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**GRAND TALENTS GROUP HOLDINGS LIMITED**  
**廣駿集團控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock Code : 8516)**

**ANNOUNCEMENT OF FIRST QUARTERLY RESULTS  
FOR THE THREE MONTHS ENDED 30 JUNE 2020**

The board of directors (the “**Directors**”) of Grand Talents Group Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”, respectively) announces the unaudited condensed consolidated financial results of the Group for the three months ended 30 June 2020. This announcement, containing the full text of the 2020 first quarterly report of the Company (the “**2020 First Quarterly Report**”), complies with the relevant requirements of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**GEM**” and the “**GEM Listing Rules**”, respectively) in relation to information to accompany preliminary announcement of quarterly results. The printed version of the 2020 First Quarterly Report containing the information required by the GEM Listing Rules will be dispatched to the shareholders of the Company and available for viewing on the websites of GEM at [www.hkgem.com](http://www.hkgem.com) and of the Company at [www.grandtalentsgroup.com.hk](http://www.grandtalentsgroup.com.hk) in due course in the manner as required by the GEM Listing Rules.

For and on behalf of  
**Grand Talents Group Holdings Limited**  
**Ha Chak Hung**  
*Chairman and Executive Director*

Hong Kong, 13 August 2020

*As at the date of this announcement, the executive Directors are Mr. HA Chak Hung, Mr. IP Chu Shing and Mr. HAN Shengjun; the independent non-executive Directors are Dr. FOK Wai Sun, Mr. YUK Kai Yao and Ms. TANG Shui Man.*

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

*This announcement will remain on the “Latest Listed Company Information” page of the GEM website at [www.hkgem.com](http://www.hkgem.com) for at least seven days from the date of its publication. This announcement will also be published on the Company’s website at [www.grandtalentsgroup.com.hk](http://www.grandtalentsgroup.com.hk).*

## **CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “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 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.**

**Given that the companies listed on GEM are generally small and mid-sized companies, 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 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 Talents Group Holdings Limited (the “**Company**” and 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 Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

Mr. Ha Chak Hung (*Chairman*)  
Mr. Ip Chu Shing (*Chief Executive Officer*)  
Mr. Han Shengjun

### Independent Non-executive Directors

Ms. Tang Shui Man  
Dr. Fok Wai Sun  
Mr. Yuk Kai Yao

### AUDIT COMMITTEE

Ms. Tang Shui Man (*Chairman*)  
Dr. Fok Wai Sun  
Mr. Yuk Kai Yao

### REMUNERATION COMMITTEE

Dr. Fok Wai Sun (*Chairman*)  
Ms. Tang Shui Man  
Mr. Yuk Kai Yao  
Mr. Ha Chak Hung

### NOMINATION COMMITTEE

Mr. Yuk Kai Yao (*Chairman*)  
Ms. Tang Shui Man  
Dr. Fok Wai Sun  
Mr. Ha Chak Hung

## COMPANY SECRETARY

Ms. Chow Yuk Yin, Ivy, FCS, FCIS

## AUTHORISED REPRESENTATIVES

Mr. Ha Chak Hung  
Ms. Chow Yuk Yin, Ivy

## COMPLIANCE OFFICER

Mr. Ha Chak Hung

## REGISTERED OFFICE IN THE CAYMAN ISLANDS

P.O. Box 1350, Clifton House  
75 Fort Street  
Grand Cayman KY1-1108  
Cayman Islands

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Office 15, 9/F., Mega Cube  
No. 8 Wang Kwong Road  
Kowloon  
Hong Kong

## LEGAL ADVISOR

CFN Lawyers in association with Broad & Bright  
Units 4101–4104, 41st Floor  
Sun Hung Kai Centre  
30 Harbour Road  
Wanchai, Hong Kong

# CORPORATE INFORMATION

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Ocorian Trust (Cayman) Limited  
Clifton House, 75 Fort Street  
P.O. Box 1350  
Grand Cayman KY1-1108  
Cayman Islands

## COMPANY'S WEBSITE

[www.grandtalentsgroup.com.hk](http://www.grandtalentsgroup.com.hk)

## STOCK CODE

8516

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited  
Level 54, Hopewell Centre  
183 Queen's Road East  
Hong Kong

## PRINCIPAL BANKER

Fubon Bank (Hong Kong) Limited

## COMPLIANCE ADVISER

Pulsar Capital Limited  
Room 1204, 12/F  
Jubilee Centre,  
18 Fenwick Street,  
Wanchai, Hong Kong

## AUDITOR

BDO Limited  
25th Floor, Wing On Centre  
111 Connaught Road Central  
Hong Kong

# HIGHLIGHTS

## HIGHLIGHTS

- The revenue of the Group was approximately HK\$11.4 million for the three months ended 30 June 2020, representing a decrease from approximately HK\$22.6 million for the same period ended 30 June 2019. Such decrease was mainly due to (i) the completion of four repair and maintenance works and one civil engineering construction work; (ii) the negative impact arising from social unrest and the outbreak of novel coronavirus (“**COVID-19**”) which affected the progress of several on-going construction projects and the number of available tenders in the industry; and (iii) the overall economic recession in Hong Kong.
- The gross loss was approximately HK\$1.6 million for the three months ended 30 June 2020, as compared to the gross profit of approximately HK\$3.7 million for the three months ended 30 June 2019. Such decrease was mainly due to the decrease in revenue.
- The Company recorded a net loss attributable to owners of the Company of approximately HK\$5.1 million for the three months ended 30 June 2020, as compared to a net profit attributable to owners of the Company of approximately HK\$0.1 million recorded for the same period ended 30 June 2019. Such decrease was mainly due to the decrease in revenue.

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 30 June 2020

The board of directors of the Company (the “**Board**”) is pleased to announce the unaudited condensed consolidated financial results of the Group for the three months ended 30 June 2020 (together with the comparative unaudited figures for the corresponding period in 2019) as follows:

| Notes   | Three months ended 30 June |                         |
|---|----------------------------|-------------------------|
|   | 2020                       | 2019                    |
|   | HK\$'000<br>(unaudited)    | HK\$'000<br>(unaudited) |
| <b>Revenue</b>  | 3                          | 11,387                  |
| Cost of sales   |                            | (13,012)                |
| <b>Gross (loss)/profit</b>  |                            | (1,625)                 |
| Other income  |                            | 340                     |
| Administration expenses   |                            | (3,362)                 |
| Finance costs   |                            | (431)                   |
| <b>(Loss)/profit before taxation</b>  |                            | (5,078)                 |
| Income tax expense  | 4                          | —                       |
| <b>(Loss)/profit and total comprehensive (expenses)/income for the period, attributable to:</b> |                            | 127                     |
| Owners of the Company   |                            | (5,078)                 |
| Non-controlling interests   |                            | —                       |
| <b>(Loss)/earnings per share:</b>   |                            | HK cents                |
| Basic and diluted   | 6                          | (1.06)                  |
|   |                            | 0.02                    |

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 30 June 2020

| Attributable to equity shareholders of the Company     |                           |                           |                                       |   |   |                   |
|--|---------------------------|---------------------------|---------------------------------------|---|---|-------------------|
|  | Share capital<br>HK\$'000 | Share premium<br>HK\$'000 | Other reserve<br>HK\$'000<br>(Note i) | Exchange reserve<br>HK\$'000<br>(Note ii) | Retained (loss)/<br>profits<br>HK\$'000<br>(Note iii) | Total<br>HK\$'000 |
| <b>At 31 March 2019 (audited)</b>                      | 4,800                     | 35,187                    | 15,457                                | —   | 23,286  | 78,730            |
| Profit and total comprehensive expenses for the period | —                         | —                         | —                                     | —   | 117   | 117               |
| <b>At 30 June 2019 (unaudited)</b>                     | 4,800                     | 35,187                    | 15,457                                | —   | 23,403  | 78,847            |
| <b>At 31 March 2020 (audited)</b>                      | 4,800                     | 35,187                    | 15,457                                | (110)                                     | 6,761   | 62,095            |
| Loss and total comprehensive expenses for the period   | —                         | —                         | —                                     | —   | (5,078)   | (5,078)           |
| <b>At 30 June 2020 (unaudited)</b>                     | 4,800                     | 35,187                    | 15,457                                | (110)                                     | 1,683   | 57,017            |

Notes:

- (i) Other reserve represents (a) the deemed distribution to Ms. Wang Shen ("**Ms. Wang**"), mother of Mr. Ha Chak Hung ("**Mr. Ha**"), executive Director and one of the Controlling Shareholders, and Mr. Ha and Mr. Ip Chu Shing ("**Mr. Ip**"), the directors of Talent Mark Development Limited ("**TMD**"), which arises from the differences between the fair values of the lower-than-market advances to each of them and the nominal amounts of the advances at initial recognition; (b) share of deemed contribution of HK\$1,011,000 by the non-controlling interest of Talent Tren Construction Limited ("**Talent Tren**") in respect of a waiver of the amount due to TMD in the amount of HK\$3,062,000 pursuant to a debt waiver agreement entered into between TMD and Talent Tren on 10 October 2016; and (c) the consideration in acquiring the entire equity interests of Talent Mart Construction Co., Ltd. ("**TMC**") and TMD by allotment and issuance of 4,000 and 4,200 ordinary shares with par value of US\$1 each of China Talents Group Limited ("**China Talents**") to Talent Prime Group Limited ("**Talent Prime**") and the reclassification of share capital of TMD and TMC to other reserve, (d) the reclassification of share capital of China Talents of HK\$78,000 (equivalent of US\$10,000) and share premium of China Talents of HK\$13,994,000 to other reserve upon completion of the reorganisation on 21 September 2018 (please refer to the Annual Report 2020 published on 2 July 2020 for the details of reorganisation).
- (ii) The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of operations outside Hong Kong.
- (iii) It represents cumulative net profits recognised in the consolidated statement of profit or loss and other comprehensive income.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 June 2020

## 1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands under the Companies Law Chapter 22 of the Cayman Islands as an exempted company with limited liability on 23 October 2017. Its parent and ultimate holding company is Talent Prime, a limited liability company incorporated in the British Virgin Islands (the “**BVI**”). Its ultimate controlling parties are Mr. Ha and Mr. Ip who are also the directors of the Company.

The Company is an investment holding company. The Group is principally engaged in provision of civil engineering construction works of road and highway related infrastructures and repair and maintenance works for structures of roads and highways.

The shares of the Company (the “**Share(s)**”) were listed on GEM of the Stock Exchange by way of share offer (the “**Listing**”) on 15 October 2018 (the “**Listing Date**”).

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (“**HKAS 34**”) *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) as well as with the applicable disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”).

The Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income are presented in Hong Kong dollars (“**HK\$**”) which is also the functional currency of the Company.

## 2. BASIS OF PREPARATION

The condensed consolidated financial information for the three months ended 30 June 2020 have been prepared in accordance with HKAS 34, all applicable Hong Kong Financial Reporting Standards and Interpretations (hereinafter collectively referred to as the “**HKFRSs**”) issued by the HKICPA and the applicable disclosure requirements of the Hong Kong Companies Ordinance and the GEM Listing Rules. The condensed consolidated financial information should be read in conjunction with the Company’s consolidated financial statements for the year ended 31 March 2020, which have been prepared in accordance with HKFRSs issued by the HKICPA.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 June 2020

## 2. BASIS OF PREPARATION (Continued)

The principal accounting policies used in the condensed consolidated financial statements for the three months ended 30 June 2020 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2020, and the adoption of the new and revised HKFRSs have no material impact on the Group's accounting policies and consolidated financial statements, as stated in the Annual Report 2020.

The condensed consolidated financial statements have been prepared under historical cost convention.

## 3. REVENUE AND SEGMENT INFORMATION

|   | Three months ended 30 June      |                               |
|---|---------------------------------|-------------------------------|
|   | 2020<br>HK\$'000<br>(unaudited) | 2019<br>HK\$'000<br>(audited) |
| Revenue                                     |                                 |                               |
| The Group's revenue is analysed as follows: |                                 |                               |
| Repair and maintenance works                | 11,387                          | 19,391                        |
| Civil engineering construction works        | —                               | 3,160                         |
|   | 11,387                          | 22,551                        |

### Segment reporting

The Group determines its operating segments based on the reports reviewed by the chief operating decision maker ("CODM"), Mr. Ha and Mr. Ip, the Controlling Shareholders, for the purposes of resource allocation and assessment of segment performance focuses on types of services delivered or provided. Information reported to CODM is based on business line operated by the Group. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 June 2020

## 3. REVENUE AND SEGMENT INFORMATION *(Continued)*

### Segment reporting *(Continued)*

Specifically, the Group's reportable and operating segments under HKFRS 8 Operating Segments are as follows:

|  |   |
|--|---|
| (i) Civil engineering construction works | — Provision of civil engineering construction works of road and highway related infrastructures |
| (ii) Repair and maintenance works        | — Provision of repair and maintenance works for structures of roads and highways                |

The Group's CODM make decisions according to the operating results of each segment. No analysis of segment asset and segment liability is presented as the Group's CODM does not regularly review such information for the purpose of resources allocation and performance assessment. Therefore, only segment revenue and segment results are presented.

## 4. INCOME TAX EXPENSE

|                              | Three months ended 30 June      |                                 |
|------------------------------|---------------------------------|---------------------------------|
|                              | 2020<br>HK\$'000<br>(unaudited) | 2019<br>HK\$'000<br>(unaudited) |
| <b>Hong Kong Profits Tax</b> |                                 |                                 |
| — Current period             | —                               | 10                              |
| <b>Deferred taxation</b>     |                                 |                                 |
|                              | —                               | —                               |
|                              | —                               | 10                              |

No Hong Kong profits tax is provided as the Group has no estimated profit for the three months ended 30 June 2020.

Hong Kong profits tax has been provided in accordance with the two-tiered profits tax regime (for the three months ended 30 June 2019: at the rate of 16.5%) for the three months ended 30 June 2020.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 June 2020

## 5. DIVIDEND

The Board does not recommend the payment of dividend for the three months ended 30 June 2020 (for the three months ended 30 June 2019: Nil).

## 6. (LOSS)/EARNINGS PER SHARE

The calculation of basic (loss)/earnings per share is based on the (loss)/profit attributable to ordinary equity shareholders of the Company and the weighted average number of ordinary shares in issue during the three months ended 30 June 2020 of 480,000,000 (for the three months ended 30 June 2019: 480,000,000):

|   | Three months ended 30 June |                     |
|---|----------------------------|---------------------|
|   | 2020<br>(unaudited)        | 2019<br>(unaudited) |
| <b>(Loss)/earnings:</b><br>(Loss)/earnings for the purpose of basic<br>(loss)/earnings per share (HK\$'000)                   | (5,078)                    | 117                 |
| <b>Number of shares:</b><br>Weighted average number of ordinary shares for<br>the purposes of basic (loss)/earnings per share | 480,000,000                | 480,000,000         |

Diluted (loss)/earnings per share is the same as the basic (loss)/earnings per share of the Company for both periods as there were no dilutive potential ordinary shares for the three months ended 30 June 2020 and 2019.

# MANAGEMENT DISCUSSION AND ANALYSIS

Unless otherwise stated, the capitalized terms used in this report shall have the same meaning as those used in the prospectus of the Company (the “**Prospectus**”) dated 29 September 2018.

## BUSINESS REVIEW AND PROSPECT

The Group is an established subcontractor engaged in civil engineering works with over nine years of experience. The Group principally repairs and maintains structures of roads and highways in Hong Kong, with focus in Kowloon and Hong Kong Island. Since 2013, the Group has extended its services to civil engineering construction works including construction of barrier-free access facilities and drainage systems in Hong Kong.

The Group has undertaken (i) repair and maintenance projects for roads and highways and other infrastructures such as construction of pavilion and seawall; and (ii) civil engineering construction projects. During the three months ended 30 June 2020, the Company operated under a challenging atmosphere as public demonstrations and the outbreak of COVID-19 in Hong Kong adversely impacted the Group’s construction activities. In addition, the Group witnessed a decrease in the number of available tenders in the industry. Despite this, the Group has continued to focus on developing its business of undertaking repair and maintenance works and civil engineering construction works in Hong Kong.

Looking forward, there are certain risks that the Group will face in future development such as the overall political stability and the development of COVID-19 outbreak in Hong Kong, and the ability to control and manage the performance of the subcontractors as directly and efficiently as with our own staff. However, the Group remains cautiously optimistic of the 2021 prospects, and believes that we have to retain existing labour and/or ensure sufficient labour. To achieve these goals, the Group has submitted four tenders for civil engineering construction projects pending acceptance. Our Directors expect to receive the tender results in around September 2020.

### Risk management and internal control

As at 30 June 2020 and the date of this report, save as disclosed otherwise, the business environment and regulatory environment in which the Group operates have not witnessed any material change, and internal operations and management and financial operations have been running smoothly, and thereby no other major risk factors need to be disclosed separately. In accordance with the revised Corporate Governance Code and Corporate Governance Report contained in Appendix 15 to the GEM Listing Rules, the Group continuously improves the risk management and internal control systems. The Board believes that these measures will strengthen the risk management and internal control systems of the Group.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Compliance

The Group was not involved in any claim, lawsuit, litigation or arbitration of material nature and, was not aware of any incidents of non-compliance with the applicable laws and regulations as at the date of this report. Compliance procedures are in place to ensure adherence to applicable laws, rules and regulations, in particular, those which have significant impact on the Group. The Company is not aware of the occurrence of any other material non-compliance incidents during the three months ended 30 June 2020.

## FINANCIAL REVIEW

### Revenue

The Group's revenue principally represented income derived from civil engineering works such as management and maintenance of roads and highways in Hong Kong and construction projects.

The revenue of the Group decreased by approximately HK\$11.2 million from approximately HK\$22.6 million for the three months ended 30 June 2019, to approximately HK\$11.4 million for the three months ended 30 June 2020. Such decrease is mainly attributable to (i) the completion of four repair and maintenance works and one civil engineering construction work; (ii) the negative impact arising from social unrest and the outbreak of COVID-19 which affected the progress of several on-going construction projects and the number of available tenders in the industry; and (iii) the overall economic recession in Hong Kong.

### Cost of sales

The cost of sales primarily consists of staff costs, sub-contracting fees, and construction materials and supplies. The cost of sales decreased by approximately HK\$5.9 million from approximately HK\$18.9 million for the three months ended 30 June 2019 to approximately HK\$13.0 million for the three months ended 30 June 2020, which was mainly attributable to the decrease in payroll and material costs.

### Gross (loss)/profit and gross (loss)/profit margin

The gross loss was approximately HK\$1.6 million for the three months ended 30 June 2020, as compared to the gross profit of approximately HK\$3.7 million for the three months ended 30 June 2019. The gross (loss)/profit margin was approximately (14.3%) and 16.3% for the three months ended 30 June 2020 and 2019 respectively. The deterioration in our gross profit and gross profit margin was primarily due to the decrease in revenue.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Other income

The Group recorded other income of HK\$340,000 during the three months ended 30 June 2020 (three months ended 30 June 2019: HK\$62,000).

## Administrative expenses

Administrative expenses consist primarily of auditors' remunerations, depreciation, directors' remuneration, entertainments, legal and professional fee, motor vehicles expenses, and staff costs. The administrative expenses remained stable at approximately HK\$3.4 million for the three months ended 30 June 2019 and 2020.

## Finance costs

The finance costs increased by approximately 104.3% from HK\$211,000 for the three months ended 30 June 2019 to HK\$431,000 for the three months ended 30 June 2020. The increase was mainly due to the increase in bank and other borrowings.

## Income tax

Income tax represents income tax paid or payable by the Group, at the applicable tax rates in accordance with the relevant laws and regulations in each tax jurisdiction the Group operates or domiciles. The Group had no tax payable in other jurisdiction other than Hong Kong during the three months ended 30 June 2019 and 2020. The Group's operations in Hong Kong are subject to the two-tiered profits tax regime, which the first HK\$2 million of profits of qualifying entity will be taxed at 8.25% and profits above HK\$2 million will be taxed at 16.5%. No profits tax payable is recorded for the three months ended 30 June 2020, as compared to approximately HK\$10,000 for the three months ended 30 June 2019.

## (Loss)/profit for the period

As a result of the foregoing, the profit for the period deteriorated from approximately HK\$0.1 million for the three months ended 30 June 2019 to loss for the period of approximately HK\$5.1 million for the three months ended 30 June 2020. Such decrease was mainly due to decrease in revenue.

## EVENTS AFTER THE REPORTING PERIOD

No significant events occurred subsequent to 30 June 2020 and up to the date of this report.

# MANAGEMENT DISCUSSION AND ANALYSIS

## USE OF PROCEEDS

Based on the Offer Price of HK\$0.40 per Offer Share and 120,000,000 Shares offered by the Company, the net proceeds from the Share Offer received by the Company, after deducting the underwriting fees and commissions and estimated expenses paid and payable by the Company in relation to the Share Offer, are approximately HK\$23.5 million. Such net proceeds are intended to be or have been applied in accordance with the proposed applications as set out in the section headed "Future Plans and Use of Proceeds" of the Prospectus.

An analysis of the utilisation of the net proceeds from the Listing up to 30 June 2020 is set out below:

|   | <b>Planned use of the net proceeds up to<br/>30 June 2020<br/>(HK\$ million)</b> | <b>Actual use of the net<br/>proceeds up to<br/>30 June 2020<br/>(HK\$ million)</b> |
|---|--|---|
| Acquisition of additional machinery and equipment | 8.8  | 8.5   |
| Strengthening our manpower                        | 9.3  | 6.2   |
| Strengthening our financial capabilities          | 5.0  | 5.0   |
| Working capital                                   | 0.4  | 0.4   |
| Total:  | 23.5   | 20.1  |

The business objectives, implementation plans and planned use of proceeds were based on the estimation and assumption of future market conditions made by the Group for the purpose of Listing. The actual use of proceeds was based on the Group's business operations and development.

The unutilised net proceeds will be expected to be used according to the intentions previously disclosed in the Prospectus and the section headed "Use of Proceeds" in the "Management Discussion and Analysis" of the Company's annual report 2020.

## DIVIDEND

The Board does not recommend the payment of a dividend for the three months ended 30 June 2020 (for the three months ended 30 June 2019: Nil).

## FOREIGN CURRENCY EXPOSURE

Since the Group's business activities are solely operated in Hong Kong and mainly denominated in Hong Kong dollars, the Directors consider that the Group's risk in foreign exchange is insignificant.

# OTHER INFORMATION

## CORPORATE GOVERNANCE PRACTICES

The Board is responsible for performing the corporate governance duties as set out in the Corporate Governance Code and Corporate Governance Report (the “**CG Code**”) contained in Appendix 15 of the GEM Listing Rules, which includes developing and reviewing the Company’s policies and practices on corporate governance, training and continuous professional development of Directors, and reviewing the Company’s compliance with the code provision in the CG Code and disclosures in this report.

The Board is of the view that the Company has complied with all the principles and applicable code provisions of the CG Code during the three months ended 30 June 2020.

## CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY THE DIRECTORS

The Company has adopted the required standard of dealings (the “**Required Standard of Dealings**”) set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiries to all Directors, each of them has confirmed that he/she has fully complied with the Required Standard of Dealings during the three months ended 30 June 2020.

## SHARE OPTION SCHEME

The Company adopted a share option scheme (the “**Scheme**”), the principal terms of which are summarised in the sub-section headed “Appendix IV — Statutory and General Information — D. Share Option Scheme” in the Prospectus.

No share option has been granted or exercised under the Scheme during the three months ended 30 June 2020. No share option was outstanding as at 30 June 2020.

## OTHER INFORMATION

### PURCHASE, SALE OR REDEMPTION OF THE SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Shares for the three months ended 30 June 2020.

### DISCLOSURE OF INTERESTS

#### (a) **Interests and/or short positions of Directors and chief executives in the Shares, underlying shares and debentures of the Company and its associated corporations**

As at 30 June 2020, the Directors or chief executives of the Company had the following interests and/or short positions in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO) or which will be required pursuant to section 352 of the SFO to be entered in the register referred to therein, or pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors, will be required to be notified to the Company and the Stock Exchange:

##### (i) **Interests in the Company**

| Name of Director | Capacity                             | Number of shares held<br>(Note 1) | Percentage of interest in the Company |
|------------------|--------------------------------------|-----------------------------------|---------------------------------------|
| Mr. Ha (Note 2)  | Interest of a controlled corporation | 201,300,000 (L)                   | 41.94%                                |
| Mr. Ip (Note 2)  | Interest of a controlled corporation | 201,300,000 (L)                   | 41.94%                                |

## OTHER INFORMATION

### Notes:

1. The letter "L" denotes the person's long positions in the Shares.
2. Each of Mr. Ha and Mr. Ip beneficially owns 50% of the issued share capital of Talent Prime. Therefore, Mr. Ha and Mr. Ip are deemed to be interested in all the Shares held by Talent Prime for the purpose of the SFO. Mr. Ha, Mr. Ip and Talent Prime are regarded as a group of Controlling Shareholders acting in concert to exercise their voting rights in the Company and they together will be interested in a total of 69.75% of the issued share capital of the Company upon completion of Share Offer. Mr. Ha and Mr. Ip are the directors of Talent Prime.

### **(ii) Interests in associated corporation of the Company**

| Name of Director | Name of associated corporation | Capacity         | Number of shares held | Percentage of shareholding interest |
|------------------|--------------------------------|------------------|-----------------------|-------------------------------------|
| Mr. Ha           | Talent Prime Group Limited     | Beneficial owner | 50                    | 50%                                 |
| Mr. Ip           | Talent Prime Group Limited     | Beneficial owner | 50                    | 50%                                 |

Save as disclosed above, as at 30 June 2020, none of the Directors or chief executives of the Company had any interests and/or short position in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to the Company and the 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 will be required pursuant to section 352 of the SFO to be entered in the register referred to therein or pursuant to Rule 5.46 of the GEM Listing Rules relating to securities transactions by the Directors.

## OTHER INFORMATION

### (b) Interests and/or short position of substantial shareholders in the Shares which are discloseable under Divisions 2 and 3 of Part XV of the SFO

So far is known to the Directors, as at 30 June 2020, the following persons (not being a Director or chief executive of the Company) had an interest or a short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company under Section 336 of the SFO, or who was, directly or indirectly interested in 10% or more of the issued share capital of the Company.

| Name of substantial shareholder | Capacity           | Number of Shares<br>(Note 1) | Percentage of interest in our Company |
|---------------------------------|--------------------|------------------------------|---------------------------------------|
| Talent Prime Group Limited      | Beneficial owner   | 201,300,000 (L)              | 41.94%                                |
| Ms. Chung Ching Yan (Note 2)    | Interest of spouse | 201,300,000 (L)              | 41.94%                                |
| Ms. Lee Ming Ho (Note 3)        | Interest of spouse | 201,300,000 (L)              | 41.94%                                |
| Mr. Li Bin                      | Beneficial owner   | 90,000,000 (L)               | 18.75%                                |
| Ms. Yi Huan (Note 4)            | Interest of spouse | 90,000,000 (L)               | 18.75%                                |

Notes:

1. The letter "L" denotes the person's long positions in the Shares.
2. Ms. Chung Ching Yan is the spouse of Mr. Ha. Under the SFO, Ms. Chung is deemed, or taken to be, interested in the same number of Shares in which Mr. Ha is interested.
3. Ms. Lee Ming Ho is the spouse of Mr. Ip. Under the SFO, Ms. Lee is deemed to be interested in the same number of Shares in which Mr. Ip is interested.
4. Ms. Yi Huan is the spouse of Mr. Li Bin. Under the SFO, Ms. Yi is deemed, or taken to be, interested in the same number of Shares in which Mr. Li is interested.

## OTHER INFORMATION

Save as disclosed above, so far as is known to the Directors, as at the date of this report, there are no other person (not being a Director or chief executive of the Company) who had an interest or a short position in the Shares or underlying shares or debentures of the Company or any of its associated corporations which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company under Section 336 of the SFO, or who was, directly or indirectly interested in 10% or more of the issued share capital of the Company.

### DIRECTORS' INTERESTS IN COMPETING BUSINESS

Other than companies of the Group, none of the Directors or their respective close associates (as defined in the GEM Listing Rules) has interest in any business which competes or is likely to compete, directly or indirectly, with the business of the Group.

### INTERESTS OF COMPLIANCE ADVISER

As notified by the compliance adviser of the Company, Pulsar Capital Limited ("**Pulsar Capital**"), as at 30 June 2020, save as the compliance adviser agreement entered into between the Company and Pulsar Capital, neither Pulsar Capital nor its directors, employees or close associates (as defined in the GEM Listing Rules) had any interest in relation to the Group which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

## OTHER INFORMATION

### AUDIT COMMITTEE

The Company established an audit committee (the “**Audit Committee**”) on 21 September 2018 with its written terms of reference in compliance with the GEM Listing Rules. The Audit Committee comprises of three members, namely Ms. Tang Shui Man (*Chairman*), Mr. Yuk Kai Yao and Dr. Fok Wai Sun, all of them being independent non-executive Directors.

The unaudited first quarterly results of the Company for the three months ended 30 June 2020 have not been audited by the Company’s independent auditors, but have been reviewed by members of the Audit Committee who have provided advice and comments thereon. The Audit Committee is of the opinion that such financial results comply with the applicable accounting standards and the GEM Listing Rules, and that adequate disclosures have been made.

By order of the Board of  
**Grand Talents Group Holdings Limited**  
**Ha Chak Hung**  
*Chairman and Executive Director*

Hong Kong, 13 August 2020

*As at the date of this report, the executive Directors are Mr. Ha Chak Hung, Mr. Ip Chu Shing and Mr. Han Shengjun; and the independent non-executive Directors are Ms. Tang Shui Man, Dr. Fok Wai Sun and Mr. Yuk Kai Yao.*