



# 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**



# 2021

INTERIM REPORT

## CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “HONG KONG STOCK EXCHANGE”)

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

**Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Hong Kong Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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*This report, 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 report 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 report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

## INTERIM RESULTS

The board of the Directors (the “Board”) of the Company is pleased to announce the unaudited condensed consolidated results of the Group for the six months ended 30 September 2021, together with the comparative figures for the corresponding period in 2020, as follows:

### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2021

	Notes	For the six months ended 30 September	
		2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
<b>Revenue</b>	4	<b>31,355</b>	30,645
Cost of revenue		<b>(14,147)</b>	(13,635)
<b>Gross profit</b>		<b>17,208</b>	17,010
Other income		<b>18</b>	1,921
Other gains or losses		<b>(125)</b>	(29)
Distribution and selling expenses		<b>(496)</b>	(444)
Administrative and other operating expenses		<b>(12,841)</b>	(11,577)
Finance costs	5	<b>(65)</b>	(38)
<b>Profit before income tax</b>	6	<b>3,699</b>	6,843
Income tax expense	7	<b>(648)</b>	(1,149)
<b>Profit and total comprehensive income for the period attributable to owners of the Company</b>		<b>3,051</b>	5,694
		<b>HK cent</b>	HK cent
<b>Earnings per share attributable to owners of the Company</b>			
Basic and diluted earnings per share	9	<b>0.38</b>	0.71

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	<b>As at 30 September 2021 HK\$'000 (Unaudited)</b>	As at 31 March 2021 HK\$'000 (Audited)
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10	<b>1,264</b>	888
Other asset		<b>2,690</b>	2,690
Financial assets measured at fair value through profit or loss		<b>810</b>	810
Deposits		<b>783</b>	700
Right-of-use assets		<b>6,777</b>	5,095
Deferred tax assets		<b>34</b>	77
		<b>12,358</b>	10,260
<b>Current assets</b>			
Inventories		<b>23,538</b>	21,104
Financial assets measured at fair value through profit or loss		<b>528</b>	46
Trade and other receivables, deposits and prepayments	12	<b>10,421</b>	9,530
Tax recoverable		<b>253</b>	858
Cash and cash equivalents		<b>59,346</b>	70,212
		<b>94,086</b>	101,750

	Notes	As at 30 September 2021 HK\$'000 (Unaudited)	As at 31 March 2021 HK\$'000 (Audited)
<b>Current liabilities</b>			
Trade and other payables	13	6,517	12,520
Contract liabilities	11	933	1,566
Lease liabilities		3,400	3,456
		<b>10,850</b>	17,542
<b>Net current assets</b>			
		<b>83,236</b>	84,208
<b>Total assets less current liabilities</b>			
		<b>95,594</b>	94,468
<b>Non-current liabilities</b>			
Lease liabilities		3,082	1,416
<b>Net assets</b>			
		<b>92,512</b>	93,052
<b>CAPITAL AND RESERVES</b>			
Share capital	14	8,000	8,000
Reserves		84,512	85,052
<b>Total equity</b>			
		<b>92,512</b>	93,052

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2021

	Share capital HK\$'000	Share premium HK\$'000	Merger reserve HK\$'000	Share option reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000
<b>At 1 April 2020 (audited)</b>	8,000	52,499	1,500	813	25,670	88,482
Profit and total comprehensive income for the period	-	-	-	-	5,694	5,694
Recognition of equity-settled share-based payment	-	-	-	109	-	109
Lapse of share options	-	-	-	(9)	9	-
Dividend declared (Note 8)	-	-	-	-	(3,500)	(3,500)
<b>At 30 September 2020 (unaudited)</b>	8,000	52,499	1,500	913	27,873	90,785
<b>At 1 April 2021 (audited)</b>	<b>8,000</b>	<b>52,499</b>	<b>1,500</b>	<b>1,006</b>	<b>30,047</b>	<b>93,052</b>
Profit and total comprehensive income for the period	-	-	-	-	3,051	3,051
Recognition of equity-settled share-based payment	-	-	-	9	-	9
Dividend declared (Note 8)	-	-	-	-	(3,600)	(3,600)
<b>At 30 September 2021 (unaudited)</b>	<b>8,000</b>	<b>52,499</b>	<b>1,500</b>	<b>1,015</b>	<b>29,498</b>	<b>92,512</b>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2021

	For the six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
<b>Net cash used in operating activities</b>	<b>(4,147)</b>	(706)
<b>Cash flows (used in)/from investing activities</b>		
Purchase of property, plant and equipment	(757)	(327)
Bank interest received	11	318
Acquisition of financial assets measured at fair value through profit or loss	(467)	–
<b>Net cash used in investing activities</b>	<b>(1,213)</b>	(9)
<b>Cash flows used in financing activities</b>		
Repayment of principal portion of lease liabilities	(1,841)	(1,287)
Interest paid on lease liabilities	(65)	(38)
Dividend paid	(3,600)	(3,500)
<b>Net cash used in financing activities</b>	<b>(5,506)</b>	(4,825)
<b>Net decrease in cash and cash equivalents</b>	<b>(10,866)</b>	(5,540)
<b>Cash and cash equivalents at beginning of the period</b>	<b>70,212</b>	70,637
<b>Cash and cash equivalents at end of the period</b>	<b>59,346</b>	65,097
<b>Analysis of the balance of cash and cash equivalents</b>		
Bank balances and cash	59,346	65,097
	<b>59,346</b>	65,097

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 September 2021*

## 1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands with limited liability under the Companies Law, Cap. 22 of the Cayman Islands on 5 July 2017. Its shares have been listed on GEM of The Hong Kong Stock Exchange on 29 March 2018 (the "Listing"). The address of the Company's registered office is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Company is situated at Units 2901-03 and 2905, 29/F, The Octagon, 6 Sha Tsui Road, Tsuen Wan, New Territories, Hong Kong.

The Company is an investment holding company and its subsidiaries are principally engaged in supplying medical devices and providing medical device solutions including market trend analysis, sourcing of medical devices, after-sale services, technical support and training services, medical devices leasing services and quality assurance.

The Company's parent is B&A Success Limited ("B&A Success"), a company incorporated in the British Virgin Islands. In the opinion of the Directors, B&A Success is also the ultimate parent of the Company.

The condensed consolidated financial statements are presented in Hong Kong dollars ("HK\$"), which is the same as the functional currency of the Group.

## 2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations (hereinafter collectively referred to as the "HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants, the disclosure requirements of the Hong Kong Companies Ordinance and the GEM Listing Rules.

The condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 March 2021.

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

The accounting policies adopted in preparing the unaudited condensed consolidated results for the six months ended 30 September 2021 are consistent with those adopted in the audited financial statements for the year ended 31 March 2021, except for a number of amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants that are effective for the current accounting period of the Group. The adoption of these new and revised HKFRSs has had no material effect on the Group's results and financial position for the current or prior periods have been prepared or presented.



The Group has not early adopted any new and revised HKFRSs that have been issued but are not yet effective.

The condensed consolidated financial statements for the six months ended 30 September 2021 have not been audited by the Company's auditors, but have been reviewed by the audit committee of the Company (the "Audit Committee").

### 3. SEGMENT INFORMATION

#### (a) Operating segment information

The Group determines its operating segments based on the reports reviewed by the chief operating decision-maker, i.e. directors of the Company who are used to make strategic decisions.

During the reporting periods, the directors assess the operating performance and allocate the resources of the Group as a whole as the Group is primarily engaged in supplying medical devices and providing medical device solutions including market trend analysis, sourcing of medical devices, after-sale services, technical support and training services, medical devices leasing services and quality assurance. Therefore the Group has only one operating segment that qualifies as reportable segment under HKFRS 8 Operating Segment.

#### (b) Geographical segment information

The Company is an investment holding company and the principal place of the Group's operations is in Hong Kong. Accordingly, management determines that the Group is domiciled in Hong Kong. All of the Group's revenue are derived from and most of the Group's non-current assets are located in Hong Kong. Accordingly, no separate segmental analysis is presented.

#### (c) Disaggregation of revenue from contracts with customers

	For the six months ended	
	30 September	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
<b>Timing of revenue recognition</b>		
Over time	940	1,420
At a point in time	30,415	29,225
	<b>31,355</b>	30,645

(d) **Information about major customers**

For the six months ended 30 September 2021, no revenue from a single customer accounted for 10% or above of the total revenue of the Group.

For the six months ended 30 September 2020, revenue from one customer amounted to HK\$3,930,000 which represented more than 10% of the total revenue of the Group.

#### 4. 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:

	For the six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Revenue from contracts with customer:		
Sales of medical devices and products		
Medical consumables	23,479	23,814
Medical equipment	5,972	4,555
Medical instruments	964	856
	30,415	29,225
Rendering of maintenance services	828	1,302
	31,243	30,527
Revenue from other source:		
Rental income from leasing medical devices	112	118
	31,355	30,645

#### 5. FINANCE COSTS

	For the six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Interest on lease liabilities	65	38
	65	38

## 6. PROFIT BEFORE INCOME TAX

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

	For the six months ended	
	30 September	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Cost of inventories recognised as expense <sup>#</sup>		
— Carrying amount of inventories consumed	13,451	12,052
— Allowance for inventories	(77)	(516)
— Write-off of inventories	—	1,340
	<b>13,374</b>	12,876
Change in fair value of financial asset measured at fair value through profit or loss	(15)	—
Depreciation of property, plant and equipment*	381	480
Depreciation of right-of-use assets	1,690	1,136
Employee costs (including directors' emoluments)		
— Salaries, allowances and other benefits	7,588	6,478
— Equity-settled share-based payment expenses	9	109
— Contributions to defined contribution retirement plan	260	231
	<b>7,857</b>	6,818
Bank interest income	(11)	(318)
Exchange difference, net	43	42
Research and development expenditure <sup>^</sup>	369	281
Provision/(reversal) of loss allowance for trade receivables	18	(13)

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

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

<sup>^</sup> Included in research and development expenditure are staff costs amounted to approximately HK\$322,000 for the six months ended 30 September 2021 (six months ended 30 September 2020: HK\$245,000) which have been included in the employee costs above.

## 7. INCOME TAX EXPENSE

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

	For the six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Current tax for the period		
— Hong Kong Profits Tax	605	1,168
Deferred tax	43	(19)
	<b>648</b>	1,149

The Group is subject to Hong Kong Profits Tax under the two-tiered profits tax rate regime. For the six months ended 30 September 2021 and 2020, the first HK\$2 million of the estimated assessable profits of qualifying corporation in the Group will be taxed at 8.25%, and the estimated assessable profits above HK\$2 million will be taxed at 16.5%. The profits of group entity not qualifying for the two-tiered profits tax regime will continue to be taxed at a flat rate of 16.5% on their estimated assessable profits.

## 8. DIVIDENDS

The Board resolved not to declare the payment of an interim dividend for the six months ended 30 September 2021 (six months ended 30 September 2020: Nil).

	For the six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Interim dividend for the year ended 31 March 2021 of HK cent 0.45 per share (2020: HK cent 0.4375 per share)	<b>3,600</b>	3,500

Note:

An interim dividend of HK cent 0.45 per ordinary share for the year ended 31 March 2021 was declared by the Board and was paid on Monday, 16 August 2021 to the shareholders of the Company whose name appear on the register of members on Friday, 9 July 2021.

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

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

	For the six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
<b>Earnings</b>		
Profit for the period attributable to owners of the Company	3,051	5,694
	'000	'000
<b>Weighted average number of ordinary shares in issue</b>		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings per share	800,000	800,000

For the purpose of calculating diluted earnings per share for the six months ended 30 September 2021 and 2020, no adjustment has been made as the exercise of the outstanding share options has an anti-dilutive effect of the basic earnings per share.

## 10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2021, the Group acquired property, plant and equipment with a cost of approximately HK\$757,000 (six months ended 30 September 2020: approximately HK\$327,000).

During the six months ended 30 September 2021 and 2020, no property, plant and equipment was disposed by the Group.

## 11. CONTRACT LIABILITIES

The movement in contract liabilities during the reporting period is as follows:

	As at 30 September 2021 HK\$'000 (Unaudited)	As at 31 March 2021 HK\$'000 (Audited)
Balance as at 1 April	1,566	5,940
Decrease in contract liabilities as a result of recognising revenue during the reporting period that was included in the contract liabilities at the beginning of the reporting period	(1,566)	(5,940)
Increase in contract liabilities as a result of receipt in advance from sales of medical devices and products and rendering of maintenance services	933	1,566
Balance as at 30 September 2021 and 31 March 2021	933	1,566

The contract liabilities mainly relate to the advance consideration received from customers for (i) sales of medical devices and products and (ii) rendering of maintenance services. The Group will recognise the expected revenue in future when such performance obligation is satisfied, which is expected to occur in the next 12 months.

The Group has applied the practical expedient to its sales contracts for medical devices and products and rendering of maintenance services and therefore the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts for rendering of maintenance services that had an original expected duration of one year or less.

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

	As at 30 September 2021 HK\$'000 (Unaudited)	As at 31 March 2021 HK\$'000 (Audited)
Trade receivables	10,659	9,176
Less: Provision for impairment	(1,463)	(1,445)
Trade receivables, net ( <i>note</i> )	9,196	7,731
Other receivables	120	116
Deposits and prepayments	1,105	1,683
	<b>10,421</b>	9,530

*Note:*

The credit period granted to trade debtors ranged from 0 to 30 days.

As at 30 September 2021 and 31 March 2021, 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 movements in loss allowance of trade receivables during the six months ended 30 September 2021 and year ended 31 March 2021 are as below:

	As at 30 September 2021 HK\$'000 (Unaudited)	As at 31 March 2021 HK\$'000 (Audited)
As at 1 April	1,445	1,473
Provision/(reversal) of allowance for impairment during the period	18	(28)
As at 30 September 2021 and 31 March 2021	<b>1,463</b>	1,445

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

	As at 30 September 2021 HK\$'000 (Unaudited)	As at 31 March 2021 HK\$'000 (Audited)
0–30 days	5,594	5,958
31–60 days	2,255	873
61–90 days	405	408
Over 90 days	942	492
	<b>9,196</b>	7,731

### 13. TRADE AND OTHER PAYABLES

	As at 30 September 2021 HK\$'000 (Unaudited)	As at 31 March 2021 HK\$'000 (Audited)
Trade payables	5,072	8,532
Accruals and other payables	1,445	3,988
	<b>6,517</b>	12,520

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:

	As at 30 September 2021 HK\$'000 (Unaudited)	As at 31 March 2021 HK\$'000 (Audited)
0–30 days	3,387	7,093
31–60 days	665	474
61–90 days	281	227
Over 90 days	739	738
	<b>5,072</b>	8,532



## 14. SHARE CAPITAL

Ordinary shares of HK\$0.01 each	Number of shares	Amount HK\$'000
<b>Authorised:</b>		
At 31 March 2021 and 30 September 2021	8,000,000,000	80,000
<b>Issued and fully paid:</b>		
At 31 March 2021 and 30 September 2021	800,000,000	8,000

## 15. SHARE BASED PAYMENT TRANSACTIONS

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

Details of Share Options and their movements during the six months ended 30 September 2021 are as follows:

	Date of Grant	Exercise price per Share HK\$	Number of Shares issuable under the options				as at 30/09/ 2021	Exercise period
			as at 01/04/ 2021	granted during the period	exercised during the period	lapsed during the period		
<b>Director</b>								
Ms. Wong Bik Kwan Eikie ("Ms. Wong")	18/04/2019	0.12	7,980,000	-	-	-	7,980,000	Note 1
<b>Employees of the Group</b>								
In aggregate	18/04/2019	0.12	13,480,000	-	-	-	13,480,000	Note 1
			21,460,000	-	-	-	21,460,000	

Notes:

1. (i) up to 40% of the Share Options are exercisable on or after 18 April 2019;
- (ii) up to 70% of the Share Options are exercisable on or after 18 April 2020;
- (iii) all the remaining Share Options are exercisable on or after 18 April 2021;

and in each case, not later than 17 April 2024.

Save as disclosed above, no options were granted, exercised, forfeited, cancelled or lapsed during the six months ended 30 September 2021.

## 16. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in these consolidated financial statements, the Group had the following transactions with its related parties during the reporting periods:

	For the six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Rental expense paid to a related company (note (i))	533	533
Compensation of key management personnel (note (ii))		
Salaries, allowances and other benefits	2,848	3,006
Contributions to defined contribution retirement plan	45	45
Equity-settled share-based payment expenses	8	101
	<b>2,901</b>	3,152

Notes:

- (i) The Group entered into a lease agreement of warehouse with Solaire International Limited ("Solaire"). Solaire is held by Ms. Wong, Chairman, Chief Executive Officer and Executive Director of the Company. The transaction is conducted on normal commercial terms or better and is a connected transaction. The transaction is a de minimis transaction in accordance with GEM Listing Rules 20.74(1) fully exempt from the reporting, annual review, announcement, circular (including independent financial advice) and shareholders' approval requirements.
- (ii) The compensation represents the remuneration paid and was payable to the directors and other members of key management during the reporting periods.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

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

For the six months ended 30 September 2021, the Group continued to implement our business strategy to solidify our position as a major medical device distributor in Hong Kong. We have recruited talented personnel in various business units in order to support and sustain the growth of our business and expand our business. The Group achieved its business growth through diversifying the product portfolio.

During the period under review, Hong Kong's economy was still under the influence of the COVID-19 outbreak, the number of visitor to Hong Kong had greatly reduced. The spending plans of our customer have been disrupted or postponed by the outbreak of COVID-19. The above may raise challenges on our customers' business. The Group will further expand the product portfolio and enhance the customer services to enhance our one-stop medical device solutions services.

We continue to be optimistic on the outlook of the medical and healthcare industry, attributable to the increase of aging population and rising healthcare awareness of the public in Hong Kong together with our automation solution to eliminate the medical manpower shortage crisis in Hong Kong. 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 2.3%, from approximately HK\$30.6 million for the six months ended 30 September 2020 to approximately HK\$31.4 million for the six months ended 30 September 2021. The increase was primarily attributable to the increase in revenue generated from medical equipment.

### Gross profit and gross profit margin

The Group recorded gross profit of approximately HK\$17.2 million for the six months ended 30 September 2021, representing an increase by approximately HK\$0.2 million or 1.2%, as compared to approximately HK\$17.0 million for the six months ended 30 September 2020.

Gross profit margin decreased from approximately 55.5% for the six months ended 30 September 2020 to approximately 54.9% for the six months ended 30 September 2021. The decrease in gross profit margin was mainly due to the increase in sales of medical equipment, which had a comparatively lower gross profit margin.

### Administrative and other operating expenses

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

Administrative and other operating expenses for the six months ended 30 September 2021 amounted to approximately HK\$12.8 million, representing an increase by approximately HK\$1.2 million or 10.9%, as compared to approximately HK\$11.6 million for the six months ended 30 September 2020. The increase was primarily attributable to the increase of workforce of the Group for the six months ended 30 September 2021.

## Income tax expenses

Income tax expenses for the six months ended 30 September 2021 amounted to approximately HK\$0.6 million (six months ended 30 September 2020: approximately HK\$1.1 million).

## Profit for the period

The Group's profit decreased by approximately HK\$2.6 million from approximately HK\$5.7 million for the six months ended 30 September 2020 to approximately HK\$3.1 million for the six months ended 30 September 2021. The decrease was primarily attributable to (i) increase of workforce and related staff costs during the period; and (ii) one-off employment support scheme government grant for the six months ended 30 September 2020.

## Dividend

The Board resolved not to declare the payment of an interim dividend for the six months ended 30 September 2021 (six months ended 30 September 2020: Nil).

## LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 September 2021, current assets amounted to approximately HK\$94.1 million (31 March 2021: approximately HK\$101.8 million). Current liabilities were approximately HK\$10.9 million (31 March 2021: approximately HK\$17.5 million).

As at 30 September 2021, the Group had total cash and bank balances of approximately HK\$59.3 million (31 March 2021: approximately HK\$70.2 million).

The gearing ratio (calculated as the aggregate of total bank and other borrowings divided by total assets) of the Group as at 30 September 2021 was nil (31 March 2021: nil) as the Group had no material debt financing.

There has been no change in the capital structure of the Company during the six months ended 30 September 2021.

## COMMITMENTS

As at 30 September 2021 and 31 March 2021, the Group did not have any significant capital commitments.

## **SEGMENT INFORMATION**

Segment information is disclosed in note 3 to the condensed consolidated financial statements.

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

Save as disclosed in the Prospectus, the Group did not have other plans for material investments and capital assets as at 30 September 2021.

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

During the six months ended 30 September 2021, the Group did not have any material acquisitions or disposals of subsidiaries and affiliated companies.

## **SIGNIFICANT INVESTMENTS**

As at 30 September 2021, there was no significant investment held by the Group (31 March 2021: Nil).

## **CONTINGENT LIABILITIES**

As at 30 September 2021, the Group had no material contingent liabilities (31 March 2021: 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 bank facilities of the Group as at 30 September 2021 and 31 March 2021.

## EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2021, the Group has a total of 37 employees (31 March 2021: 34 employees). Staff costs, including Directors' remuneration, of the Group were approximately HK\$7.9 million for the six months ended 30 September 2021 (six months ended 30 September 2020: approximately HK\$6.8 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 30 September 2021.

### Business objectives as stated in the Prospectus

### Actual business progress up to 30 September 2021

Further penetrate the medical device market and enhance the market share

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

The Group has re-designed and enhanced our website to include an ecommerce 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.

## Business objectives as stated in the Prospectus

## Actual business progress up to 30 September 2021

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 at 30 September 2021, the net proceeds had been applied and utilised as follows:

Description of proceeds	Actual	Utilised	Unutilised	Utilised	Unutilised	Expected timeline of full utilisation of the balance
	net proceeds from the Share Offer	proceeds as at 31 March 2021	proceeds as at 31 March 2021	during the six months ended 30 September 2021	proceeds as at 30 September 2021	
	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	
Further penetrate the medical device market and enhance the market share	6.1	0.6	5.5	0.5	5.0	By end of 31 March 2022
Expand the workforce	9.7	9.7	–	–	–	N/A
Selectively pursue opportunities for strategic acquisitions	7.7	–	7.7	–	7.7	By end of 31 March 2022
Enhance the research and development and product development effort	1.3	0.1	1.2	–	1.2	By end of 30 September 2022
Upgrade the information technology systems	2.5	0.4	2.1	0.5	1.6	By end of 30 June 2022
Maximise the warehouse space, establish the showroom and upgrade the functionality of office space	2.1	0.4	1.7	0.4	1.3	By end of 30 March 2022
General working capital	1.8	1.8	–	–	–	N/A
	31.2	13.0	18.2	1.4	16.8	



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

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

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

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

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

As at 30 September 2021, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which shall have to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which shall be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which shall be required to notify the Company and the Hong Kong Stock Exchange pursuant to Rule 5.46 to Rule 5.67 of the GEM Listing Rules, were as follows:

### Long position in the shares and shares in the Company and associated corporations

Name of Director/ chief executive	Nature of Interest	Number of shares	Number of underlying shares	Aggregate Interest	Approximate percentage of shareholding
Ms. Wong (Note 1)	Interest in a controlled corporation	557,424,000	-		
	Beneficial owner	-	7,980,000		
		557,424,000	7,980,000	565,404,000	70.68%
Dr. Miu Yin Shun Andrew ("Dr. Miu") (Note 2)	Interest of spouse	557,424,000	7,980,000	565,404,000	70.68%
Mr. Chiu Man Wai ("Mr. Chiu") (Note 3)	Interest in a controlled corporation	20,224,001	-	20,224,001	2.53%
Mr. Chow Ming Po Aaron	Beneficial owner	7,810,000	-	7,810,000	0.98%

*Notes:*

1. The shares are registered in the name of B&A Success, the entire issued share capital of which is legally and beneficially owned by Ms. Wong. Under the SFO, Ms. Wong is deemed to be interested in the same number of shares held by B&A Success.
2. Dr. Miu is the spouse of Ms. Wong. Under the SFO, Dr. Miu is deemed to be interested in the same number of shares deemed to be held by Ms. Wong.
3. The shares are registered in the name of Infinite Crystal Limited, the entire issued share capital of which is legally and beneficially owned by Mr. Chiu. Under the SFO, Mr. Chiu is deemed to be interested in the same number of shares held by Infinite Crystal Limited.

Save as disclosed above, as at 30 September 2021, none of the Directors and chief executive of the Company had any interests or short positions in any shares, underlying shares and debenture of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required to be notified to the Company and the Hong Kong Stock Exchange, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

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

As at 30 September 2021, so far as the Directors are aware, other than the Directors or chief executive of the Company whose interests are disclosed under the paragraph headed "Directors' and chief executive's interest and short positions in shares, underlying shares or debentures of the Company or any associated corporation" above, the following persons had an interest or short position in the shares or underlying shares of the Company which shall be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, were interested in 5.0% or more of the issued voting shares of any member of the Group:

### Long position in the shares

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

Saved as disclosed above and so far as is known to the Directors, the Directors were not aware of any other persons other than the Directors or chief executive of the Company who held an interest or short positions in the shares and underlying shares of the Company as at 30 September 2021 which required to be recorded pursuant to section 336 of the SFO.

## SHARE OPTION SCHEME

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

Details of Share Options granted and their movements during the six months ended 30 September 2021 are disclosed in note 15 to the condensed consolidated financial statements.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2021.

## **DIRECTORS' SECURITIES TRADING TRANSACTIONS**

The Group has adopted a code of conduct set out in the "required standard of dealings" in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, all Directors have confirmed that they have been complying with the required standard of dealings and the related code of conduct regarding directors' securities transactions during the six months ended 30 September 2021.

As far as the Group is aware, the Directors and employees of the Group have not breached the required standard of dealings and the code of conduct.

## **DIRECTORS' INTEREST IN COMPETING BUSINESS**

None of the Directors and directors of the Company's subsidiaries, or any of their respective associates, as defined in the GEM Listing Rules, had interest in any business that competes or may compete, either directly or indirectly, with the businesses of the Group or has any other conflict of interests with the Group (other than being a director of the Company and/or its subsidiaries and their respective associates) during the six months ended 30 September 2021.

## **CORPORATE GOVERNANCE PRACTICE**

The Group has adopted the code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 15 to the GEM Listing Rules. During the six months ended 30 September 2021, the Group has complied with all the code provisions of the CG Code, except for the deviation stipulated below.

## CHAIRMAN AND CHIEF EXECUTIVE OFFICER

According to the code provision A.2.1 of the CG Code, the roles of the chairman and chief executive should be separate and should not be performed by the same individual.

For the six months ended 30 September 2021, the roles of chairman of the Board were performed by the chief executive officer, Ms. Wong. As the chairman of the Board, Ms. Wong is responsible for the formulating, planning and directing the Group's overall strategy and always seeks for Board approval for any significant decisions and transactions.

Although Ms. Wong performs both roles, the Board has conducted an assessment and believed that the independence, effectiveness and functionality of the Board and the Group's operations has been and will be highly maintained together with independent check and balance measures in place as the Board has sufficient number of Directors who have diversified background and expertise.

## AUDIT COMMITTEE

The Company established the Audit Committee on 1 March 2018 with written terms of reference in compliance with the GEM Listing Rules which are available on the websites of the GEM and the Company. The Audit Committee currently consists of two independent non-executive Directors, namely Mr. Wong Lung Wo James and Mr. Chow Ming Po Aaron, and one non-executive Director, namely Dr. Miu Yin Shun Andrew. Mr. Wong Lung Wo James has the appropriate accounting and financial related management expertise and serves as the chairman of the Audit Committee.

The Audit Committee of the Company has reviewed the unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2021, and is of the opinion that such statements complied with the applicable accounting standards, the requirements under the GEM Listing Rules, and that adequate disclosures have been made.

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

Hong Kong, 5 November 2021

*As at the date of this report, 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.*