

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



GRAND BRILLIANCE GROUP HOLDINGS LIMITED

君百延集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8372)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2023

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 2023, together with the comparative figures for the year ended 31 March 2022.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2023

		2023	2022
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	5	76,701	71,978
Cost of revenue		<u>(37,189)</u>	<u>(35,631)</u>
Gross profit		39,512	36,347
Other income	6	1,475	26
Other gains or losses		417	(326)
Distribution and selling expenses		(1,209)	(1,197)
Administrative and other operating expenses		(30,470)	(29,232)
Share of results of associates		(196)	–
Finance costs		<u>(152)</u>	<u>(140)</u>
Profit before income tax	7	9,377	5,478
Income tax expense	8	<u>(1,815)</u>	<u>(1,430)</u>
Profit for the year and total comprehensive income attributable to owners of the Company		<u>7,562</u>	<u>4,048</u>
		<i>HK cent(s)</i>	<i>HK cent(s)</i>
Earnings per share attributable to owners of the Company			
Basic and diluted earnings per share	10	<u>0.95</u>	<u>0.51</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2023

	<i>Notes</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		731	1,057
Interests in associates		1,385	780
Other asset		2,690	2,690
Financial assets at fair value through profit or loss		3,187	2,880
Deposits		832	597
Right-of-use assets		4,673	4,830
Deferred tax assets		109	68
		13,607	12,902
Current assets			
Inventories		22,153	22,442
Financial assets at fair value through profit or loss		773	409
Trade and other receivables, deposits and prepayments	<i>11</i>	17,630	19,132
Tax recoverable		–	103
Cash and cash equivalents		61,085	55,336
		101,641	97,422
Current liabilities			
Trade and other payables	<i>12</i>	10,943	11,380
Contract liabilities		760	954
Tax payable		420	–
Lease liabilities		3,766	2,400
		15,889	14,734
Net current assets		85,752	82,688
Total assets less current liabilities		99,359	95,590
Non-current liabilities			
Lease liabilities		688	2,081
Net assets		98,671	93,509
CAPITAL AND RESERVES			
Share capital	<i>13</i>	8,000	8,000
Reserves		90,671	85,509
Total equity		98,671	93,509

NOTES

For the year ended 31 March 2023

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”) 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 HKFRSs, Hong Kong Accounting Standards (“HKAS”) and Interpretations (hereinafter collectively referred to as the Hong Kong Financial Reporting Standards) 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 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 HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

(a) Adoption of new/revised HKFRSs — effective on 1 April 2022

The following new/revised HKFRSs, which are effective from current year, have been adopted by the Group.

Amendments to HKAS 16	Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract
Amendments to HKFRS 3	Reference to the Conceptual Framework
Annual Improvements to HKFRSs 2018–2020	Amendments to HKFRS 9 Financial Instruments and HKFRS 16 Leases

None of the new or revised standards and interpretation that are effective from 1 April 2022 have had a material effect on the Group’s financial statements. 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	Classification of Liabilities as Current or Non-current ²
Amendments to HKAS 1	Non-current Liabilities with Covenants ²
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ¹
HK Interpretation 5 (2022)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ²
Amendments to HKAS 8	Definition of Accounting Estimates ¹
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities Arising from a Single Transaction ¹
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³

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

² Effective for annual periods beginning on or after 1 January 2024

³ Effective date to be determined

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 period, 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 (other than deferred tax and financial assets) are located in Hong Kong. As a result, no separate segmental analysis is presented.

(c) Disaggregation of revenue from contracts with customers

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Timing of revenue recognition		
Over time	2,201	1,394
At a point in time	<u>74,344</u>	<u>70,395</u>
	<u><u>76,545</u></u>	<u><u>71,789</u></u>

(d) Information about major customers

For the year ended 31 March 2023, no revenue from customers which represented 10% or more of the Group's revenue. For the year ended 31 March 2022, revenue from one customer amounted to HK\$7,648,000 which represented 11% of the Group's revenue.

5. REVENUE

The Group is principally engaged in supplying medical devices and providing medical device solutions including market trend analysis, sourcing of medical devices, after-sale services, technical support and training services, medical devices leasing services and quality assurance. Revenue derived from the principal activities comprises the following:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Revenue from contracts with customers:		
Sales of medical devices and products		
Medical consumables	55,061	53,699
Medical equipment	17,476	14,251
Medical instruments	1,807	2,445
	74,344	70,395
Rendering of maintenance services	2,201	1,394
	76,545	71,789
Revenue from other source:		
Rental income from leasing medical devices	156	189
	76,701	71,978

6. OTHER INCOME

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Bank interest income	438	11
Government grants (<i>note</i>)	1,022	–
Dividend income	15	10
Sundry income	–	5
	1,475	26

Note: The Group was granted subsidies of HK\$814,000 under the Employment Support Scheme (“ESS”) under the Anti-epidemic Fund launched by the Government of the Hong Kong Special Administrative Region for supporting the payroll of the Group’s employees during the year ended 31 March 2023. The Group has complied with the requirements set out the in the ESS for the year.

7. PROFIT BEFORE INCOME TAX

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Auditor's remuneration	590	590
Cost of inventories recognised as expense [#]		
— Carrying amount of inventories sold	36,587	34,918
— Write-down of inventories	653	—
— (Reversal of allowance)/Allowance for inventories	(51)	713
	<u>37,189</u>	<u>35,631</u>
Changes in fair value of financial assets at fair value through profit or loss	(152)	(16)
Depreciation of property, plant and equipment*	389	615
Depreciation of right-of-use assets*	3,977	3,637
Employee costs (including directors' emoluments)		
— Salaries, allowances and other benefits	17,882	17,661
— Contributions to defined contribution retirement plan ^{<}	496	505
— Equity-settled share-based payment expenses	—	9
	<u>18,378</u>	<u>18,175</u>
Loss on early termination of lease	—	79
Exchange (gain)/loss, net	(186)	176
Research and development expenditure [^]	<u>2,481</u>	<u>2,066</u>

[#] 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\$2,468,000 (2022: HK\$2,003,000) which are included in the employee costs above

[<] For the year ended 31 March 2023, no forfeited contribution in respect of the defined contribution retirement plans were utilised by the Group to reduce the contribution payable to the plans (2022: nil). As at 31 March 2023, no forfeited contribution under these plans is available to reduce future contribution (2022: nil)

8. INCOME TAX EXPENSE

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Current tax for the year		
— Hong Kong Profits Tax	1,856	1,431
Over-provision in respect of prior years	<u>—</u>	<u>(10)</u>
	1,856	1,421
Deferred tax	<u>(41)</u>	<u>9</u>
	<u>1,815</u>	<u>1,430</u>

The Group has no income subject to taxation in the Cayman Islands, the British Virgin Islands and United Kingdom. The Company and its Hong Kong incorporated subsidiaries are subject to Hong Kong Profits Tax, which is calculated at tax rate of 16.5% on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Company which is a qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 of assessable profits of this subsidiary are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

9. DIVIDENDS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Interim dividend	<u>2,400</u>	<u>3,600</u>

The dividend for the years ended 31 March 2023 and 2022 amounting to HK\$2,400,000 and HK\$3,600,000 respectively represented interim dividend declared by the Company to its shareholders.

Subsequent to the end of the reporting period, an interim dividend of HK0.4 cent (2022: HK0.3 cent) per ordinary share, totally amounting to HK\$3,200,000 (2022: HK\$2,400,000) in respect of the year ended 31 March 2023 has been declared by the directors. The interim dividend declared after the year ended 31 March 2023 was not recognised as a liability as at 31 March 2023 as it had not been approved by the board of directors of the Company as at 31 March 2023.

10. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Earnings		
Profit for the year attributable to owners of the Company	<u>7,562</u>	<u>4,048</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 2023 and 2022, no adjustment has been made as the exercise of the outstanding share options has an anti-dilutive effect of the basic earnings per share.

11. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade receivables	17,156	18,842
Less: Allowance for impairment	<u>(1,453)</u>	<u>(1,532)</u>
Trade receivables, net	15,703	17,310
Other receivables	405	191
Deposits and prepayments	<u>1,522</u>	<u>1,631</u>
	<u>17,630</u>	<u>19,132</u>

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

As at 31 March 2023 and 2022, the allowance for impairment on trade receivables has been recognised 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:

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
0–30 days	9,691	8,135
31–60 days	4,948	1,881
61–90 days	536	2,046
Over 90 days	528	5,248
	15,703	17,310

12. TRADE AND OTHER PAYABLES

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade payables	5,969	7,107
Accruals and other payables	4,974	4,273
	10,943	11,380

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:

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
0–30 days	3,236	4,454
31–60 days	723	963
61–90 days	485	960
Over 90 days	1,525	730
	5,969	7,107

13. SHARE CAPITAL

Ordinary shares	Number of shares	Amount <i>HK\$'000</i>
Authorised: Ordinary shares of HK\$0.01 each		
At 1 April 2021, 31 March 2022, 1 April 2022 and 31 March 2023	<u>8,000,000,000</u>	<u>80,000</u>
Issued and fully paid: Ordinary shares of HK\$0.01 each		
At 1 April 2021, 31 March 2022, 1 April 2022 and 31 March 2023	<u>800,000,000</u>	<u>8,000</u>

14. 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 at the end of the reporting period are as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Aggregate value of the surety bonds issued in favour of customers	<u>1,192</u>	<u>1,084</u>

The surety bonds are required for the entire period of the relevant tender contracts. As at 31 March 2023, majority of the tender contracts are expected to be completed by 2025 (2022: year 2024).

As assessed by the directors, it is highly not probable that the bank would claim the Group for losses in respect of the guarantee contracts as it is highly unlikely that the Group is unable to fulfill the performance requirements of the relevant contracts. Accordingly, the management did not expect these guarantees to have significant impact on the financial statements.

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 2023, the Group continued to implement our business strategy to solidify our position as a major medical device distributor in Hong Kong. We have established an associate company which will facilitate and bring about the Group's future business development in developing and establishing autonomous mobile robot solutions in the healthcare industries 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 and enhance our research and development ability.

During the year ended 31 March 2023, Hong Kong's economy was significantly affected by the Coronavirus Disease 2019 ("COVID-19"), 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 situation has been improved when China and Hong Kong lifted COVID-19 restrictions during the year. The Group will further expand the product portfolio and enhance the customer services to enhance our one-stop medical device solutions services.

Looking ahead, while China and Hong Kong have lifted COVID-19 restrictions, we continue to be optimistic on the outlook of the medical and healthcare industry, attributable to the increase of aging population and rising healthcare awareness of the public in Hong Kong together with our automation solution to eliminate the medical manpower shortage crisis in Hong Kong. The Group is looking for suitable investment opportunities to diversify business and bring better investment return to the shareholders of the Company.

FINANCIAL REVIEW

Revenue

The Group's revenue increased by approximately 6.6%, from approximately HK\$72.0 million for the year ended 31 March 2022 to approximately HK\$76.7 million for the year ended 31 March 2023. The increase was primarily attributable to the increase in revenue generated from medical equipment and consumables by the economic recovery from the lifted of COVID-19 restrictions.

Gross profit and gross profit margin

The Group recorded gross profit of approximately HK\$39.5 million for the year ended 31 March 2023, representing an increase by approximately HK\$3.2 million or 8.7%, as compared to approximately HK\$36.3 million for the year ended 31 March 2022. Gross profit margin increased from approximately 50.5% for the year ended 31 March 2022 to approximately 51.5% for the year ended 31 March 2023. The increase in gross profit margin was mainly due to the improvement in cost control of transportation costs.

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 2023 amounted to approximately HK\$30.5 million, representing an increase by approximately HK\$1.3 million or 4.2%, as compared to approximately HK\$29.2 million for the year ended 31 March 2022. The increase was primarily attributable to the increase of rent, rates and management fee of the Group for the year ended 31 March 2023.

Income tax expenses

Income tax expenses for the year ended 31 March 2023 amounted to approximately HK\$1.8 million (2022: approximately HK\$1.4 million).

Profit for the year

The Group's profit increased by approximately HK\$3.6 million from approximately HK\$4.0 million for the year ended 31 March 2022 to approximately HK\$7.6 million for the year ended 31 March 2023. The increase was primarily attribute to (i) increase in revenue; and (ii) one-off employment support scheme government grant for the year ended 31 March 2023.

DIVIDEND

The Board has declared the payment of an interim dividend of HK0.4 cent (2022: HK0.3 cent) per ordinary share in lieu of final dividend for the year ended 31 March 2023. It is expected that the interim dividend will be paid on or before Monday, 14 August 2023 to the shareholders of the Company whose name appear on the register of members on Friday, 7 July 2023.

LIQUIDITY AND FINANCIAL RESOURCES

Liquidity

As at 31 March 2023, current assets amounted to approximately HK\$101.6 million (2022: approximately HK\$97.4 million). Current liabilities were approximately HK\$15.9 million (2022: approximately HK\$14.7 million).

Financial Resources

As at 31 March 2023, the Group had total cash and bank balances of approximately HK\$61.1 million (2022: approximately HK\$55.3 million).

As at 31 March 2023, the Group had trade receivables of approximately HK\$15.7 million (2022: approximately HK\$17.3 million).

Gearing Ratio

The gearing ratio of the Group as at 31 March 2023 was nil (2022: 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 2023, 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 13 in this announcement.

COMMITMENTS

As at 31 March 2023, the Group did not have any significant capital commitments (2022: 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") and as set out in the announcement of the Company dated 24 November 2021 (the "Announcement"), 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 2023.

SIGNIFICANT INVESTMENTS

As at 31 March 2023, there was no significant investment held by the Group (2022: nil).

CONTINGENT LIABILITIES

As at 31 March 2023, the Group had no material contingent liabilities (2022: 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 2023 and 2022.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2023, the Group has a total of 41 employees (2022: 41 employees). Staff costs, including Directors’ remuneration, of the Group were approximately HK\$18.4 million for the year ended 31 March 2023 (2022: approximately HK\$18.2 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 2023.

Business objectives as stated in the Prospectus

Actual business progress up to 31 March 2023

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.

The Group has purchased samples of medical devices for display in our showroom for our customers' inspection before ordering.

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 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.

The Group has purchased some new hardware and software for research and development purpose.

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 has established a new showroom and 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 set out in the Announcement, the Board resolved to change in the use of unutilised net proceeds as of 24 November 2021.

As at 31 March 2023, the net proceeds had been applied and utilised as follows:

Intended use of proceeds	Unutilised proceeds as at 31 March 2022 <i>HK\$ million</i>	Utilised proceeds during the year ended 31 March 2023 <i>HK\$ million</i>	Unutilised proceeds as at 31 March 2023 <i>HK\$ million</i>	Expected timeline of full utilisation of the balance
General working capital	4.5	2.6	1.9	By end of 30 June 2024
Develop own brand autonomous mobile robot solution to reduce the medical manpower shortage	7.0	3.0	4.0	By end of 30 June 2024
	<u>11.5</u>	<u>5.6</u>	<u>5.9</u>	

The business objectives, future plans and planned use of proceeds as stated in the Prospectus and the Announcement were based on the best estimation and assumption of the future market conditions made by the Group at the time of preparing the Prospectus and the Announcement, 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. The continuing trade conflict between the U.S. and the PRC, the PRC's gradual economic slowdown and the 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 and the Announcement.

The Group intends to apply the net proceeds in the manner as stated in the Prospectus and the Announcement. 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 C.2.1 of the CG Code for the financial year ended 31 March 2023.

Code provision C.2.1 of the CG Code provides that the role of Chairman and chief executive officer should be separate and should not be performed by the same individual.

For the financial year ended 31 March 2023, the role of Chairman is performed by the CEO, Ms. Wong Bik Kwan Bikie ("Ms. Wong"). 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, 15 September 2023, 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, 5 July 2023 to Friday, 7 July 2023, both days inclusive, during which period no transfer of Shares will be registered. The record date will be Friday, 7 July 2023. 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration no later than 4:30 p.m. on Tuesday, 4 July 2023.

(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, 15 September 2023, the register of members of the Company will be closed from Tuesday, 12 September 2023 to Friday, 15 September 2023, 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Monday, 11 September 2023.

DONATIONS

No donations were made by the Group during the year.

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 of Hong Kong Limited (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. Chow Ming Po Aaron	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 2023 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 2023 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 2023. 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, 16 June 2023

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. Chow Ming Po Aaron.

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).