	7	**(1,638)**	(2,633)
Profit/(Loss) for the year attributable to owners of the Company		**6,608**	(3,080)
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
Available-for-sale financial asset			
— Change in fair value		**–**	(20)
Other comprehensive income for the year		**–**	(20)
Total comprehensive income attributable to owners of the Company		**6,608**	(3,100)
		HK cent	*HK cent*
Earnings/(Loss) per share attributable to owners of the company	9		
Basic and diluted earnings/(loss) per share		**0.83**	(0.49)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2019

	Notes	**2019** **HK$'000**	2018 *HK$'000*
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**2,056**	1,490
Other asset		**2,690**	2,690
Financial asset measured at fair value through profit or loss		**820**	–
Available-for-sale financial asset		**–**	750
Long-term deposit		**417**	417
		5,983	5,347
Current assets			
Inventories		**16,829**	14,499
Trade and other receivables, deposits and prepayments	*10*	**10,759**	7,675
Tax recoverable		**644**	57
Cash and bank balances		**56,973**	61,067
		85,205	83,298
Current liabilities			
Trade and other payables	*11*	**9,763**	13,818
Contract liabilities		**229**	–
Deferred revenue		**–**	204
		9,992	14,022
Net current assets		**75,213**	69,276
Total assets less current liabilities		**81,196**	74,623
Non-current liabilities			
Deferred tax liabilities		**84**	32
Net assets		**81,112**	74,591
CAPITAL AND RESERVES			
Share capital	*12*	**8,000**	8,000
Reserves		**73,112**	66,591
Total equity		**81,112**	74,591

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

1. GENERAL INFORMATION

Grand Brilliance Group Holdings Limited (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 (the "Stock Exchange") on 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 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. In the opinion of the directors, B&A Success is also the ultimate parent of the Company.

The financial statements for the year ended 31 March 2019 were approved and authorised for issue by the directors on 21 June 2019.

2. BASIS OF PREPARATION

(a) Statement of compliance

The Group's consolidated financial statements have been prepared in accordance with all HKFRSs, Hong Kong Accounting Standards ("HKAS") and Interpretations (hereinafter collectively referred to as the "HKFRS") 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 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 HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Adoption of new/revised HKFRSs — effective 1 April 2018

Annual Improvements to HKFRSs 2014–2016 Cycle	Amendments to HKFRS 1, First-time adoption of Hong Kong Financial Reporting Standards
HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
Amendment to HKFRS 15	Revenue from Contracts with Customers (Clarifications to HKFRS 15)
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration

Except for as explained below, the adoption of these new or amended HKFRSs has no impact on the Group's consolidated financial statements.

Annual Improvements to HKFRSs 2014–2016 Cycle, Amendments to HKFRS 1 — First-time Adoption of Hong Kong Financial Reporting Standards

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKFRS 1, First-time Adoption of Hong Kong Financial Reporting Standards, removing transition provision exemptions relating to accounting periods that had already passed and were therefore no longer applicable.

The adoption of these amendments has no impact on the financial statements as the periods to which the transition provision exemptions related have passed.

HKFRS 9 — Financial Instruments

(i) Classification and measurement of financial instruments

HKFRS 9 replaces HKAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: (1) classification and measurement; (2) impairment and (3) hedge accounting. The adoption of HKFRS 9 from 1 April 2018 has resulted in changes in accounting policies of the Group and the amounts recognised in the consolidated financial statements.

The following tables summarise the impact, net of tax, of transition to HKFRS 9 on the opening balance of retained earnings and available-for-sales financial assets revaluation reserve as at 1 April 2018 as follows:

	HK$'000
Retained earnings	
Balance as at 31 March 2018	12,387
Reclassify the club debenture from available-for-sale financial asset to financial asset measured at fair value through profit or loss ("FVTPL")	205
Increase in loss allowance for trade receivables	(87)
Restated balance as at 1 April 2018	12,505
Available-for-sales financial assets revaluation reserve	
Balance as at 31 March 2018	205
Reclassify the club debenture from available-for-sale financial asset to financial asset measured at FVTPL	(205)
Restated balance as at 1 April 2018	–

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities. However, it eliminates the previous HKAS 39 categories for held to maturity financial assets, loans and receivables and available-for-sale financial assets. The adoption of HKFRS 9 has no material impact on the Group's accounting policies related to financial liabilities and derivative financial instruments. The impact of HKFRS 9 on the Group's classification and measurement of financial assets is set out below.

Under HKFRS 9, except for certain trade receivables (that the trade receivables do not contain a significant financing component in accordance with HKFRS 15), an entity shall, at initial recognition, measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs. A financial asset is classified as: (i) financial assets at amortised cost ("amortised cost"); (ii) financial assets measured at fair value through other comprehensive income ("FVOCI"); or (iii) financial assets measured at FVTPL (as defined in above). The classification of financial assets under HKFRS 9 is generally based on two criteria: (i) the business model under which the financial asset is managed and (ii) its contractual cash flow characteristics (the "solely payments of principal and interest" criterion, also known as "SPPI criterion"). Under HKFRS 9, embedded derivatives is no longer required to be separated from a host financial asset. Instead, the hybrid financial instrument is assessed as a whole for the classification.

A financial asset is measured at amortised cost if it meets both of the following conditions are met and it has not been designated as at FVTPL:

- It is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion.

A debt investment is measured at FVOCI if it meets both of the following conditions and it has not been designated as at FVTPL:

- It is held within a business model whose objective is to achieved by both collecting contractual cash flows and selling financial assets; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion.

On initial recognition of an equity investment that is not held for trading, the Group could irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. All other financial assets not classified at amortised cost or FVOCI as described above are classified as FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or FVOCI at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The following accounting policies would be applied to the Group's financial assets as follows:

FVTPL	These are subsequently measured at fair value. Changes in fair value, dividends and interest income are recognised in profit or loss.
Amortised cost	These are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

As at 1 April 2018, the debt investment of club debenture was reclassified from available-for-sale financial asset to financial asset measured at FVTPL. It does not meet the HKFRS 9 criteria for classification as financial assets at amortised cost and financial assets measured at FVOCI because the contractual terms of the financial asset give rise on specified dates to cash flows does not meet the SPPI criterion. The related fair value gain of HK$205,000 was transferred from the available-for-sale financial assets revaluation reserve to retained earnings as of 1 April 2018.

The following table summarises the original measurement categories under HKAS 39 and the new measurement categories under HKFRS 9 for each class of the Group's financial assets as at 1 April 2018:

Financial assets	**Original classification under HKAS 39**	**New classification under HKFRS 9**	**Carrying amount as at 1 April 2018 under HKAS 39**	**Remeasurement**	**Carrying amount as at 1 April 2018 under HKFRS 9**
			HK$'000	*HK$'000*	*HK$'000*
Available-for-sale financial asset	Available for sales financial assets at fair value	FVTPL	750	–	750
Trade and other receivables and deposits	Loans and receivables	Amortised cost	7,822	(87)	7,735
Cash and bank balances	Loans and receivables	Amortised cost	61,067	–	61,067

(ii) Impairment of financial assets

The adoption of HKFRS 9 has changed the Group's impairment model by replacing the HKAS 39 "incurred loss model" to the "expected credit losses ("ECLs") model". HKFRS 9 requires the Group to recognise ECLs for trade receivables and financial assets at amortised cost earlier than HKAS 39. Pledged bank deposit and cash and cash equivalents are subject to ECLs model but the impairment is immaterial for the current year.

Under HKFRS 9, the losses allowances are measured on either of the following bases: (1) 12 months ECLs: these are the ECLs that result from possible default events within the 12 months after the end of the reporting period; and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Measurement of ECLs

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group has elected to measure loss allowances for trade receivables using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other financial assets, the ECLs are based on the 12-months ECLs. The 12-months ECLs is the portion of the lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the end of the reporting period. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information. The Group's other financial instruments are considered to have low credit risk since there was no recent history of default.

The measurement of ECLs reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;

- The time value of money; and

- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when: (1) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (2) the financial asset is more than 90 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Presentation of ECLs

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Impact of the ECLs model

As mentioned above, the Group applies the HKFRS 9 simplified approach to measure ECLs which adopts a lifetime ECLs for all trade receivables. To measure the ECLs, these receivables have been grouped based on shared credit risk characteristics and the days past due. The financial impact arising from the adoption of expected credit loss approach on trade receivables as at 1 April 2018 is as follow:

As at 1 April 2018	Current	Less than 30 days past due	30 or more but less than 60 days past due	60 or more but less than 90 days past due	More than 90 days past due	Total
Expected credit loss rate (%)	0.33%	0.74%	0.74%	1.16%	15.45%	
Gross carrying amount (HK$'000)	4,283	1,355	678	259	356	6,931
Loss allowances (HK$'000)	14	10	5	3	55	87

The increase in loss allowance for trade receivables upon the transition to HKFRS 9 as of 1 April 2018 were HK$87,000. The loss allowances has been reversed by HK$8,000 during the year ended 31 March 2019.

Other financial assets at amortised cost of the Group including other receivables and deposits. The directors of the Company also reviewed and assessed the impairment on the Group's other financial assets and considered that there was no significant financial impact on the consolidated financial statements of the Group.

(iii) Hedge accounting

Hedge accounting under HKFRS 9 has no impact on the Group as the Group does not apply hedge accounting in its hedging relationship.

(iv) Transition

The Group has applied the transitional provision in HKFRS 9 such that HKFRS 9 was generally adopted without restating comparative information. The reclassifications and the adjustments arising from the new ECLs rules are therefore not reflected in the statement of financial position as at 31 March 2018, but are recognised in the statement of financial position on 1 April 2018. This mean that differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of HKFRS 9 are recognised in retained earnings and reserves as at 1 April 2018. Accordingly, the information presented for 2018 does not reflect the requirements of HKFRS 9 but rather those of HKAS 39.

The following assessments have been made on the basis of the facts and circumstances that existed at 1 April 2018 (the date of initial application of HKFRS 9 by the Group) (the "DIA"):

- The determination of the business model within which a financial asset is held; and

- The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL.

If an investment in a debt investment had low credit risk at the DIA, then the Group has assumed that the credit risk on the asset had not increased significantly since its initial recognition.

HKFRS 15 — Revenue from Contracts with Customers

HKFRS 15 supersedes HKAS 11 "Construction Contracts", HKAS 18 "Revenue" and related interpretations. HKFRS 15 has established a five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at the amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Group has adopted HKFRS 15 using the cumulative effect method without practical expedients. The Group should recognised the cumulative effect of initially applying HKFRS 15 as an adjustment to the opening balance of retained earnings at the date of initial application (i.e. 1 April 2018). As a result, the financial information presented for the year ended 31 March 2018 has not been restated. Based on the assessment, the adoption of HKFRS 15 does not have a significant impact on the Group's revenue recognition.

The following tables summarised the impact of transition to HKFRS 15 on the opening balances of consolidated statement of financial position as follows:

	As at 31 March 2018	**Reclassification**	**As at 1 April 2018**
	HK$'000	*HK$'000*	*HK$'000*
Liabilities			
Current liabilities			
Contract liabilities	–	204	204
Deferred revenue	204	(204)	–

Amount of HK$204,000 previously presented as deferred revenue as at 31 March 2018 was classified as contract liabilities since 1 April 2018. These contract liabilities increased to HK$229,000 as at 31 March 2019.

Details of the new accounting policies after consideration of HKFRS 15 in relation to different types of revenue earned by the Group are set out below:

- Revenue from sales of medical consumables, medical instruments and certain medical equipment are recognised at point in time when the goods are delivered and have been accepted by the customers. There is generally only one performance obligation.

- Revenue from sales of medical equipment subject to installation generally includes only one performance obligation and is recognised at point in time when the customer has accepted the goods after the installation services have been rendered.

- Revenue from rendering of maintenance services is recognised over time with the contractual period of the maintenance services.

Under HKFRS 15, right of return gives rise to variable consideration. The variable consideration is estimated at contract inception and constrained until the associated uncertainty is subsequently resolved. The application of the constraint on variable consideration increases the amount of revenue that will be deferred. In addition, a refund liability and a right to recover returned goods assets are recognised.

Other than the advance from customers recognised in relation to the rendering of maintenance services was classified from deferred revenue to contract liabilities upon adoption of HKFRS 15, the Group expects that HKFRS 15 did not result in significant impact on its accounting policies and results.

Amendments to HKFRS 15, Revenue from Contracts with Customers (Clarifications to HKFRS 15)

The amendments to HKFRS 15 included clarifications on identification of performance obligations; application of principal versus agent; licenses of intellectual property; and transition requirements.

The adoption of these amendments has no impact on these financial statements as the Group had not previously adopted HKFRS 15 and took up the clarifications in this, its first year.

(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.

Annual Improvements to HKFRSs 2015–2017 Cycle	Amendments to HKFRS 3, Business Combinations[1]
Annual Improvements to HKFRSs 2015–2017 Cycle	Amendments to HKAS 12, Income Taxes[1]
Amendments to HKAS 1 and HKAS 8	Definition of Material[2]
Amendments to HKFRS 3	Definition of Business[3]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[1]
HKFRS 16	Leases[1]
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments[1]

[1] Effective for annual periods beginning on or after 1 January 2019
[2] Effective for annual periods beginning on or after 1 January 2020
[3] Effective for transactions that occur on or after 1 January 2020

HKFRS 16 — Leases

HKFRS 16, which upon the effective date will supersede HKAS 17 "Leases" and related interpretations, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

HKFRS 16 is effective for annual periods beginning on or after 1 January 2019. As allowed by HKFRS 16, the Group plans to use the practical expedient to grandfather the previous assessment of which existing arrangements are, or contain, leases. The Group will therefore apply the new definition of a lease in HKFRS 16 only to contracts that are entered into on or after the date of initial application. In addition, the Group plans to elect the practical expedient for not applying the new accounting model to short-term leases and leases of low-value assets.

The Group plans to elect to use the modified retrospective approach for the adoption of HKFRS 16. The cumulative effect of initial application will be recognised as an adjustment to the opening balance of equity at 1 April 2019 and the Group will not restate the comparative information. The Group's future minimum lease payments under non-cancellable operating leases amount to HK$2,492,000 as at 31 March 2019. Upon the initial adoption of HKFRS 16, the opening balances of lease liabilities and the corresponding right-of-use assets is approximately HK$2,342,000, after taking into account the effects of discounting, as at 1 April 2019.

Other than the recognition of lease liabilities and right-of-use assets, the Group expects that the transition adjustments to be made upon the initial adoption of HKFRS 16 will not material. However, the expected changes in accounting policies as described above could have a material impact on the Group's consolidated financial statement onwards.

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 Group has identified some aspects of HKFRS 16 which may have expected impact on the Group's consolidated financial statements and the details of expected impact are discussed above. The directors considered that other 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

	2019	2018
	HK$'000	*HK$'000*
Timing of revenue recognition		
Over time	**1,808**	1,900
At a point in time	**56,076**	51,651
	57,884	53,551

(d) Information about major customers

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. For the year ended 31 March 2018, no revenue from a single customer accounted for 10% or above of the total revenue of the Group.

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:

	2019	2018
	HK$'000	*HK$'000*
Revenue from contracts with customer within the scope of HKFRS 15:		
Sales of medical devices and products		
Medical consumables	**38,642**	38,388
Medical equipment	**15,661**	11,188
Medical instruments	**1,773**	2,075
	56,076	51,651
Rendering of maintenance services	**1,808**	1,900
	57,884	53,551
Revenue from other source:		
Rental income from leasing medical devices	**161**	152
	58,045	53,703

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

	2019	2018
	HK$'000	*HK$'000*
Trade receivables	**9,162**	6,931
Contract liabilities	**229**	–

Note: The Group has initially applied HKFRS 15 using the cumulative effect method. Under this method, the comparative information is not restated and was prepared in accordance with HKAS 18 and HKAS 11.

6. PROFIT/(LOSS) BEFORE INCOME TAX

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

	2019 *HK$'000*	2018 *HK$'000*
Auditor's remuneration	**578**	550
Reversal of loss allowance for trade receivables	**(8)**	–
Cost of inventories recognised as expense#		
— Carrying amount of inventories consumed	**24,243**	21,940
— Allowance for inventories	**553**	226
— Write-off of inventories	**279**	158
	25,075	22,324
Change in fair value of financial assets measured at FVTPL	**(70)**	–
Depreciation of property, plant and equipment*	**928**	400
Employee costs (including directors' emoluments)		
— Salaries, allowances and other benefits	**12,380**	7,391
— Contributions to defined contribution retirement plan	**336**	278
	12,716	7,669
Gain on disposal of property, plant and equipment	**(20)**	–
Exchange difference, net	**266**	(163)
Operating lease charges in respect of buildings	**3,009**	2,360
Research and development expenditure^	**554**	499

\# 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$536,000 for the year (2018: HK$468,000) 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:

	2019 *HK$'000*	2018 *HK$'000*
Current tax for the year		
— Hong Kong Profits Tax	**1,600**	2,395
(Over)/under-provision in respect of prior years	**(14)**	26
	1,586	2,421
Deferred tax	**52**	212
	1,638	2,633

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

Two-tiered profits tax rate applies to years of assessment commencing on or after 1 April 2018. Under the regime, the first HK$2 million of the estimated assessable profits of qualifying corporation will be taxed at 8.25%, and the estimated assessable profits above HK$2 million will be taxed at 16.5%. The two-tiered profits tax rates regime was applicable to the Group for the year ended 31 March 2019.

For the year ended 31 March 2018, Hong Kong profits tax is calculated at 16.5% on the estimated assessable profits.

8. DIVIDENDS

	2019	2018
	HK$'000	*HK$'000*
Interim dividends *(note (a))*	–	2,840
Special dividend *(note (b))*	–	11,200
	–	14,040

Notes:

(a) The interim dividends for the year ended 31 March 2018 amounting to HK$2,840,000 represented interim dividends declared by a subsidiary of the Company to their then shareholders.

(b) On 17 July 2017, a special dividend of HK$11,200,000 was declared by a subsidiary of the Company to their then shareholders, and was fully settled during the year ended 31 March 2018.

Subsequent to the end of the reporting period, a final dividend of HK$0.1250 cents (2018: Nil) per ordinary share, totally amounting to HK$1,000,000 and a special dividend of HK$0.3125 cents (2018: Nil) per ordinary share, totally amounting to HK$2,500,000 in respect of the year ended 31 March 2019 has been proposed by the Directors and is subject to approval by the shareholders in the forthcoming annual general meeting. The proposed final dividend and special dividend have not been recognised as a liability at the end of the reporting period.

9. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic earnings/(loss) per share is based on the following data:

	2019	2018
	HK$'000	*HK$'000*
Earnings/(Loss)		
Profit/(Loss) for the year attributable to owners of the Company	**6,608**	(3,080)
	'000	*'000*
Weighted average number of ordinary shares in issue		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**800,000**	633,381

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

The weighted average number of ordinary shares used for the purpose of calculating the basic loss per share for the year ended 31 March 2018 of approximately 633,381,000 shares includes the weighted average number of shares issued pursuant to the share offer (note 12(iv)) of approximately 1,381,000 shares, in addition to 632,000,000 shares in issue immediately after the capitalisation issue.

Diluted earnings/(loss) per share are same as the basic earnings/(loss) per share as there are no dilutive potential ordinary shares in existence during the year or in prior year.

10. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2019	2018
	HK$'000	*HK$'000*
Trade receivables	**10,659**	8,349
Less: allowance for impairment	**(1,497)**	(1,418)
Trade receivables, net *(note)*	**9,162**	6,931
Other receivables	**122**	35
Deposits and prepayments	**1,475**	709
	10,759	7,675

Note:

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

At the end of the reporting period, the allowance for impairment has been recognised for trade receivables in accordance with the simplified approach, i.e. lifetime ECLs set out in HKFRS 9.

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

	2019	2018
	HK$'000	*HK$'000*
0–30 days	**5,862**	4,283
31–60 days	**1,970**	1,355
61–90 days	**896**	678
Over 90 days	**434**	615
	9,162	6,931

11. TRADE AND OTHER PAYABLES

	2019	2018
	HK$'000	*HK$'000*
Trade payables	**7,358**	3,333
Accruals and other payables	**2,146**	10,284
Deposits received	**259**	201
	9,763	13,818

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:

	2019	2018
	HK$'000	*HK$'000*
0–30 days	**5,499**	2,619
31–60 days	**1,146**	257
61–90 days	**–**	–
Over 90 days	**713**	457
	7,358	3,333

12. SHARE CAPITAL

Ordinary shares	**Per value**	**Number of shares**	**Amount**
	HK$'000		*HK$'000*
Authorised:			
Upon incorporation *(note (i))*	0.01	38,000,000	380
Increase in authorised share capital *(note (i))*	0.01	7,962,000,000	79,620
At 31 March 2018, 1 April 2018 and 31 March 2019		8,000,000,000	80,000
Issued and fully paid:			
Issue of shares upon incorporation *(note (i))*	0.01	1	–
Issue of shares for acquisition of subsidiaries *(note (ii))*	0.01	881	–
Issue of shares to Infinite Crystal and Akatsuki *(note (iii))*	0.01	118	–
Issue of shares by capitalisation issue *(note (iv))*	0.01	631,999,000	6,320
Issue of shares under share offer *(note (iv))*	0.01	168,000,000	1,680
At 31 March 2018, 1 April 2018 and 31 March 2019		800,000,000	8,000

Notes:

(i) The Company was incorporated on 5 July 2017 with an authorised share capital of HK$380,000 divided into 38,000,000 ordinary shares of HK$0.01 each. Upon incorporation, one nil-paid subscriber share was allotted and issued to the initial subscriber, which was subsequently transferred to Ms. Wong Bik Kwan Bikie ("Ms. Wong") on the same day.

Pursuant to the resolution passed by the shareholders of the Company on 1 March 2018, the authorised share capital of the Company has been increased from HK$380,000 to HK$80,000,000 by the creation of an additional 7,962,000,000 shares of HK$0.01 each.

(ii) On 24 July 2017, the Company allotted and issued 881 shares in aggregate to Ms. Wong which were credited as fully paid and credited the one nil-paid subscriber share held by Ms. Wong as fully paid as consideration for transferring her equity interests in Solar-Med Limited ("Solar-Med"), Sonne International Company Limited, Sonne Technology International Limited and Sonne UK Limited and on the same date, at the direction of Ms. Ching, the Company allotted and issued one share to Ms. Wong which was credited as fully paid (included in those 881 issued and fully paid shares) as consideration for transferring Ms. Ching's equity interest in Solar-Med.

(iii) On 1 August 2017, the Company allotted and issued 64 shares to Infinite Crystal Limited ("Infinite Crystal") and 54 shares to Akatsuki Corp. ("Akatsuki") at consideration of HK$14,132,000 in aggregate. Upon completion of the subscriptions, the Company is owned as to 88.2% by Ms. Wong, 6.4% by Infinite Crystal and 5.4% by Akatsuki.

(iv) The Company's shares were listed on GEM of the Stock Exchange on 29 March 2018 and the issue of 168,000,000 new shares by the Company becomes unconditional. In connection to this, (i) the Company issued a total of 168,000,000 ordinary shares at HK$0.335 per share for subscription (the "Share Offer"); and (ii) the Company issued a total of 631,999,000 ordinary shares by way of capitalising an amount of HK$6,319,990 from the share premium account of the Company (the "Capitalisation Issue") arising from the Share Offer. The Company's total number of issued shares upon completion of the Share Offer and the Capitalisation issue was increased to 800,000,000 ordinary shares.

Among the gross proceeds from the Share Offer of HK$56,280,000, HK$1,680,000 representing the aggregate par value of share issued was credited to the Company's share capital whereas the remaining amount of HK$54,600,000 was credited to share premium account.

The share issuance expenses, which amounted to approximately HK$9,913,000 were deducted from the share premium account.

13. EVENTS AFTER THE REPORTING PERIOD

On 18 April 2019, the Group offered to grant 39,500,000 share options to certain eligible participants under the share option scheme adopted by the Group on 1 March 2018 to subscribe at an exercise price of HK$0.12 per share for a total of 39,500,000 ordinary shares of HK$0.01 each in the share capital of the Group. The grant of the said share options is subject to acceptance of the respective grantees.

The share options shall have a validity period of 5 years from 18 April 2019 to 17 April 2024, both dates inclusive, subject to the vesting conditions as stated in the offer letters to the grantees. No share options can be exercised until the relevant share options have been unconditionally vested.

A total of 39,000,000 share options were accepted and outstanding, including 12,000,000 share options to Ms. Wong, the Chairman, Chief Executive Officer and an Executive Director, and 10,000,000 share options to Mr. Chan Chun Sing, an Executive Director.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group continues to be an established medical device distributor with over 20 years of experience in the medical device market in Hong Kong. As an integral part of the distribution business, the Group also provide one-stop medical device solutions, including market trend analysis, sourcing of medical devices, after-sale services, technical support and training services, medical device leasing services and quality assurance. To satisfy the customers' specifications and requirements, the Group sourced over 10,000 types of medical devices directly from over 40 suppliers which mostly comprised overseas medical device manufacturers and supplied these medical devices together with the necessary medical devices solutions to a large number of customers. During the year ended 31 March 2019, our customers mainly comprise all private hospitals in Hong Kong, substantially all of the public hospitals in Hong Kong, and some of the private clinics, government department, non-profit organisations, universities and individual end-users in Hong Kong.

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

During the year ended 31 March 2019, the Group achieved its business growth through diversifying the product portfolio. The Group has successfully promoted airway management anaesthetic products, which can be applied in general anesthesia, accident and emergency, resuscitation and elective inpatient and outpatient surgical procedure. The Group has also diversified the product range with (i) respiratory products for oxygen and aerosol therapy together with active humidification for both invasive and non-invasive ventilation; (ii) urology products; and (iii) hemostatic dressing for efficient control of severe bleeding such as surgical wounds and traumatic injuries.

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

FINANCIAL REVIEW

Revenue

The Group's revenue increased by approximately 8.1%, from approximately HK$53.7 million for the year ended 31 March 2018 to approximately HK$58.0 million for the year ended 31 March 2019. The increase was primarily attributable to the increase in revenue generated from medical equipment, resulting from the increase in sales of electric beds and other bed accessory.

Gross profit and gross profit margin

The Group recorded gross profit of approximately HK$31.4 million for the year ended 31 March 2019, representing an increase by approximately HK$1.5 million or 5.1%, as compared to approximately HK$29.9 million for the year ended 31 March 2018. Gross profit margin slightly decreased from approximately 55.7% for the year ended 31 March 2018 to approximately 54.2% for the year ended 31 March 2019. The decrease in gross profit margin was mainly because during the year ended 31 March 2019, the Group sold a higher proportion of electric beds and other bed accessory which had a comparatively lower gross profit margin and sold a lower proportion of spare parts of medical equipment which had a comparatively higher gross profit margin.

Administrative and other operating expenses

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

Administrative and other operating expenses for the year ended 31 March 2019 amounted to approximately HK$22.7 million, representing an increase by approximately HK$8.0 million or 55.0%, as compared to approximately HK$14.7 million for the year ended 31 March 2018.

The increase was primarily attributable to the increase in the (i) staff costs, including Directors' remuneration, by approximately HK$5.0 million; (ii) legal and professional fee by approximately HK$1.2 million; (iii) depreciation by approximately HK$0.5 million; (iv) rent, rates and management fee by approximately HK$0.6 million; (v) recruitment costs by approximately HK$0.4 million; and (vi) travelling and entertainment expenses by approximately HK$0.3 million.

Listing expenses

For the year ended 31 March 2019, no non-recurring listing expenses were incurred. The Group recognised such expenses of approximately HK$15.2 million in connection with the Listing for the year ended 31 March 2018.

Income tax expenses

Income tax expenses for the year ended 31 March 2019 amounted to approximately HK$1.6 million (2018: approximately HK$2.6 million). During the year ended 31 March 2018, the Group incurred one-off listing expenses which were not deductible for taxation purpose.

Profit/(Loss) for the year

During the year ended 31 March 2019, the Group recorded a profit of approximately HK$6.6 million, as compared to the loss of approximately HK$3.1 million for the year ended 31 March 2018. Excluding the non-recurring listing expenses, profit for the year ended 31 March 2018 would have been amounted to approximately HK$12.1 million. The Group's profit (excluding non-recurring listing expenses) decreased by approximately 45.4%, from approximately HK$12.1 million for the year ended 31 March 2018 to approximately HK$6.6 million for the year ended 31 March 2019, mainly as a result of the increase in administrative and other operating expenses.

DIVIDENDS

The Board has recommended the payment of a final dividend of HK$0.1250 cents (2018: Nil) per ordinary share and a special dividend of HK$0.3125 cents (2018: Nil) per ordinary share for the year ended 31 March 2019. Such dividends are subject to Shareholders' approval at the forthcoming AGM to be held on Wednesday, 18 September 2019. Upon obtaining the Shareholders' approval, the dividends are expected to be paid on or around Monday, 21 October 2019 to Shareholders whose names appear on the register of members of the Company on Monday, 30 September 2019.

LIQUIDITY AND FINANCIAL RESOURCES

Liquidity

As at 31 March 2019, current assets amounted to approximately HK$85.2 million (2018: approximately HK$83.3 million). Current liabilities were approximately HK$10.0 million (2018: approximately HK$14.0 million).

Financial Resources

As at 31 March 2019, the Group had total cash and bank balances of approximately HK$57.0 million (2018: approximately HK$61.1 million).

As at 31 March 2019, the Group had trade receivables of approximately HK$9.2 million (2018: approximately HK$6.9 million).

Gearing Ratio

The gearing ratio of the Group as at 31 March 2019 was nil (2018: 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 2019, 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 to the consolidated financial statements in this announcement.

COMMITMENTS

The contractual commitments of the Group were primarily related to the leases of its office premises and warehouses. As at 31 March 2019, the Group's operating lease commitment amounted to approximately HK$2.5 million (2018: approximately HK$4.1 million).

As at 31 March 2019, the Group did not have any significant capital commitments (2018: Nil).

SEGMENT INFORMATION

Segment information is disclosed in note 4 to the consolidated financial statements 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 2019.

SIGNIFICANT INVESTMENTS

As at 31 March 2019, there was no significant investment held by the Group (2018: Nil).

CONTINGENT LIABILITIES

As at 31 March 2019, the Group had no material contingent liabilities (2018: 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

As at 31 March 2019, the Group has pledged its bank deposits of approximately HK$3.0 million (2018: approximately HK$3.0 million) to a bank for securing the banking facility of HK$3.0 million granted to the Group, so as to obtain the bank guarantees in favour of the customers of certain tender contracts.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2019, the Group has a total of 27 employees (2018: 23 employees). Staff costs, including Directors' remuneration, of the Group were approximately HK$12.7 million for the year ended 31 March 2019 (2018: approximately HK$7.7 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 2019.

Business objectives as stated in the Prospectus	Actual business progress up to 31 March 2019
Further penetrate the medical device market and enhance the market share	The Group has been increasing the marketing efforts, including participating in (i) Hospital Authority Convention 2018; (ii) Exhibition of International Nurses Day 2018; and (iii) Exhibition in Hong Kong College of Midwives 6th AGM Cum Professional Seminar. The Group has established its website and is in the process of enhancing the website.
Expand the workforce	The Group has recruited seven sales executives, one assistant accountant, one administration officer, one service engineer and internally transferred one service engineering manager from other department. However, there were four sales executives left our Group. The Group has made a number of improvements on staff benefits and is in the process of attracting further headcounts to strengthen the team.
Selectively pursue opportunities for strategic acquisitions	The Group is currently actively identifying potential acquisition target.
Enhance the research and development and product development effort	The Group has continued to use the existing product sample of security system to develop hardware prototype.
Upgrade the information technology systems	The Group has purchased some new computer hardware and software and has engaged an independent information technology consultant to upgrade the enterprise resources planning system. The information technology consultant is in the process of communicating with the vendor of enterprise resources planning system and migrating the historical operating data.
Maximise the warehouse space, establish the showroom and upgrade the functionality of office space	The Group has purchased and installed a video conference system. The Group is in the process of identifying suitable place of showroom and suitable supplier of warehouse racks.

USE OF PROCEEDS

	Adjusted use of actual net proceeds in the same manner as stated in the Prospectus up to 31 March 2020 *HK$ million*	Adjusted use of actual net proceeds in the same manner as stated in the Prospectus up to 31 March 2019 *HK$ million*	Actual use of net proceeds up to 31 March 2019 *HK$ million*
Further penetrate the medical device market and enhance the market share	6.1	3.4	0.2
Expand the workforce	9.7	3.4	1.5
Selectively pursue opportunities for strategic acquisitions	7.7	0.3	—
Enhance the research and development and product development effort	1.3	0.8	—
Upgrade the information technology systems	2.5	2.5	0.2
Maximise the warehouse space, establish the showroom and upgrade the functionality of office space	2.1	1.7	0.1
General working capital	1.8	0.9	0.9
	31.2	13.0	2.9

The Group intended to apply for approximately HK$13.0 million to the business plans as shown above during the year ended 31 March 2019. During the reporting period, the Group has encountered difficulties in recruiting employees due to the overall labour market environment in Hong Kong. The limited manpower adversely affected the progress of business expansion plans as stated in the Prospectus. The Group has implemented a series of measures to improve the staff benefits and working environment in order to enhance the Group's competitiveness in the human resources market.

On the other hand, the Group is still in the process of identifying suitable acquisition target, while preliminary site visit has been conducted to certain potential acquisition target. The Group will continue to evaluate the target identified and look for other suitable acquisition target in the coming year.

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 industry.

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.

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 reporting period.

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 codes 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 A.2.1 of the CG Code, for the financial year ended 31 March 2019.

For the financial year ended 31 March 2019, the role of Chairman is performed by the CEO, Ms. Wong. As the Chairman of the Board, Ms. Wong is responsible for the formulating, planning and directing the Group's overall strategy. Ms. Wong works with another executive Director in executing the business development plan, operation and day-to-day management of the Group and seeks for Board approval for any significant decisions and transactions.

Although Ms. Wong performs both roles, 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 Wednesday, 18 September 2019, 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 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 Wednesday, 18 September 2019, the register of members of the Company will be closed from Friday, 13 September 2019 to Wednesday, 18 September 2019, both days inclusive, during which period no transfer of Shares will be registered. The record date will be Wednesday, 18 September 2019. 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 (on or before 10 July 2019: Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong), for registration no later than 4:30 p.m. on Thursday, 12 September 2019.

(B) Entitlement to Proposed Final Dividend and Special Dividend

For the purpose of determining Shareholders' entitlement to the proposed final dividend and special dividend, the register of members of the Company will be closed from Wednesday, 25 September 2019 to Monday, 30 September 2019, both days inclusive, during which period no transfer of Shares will be registered. The record date will be Monday, 30 September 2019. In order to qualify for the entitlement of the proposed final dividend and special 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 (on or before 10 July 2019: Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong), for registration no later than 4:30 p.m. on Tuesday, 24 September 2019.

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 main responsibilities of the Audit Committee include, but not limited to:

- Making recommendations to the Board on the appointment, reappointment, resignation, dismissal and removal of the external auditors;

- Approving the remuneration and engagement terms of all services provided by the external auditors;

- Reviewing and monitoring the external auditors' independence and objectivity and the effectiveness of the audit process;

- Review of financial information of the Group, including the true and fairness of the quarterly, interim and annual financial statements, accounting policies and practice (or change in, if any), major judgemental areas, going concern consideration, compliance with accounting standards and listing rules in relation to financial reporting;

- Reviewing the adequacy of resources, qualifications and experience of Accounting Staff, and their training programmes and budget of the Company's accounting and financial reporting function;

- Reviewing and monitoring the effectiveness and adequacy of the Group's risk management and internal control measures;

- Ensuring that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor the effectiveness of the internal audit function; and

- Regularly report observations and make recommendations to the board (if any).

The annual results for the year ended 31 March 2019 have been renewed 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 2019 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 2019. 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, 21 June 2019

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

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