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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 THIRD QUARTERLY RESULTS
FOR THE NINE MONTHS ENDED 31 DECEMBER 2021

The board of directors (the “**Directors**”) of Grand Talents Group Holdings Limited (the “**Company**”) and together with its subsidiaries, the “**Group**”) announces the unaudited condensed consolidated financial results of the Group for the nine months ended 31 December 2021. This announcement, containing the full text of the FY2022 third quarterly report of the Company (the “**FY2022 Third Quarterly Report**”), complies with the relevant requirements of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM**” and the “**GEM Listing Rules**”, respectively) in relation to information to accompany preliminary announcement of quarterly results. The printed version of the FY2022 Third 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 the Stock Exchange at www.hkgem.com and of the Company at 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, 14 February 2022

As at the date of this announcement, the executive Directors are Mr. HA Chak Hung and Mr. IP Chu Shing; 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 Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited 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 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.

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*)

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. Wong Chi Ling, *CPA, FCCA, FCA*

AUTHORISED REPRESENTATIVES

Mr. Ha Chak Hung
Ms. Wong Chi Ling

COMPLIANCE OFFICER

Mr. Ha Chak Hung

REGISTERED OFFICE IN THE CAYMAN ISLANDS

Windward 3, Regatta Office Park,
P.O. Box 1350,
Grand Cayman KY1-1108
Cayman Islands



CORPORATE INFORMATION

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Ocorian Trust (Cayman) Limited
Windward 3, Regatta Office Park,
P.O. Box 1350
Grand Cayman KY1-1108
Cayman Islands

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

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

PRINCIPAL BANKER

Fubon Bank (Hong Kong) Limited

AUDITOR

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

COMPANY'S WEBSITE

www.grandtalentsgroup.com.hk

STOCK CODE

8516



HIGHLIGHTS

HIGHLIGHTS

- The revenue of the Group was approximately HK\$26.9 million for the nine months ended 31 December 2021, representing a decrease from approximately HK\$35.9 million for the corresponding period ended 31 December 2020. Such decrease was mainly due to (i) the completion of three repair and maintenance works projects; (ii) the negative impact arising from the outbreak of novel coronavirus disease (“**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 profit of the Group was approximately HK\$1.8 million for the nine months ended 31 December 2021, representing a decreased from approximately HK\$5.3 million for the corresponding period ended 31 December 2020. Such decrease was mainly due to the decrease in revenue.
- The Group recorded a loss of approximately HK\$6.2 million for the nine months ended 31 December 2021, as compared to a loss of approximately HK\$3.9 million recorded for the corresponding period ended 31 December 2020. Such loss was mainly due to the decrease in revenue.



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

For the three months and nine months ended 31 December 2021

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 and nine months ended 31 December 2021 (together with the comparative unaudited figures for the corresponding period in 2020) as follows:

	Notes	Three months ended 31 December		Nine months ended 31 December	
		2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Revenue	3	9,306	10,408	26,913	35,907
Cost of sales		(8,220)	(7,486)	(25,122)	(30,574)
Gross profit		1,086	2,922	1,791	5,333
Other income		3	235	781	2,079
Administration expenses		(1,304)	(3,646)	(7,417)	(9,974)
Finance costs	4	(1,112)	(416)	(1,518)	(1,289)
Loss before taxation		(1,327)	(905)	(6,363)	(3,851)
Income tax credit	5	152	—	152	—
Loss and comprehensive expenses for the period attributable to owners of the Company		(1,175)	(905)	(6,211)	(3,851)
Other comprehensive expense, after tax:					
Item that may be reclassified to profit or loss:					
Exchange differences on translating foreign operations		—	—	—	(19)
Total comprehensive expenses for the period attributable to owners of the Company		(1,175)	(905)	(6,211)	(3,870)
Loss per share:		HK cents	HK cents	HK cents	HK cents
Basic and diluted	7	0.22	0.19	1.15	0.80



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 December 2021

	Attributable to owners of the Company					Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000 (Note 1)	Exchange reserve HK\$'000 (Note 2)	Retained profits HK\$'000 (Note 3)	
At 1 April 2020 (audited)	4,800	35,187	15,457	(110)	6,761	62,095
Loss and total comprehensive expenses for the period	—	—	—	—	(3,851)	(3,851)
Other comprehensive expense for the period	—	—	—	(19)	—	(19)
At 31 December 2020 (unaudited)	4,800	35,187	15,457	(129)	2,910	58,225
At 1 April 2021 (audited)	4,800	35,187	15,457	(136)	(22,777)	32,531
Loss for the period	—	—	—	—	(6,211)	(6,211)
Issuance of shares upon placing	912	8,664	—	—	—	9,576
At 31 December 2021 (unaudited)	5,712	43,851	15,457	(136)	(28,988)	(35,896)

Note:

- 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).
- The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of operations outside Hong Kong which were dealt with in accordance with the accounting policy as set out in Note 4(d) in the Annual Report 2020.
- It represents cumulative net profits recognised in the consolidated statement of profit or loss and other comprehensive income.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2021

1. GENERAL

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 Group Limited ("**Talent Prime**"), a limited liability company incorporated in the British Virgin Islands (the "**BVI**") on 5 July 2017 which are wholly-owned by Mr. Ha Chak Hung ("**Mr. Ha**") and Mr. Ip Chu Shing ("**Mr. Ip**").

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 unaudited 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 financial statements are presented in Hong Kong dollars ("**HK\$**") which is also the functional currency of the Company.



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2021

2. BASIS OF PREPARATION AND PRESENTATION OF THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These unaudited condensed consolidated financial statements have been prepared in accordance with HKAS 34, all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting 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 unaudited condensed consolidated financial statements have been prepared under historical cost convention.

The principal accounting policies used in the unaudited condensed consolidated financial statements for the nine months ended 31 December 2021 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2021 as stated in the Annual Report 2021, except for the new and revised HKFRSs issued by the HKICPA that are adopted for the first time for the current accounting period of the Group.

Except as explained in Note 3 to the unaudited condensed consolidated financial statements as stated in the interim report for the six months ended 30 September 2021, the adoption of these new and revised HKFRSs has had no material effect on the amounts reported in these unaudited condensed consolidated financial statements and/or disclosures set out in these unaudited condensed consolidated financial statements.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2021

3. REVENUE AND SEGMENT INFORMATION

	Three months ended 31 December		Nine months ended 31 December	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Revenue				
The Group's revenue is analysed as follows:				
Repair and maintenance works	9,306	10,408	26,913	35,907
Civil engineering construction works	—	—	—	—
	9,306	10,408	26,913	35,907

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 executive directors, 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.

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.



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2021

3. REVENUE AND SEGMENT INFORMATION *(continued)*

Segment reporting *(continued)*

Nine months ended 31 December 2021 (unaudited)

	Civil engineering construction works HK\$'000	Repair and maintenance works HK\$'000	Total HK\$'000
Segment revenue			
External sales	—	26,913	26,913
Segment results	—	1,791	1,791
Other income			781
Administrative expenses			(7,417)
Finance costs			(1,518)
Loss before taxation			(6,363)

Nine months ended 31 December 2020 (unaudited)

	Civil engineering construction works HK\$'000	Repair and maintenance works HK\$'000	Total HK\$'000
Segment revenue			
External sales	—	35,907	35,907
Segment results	—	5,333	5,333
Other income			2,079
Administrative expenses			(9,974)
Finance costs			(1,289)
Loss before taxation			(3,851)

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2021

4. FINANCE COSTS

	Three months ended 31 December		Nine months ended 31 December	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Interests on bank borrowings and bank overdraft	1,104	410	1,500	1,262
Interest elements on lease liabilities	8	6	18	27
	1,112	416	1,518	1,289

5. INCOME TAX EXPENSE

No Hong Kong Profits Tax is provided as the Group has no estimated assessable profits for both periods. Hong Kong Profits Tax has been provided in accordance with the two-tiered profits tax rates regime (for the nine months ended 31 December 2020: at the rate of 16.5%) for the nine months ended 31 December 2021. During the nine months ended 31 December 2020 and 2021, the subsidiary in the People's Republic of China was subject to statutory tax rate of 25%.

	Three months ended 31 December		Nine months ended 31 December	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Hong Kong Profits Tax				
— Current Period	—	—	—	—
— Over provision in prior year	152	—	152	—
Income tax credit	152	—	152	—

6. DIVIDEND

No dividend was paid or proposed for the nine months ended 31 December 2021, nor has any dividend been proposed since the end of reporting period (for the nine months ended 31 December 2020: Nil).



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2021

7. LOSS PER SHARE

The calculation of basic loss per share is based on the loss attributable to owners of the Company and the weighted average number of ordinary shares in issue during the nine months ended 31 December 2021 of 54,000,000 (for the nine months ended 31 December 2020: 48,000,000):

	Three months ended 31 December		Nine months ended 31 December	
	2021 (unaudited)	2020 (unaudited)	2021 (unaudited)	2020 (unaudited)
Loss:				
Loss attributable to owners of the Company for the purposes of basic loss per share (HK\$'000)	1,175	905	6,211	3,851
Number of shares:				
Weighted average number of ordinary shares for the purposes of basic loss per share	54,000,000	48,000,000	54,000,000	48,000,000

Note: The weighted average of ordinary shares for the nine months ended 31 December 2021 and 2020 has been adjusted to account for the ten to one share consolidation of the Company which become effective on 24 December 2021.

Diluted loss per share is the same as the basic loss per share of the Company for both periods as there were no dilutive potential ordinary shares for the nine months ended 31 December 2021 and 2020.

8. EVENTS AFTER THE REPORTING PERIOD

No significant events occurred subsequent to 31 December 2021 and up to the date of this report.

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 ten 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 covered walkway at pier and seawall; and (ii) civil engineering construction projects. During the period under review, the Company operated under a challenging atmosphere as the outbreak of COVID-19 in Hong Kong adversely impacted the Group’s construction activities. On the other hand, we had heard news from the government that the annual capital works expenditure in infrastructure to more than \$100 billion in coming years. Therefore, the Group has continued to focus on developing its business of undertaking repair and maintenance works and civil engineering construction works in Hong Kong.

The outbreak of the COVID-19 throughout the year has created uncertainty to Hong Kong and imposed negative impacts on the construction industry, including supply chain disruptions, workforce shortages due to illness and preventive quarantines, and work stoppages due to measures imposed by the government. Looking forward, despite the outbreak of COVID-19 in Hong Kong, the government will resume to execute the infrastructure projects as planned in the coming years. But under the current competitive tendering market, the award tender price for the maintenance projects are really low. Our Group expect this low bid atmosphere will be short-term. Our Group will continue to submit tenders for civil engineering projects as well as the maintenance projects in order to gain more profit for the Group and the shareholders.

The Group has submitted three tenders for repair and maintenance works projects pending acceptance. Our Directors expect to receive the tender results in around March 2022.



MANAGEMENT DISCUSSION AND ANALYSIS

Risk management and internal control

As at 31 December 2021 and up to the date of this report, save as otherwise disclosed, 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.

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 nine months ended 31 December 2021.

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\$9.0 million from approximately HK\$35.9 million for the nine months ended 31 December 2020, to approximately HK\$26.9 million for the nine months ended 31 December 2021. Such decrease is mainly attributable to (i) the completion of three repair and maintenance works projects during the period ended 31 December 2021; (ii) the negative impact arising from 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.



MANAGEMENT DISCUSSION AND ANALYSIS

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\$5.5 million from approximately HK\$30.6 million for the nine months ended 31 December 2020 to approximately HK\$25.1 million for the nine months ended 31 December 2021, which was mainly due to the decrease in payroll and contra costs in line with the decrease in revenue.

Gross profit and gross profit margin

The gross profit was approximately HK\$5.3 million and HK\$1.8 million for the nine months ended 31 December 2020 and 2021 respectively. The gross profit margin was approximately 14.9% and 6.7% respectively. The decrease in our gross profit and gross profit margin was primarily due to the decrease in revenue.

Other income

The Group recorded other income of approximately HK\$0.9 million during the nine months ended 31 December 2021 (for the nine months ended 31 December 2020: approximately HK\$2.1 million). Such decrease was mainly due to decrease in government subsidies.

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 decreased by approximately 25.4% from approximately HK\$10.0 million for the nine months ended 31 December 2020 to approximately HK\$7.4 million for the nine months ended 31 December 2021. The decrease was mainly due to the decrease in legal and professional fee and staff cost.

Finance costs

The finance costs increased by approximately 17.8% from approximately HK\$1.3 million for the nine months ended 31 December 2020 to approximately HK\$1.5 million for the nine months ended 31 December 2021. The increase was mainly due to the increase in bank and other borrowings.



MANAGEMENT DISCUSSION AND ANALYSIS

Income tax expenses

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 nine months ended 31 December 2020 and 2021. The Group's operations in Hong Kong are subject to the two-tiered profits tax rates 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 Hong Kong Profits Tax is provided during the nine months ended 31 December 2020 and 2021 as the Group has no estimated assessable profits for both periods.

Loss for the period

As a result of the foregoing, the Group recorded a loss of approximately HK\$6.2 million for the nine months ended 31 December 2021 as compared to a loss of approximately HK\$3.9 million for the nine months ended 31 December 2020. Such loss was mainly due to the decrease in revenue.

CAPITAL EXPENDITURE

Capital expenditure primarily comprised of purchase of construction equipment, furniture fixtures and equipment, computers and motor vehicles. The capital expenditure was funded by net proceeds from the Listing, internal resources, finance leases and bank borrowings during the nine months ended 31 December 2021.

The following sets forth the Group's capital expenditure as at the dates indicated:

	As at 31 December 2021 HK\$'000 (Unaudited)	As at 31 March 2021 HK\$'000 (Audited)
Property, plant and equipment	250	711



MANAGEMENT DISCUSSION AND ANALYSIS

CAPITAL STRUCTURE

On 5 July 2021, 91,200,000 shares of HK\$0.01 each of the company were issued at a price of HK\$0.105 by way of placing under general mandate.

For details in relation to the placing under the general mandate, please refer to the announcements of the Company dated 16 June 2021 and 5 July 2021.

On 24 November 2021, the Company entered into a placing agreement with Lego Securities Limited as placing agent (the “**Placing Agent**”), pursuant to which the Company agreed to place through the Placing Agent new shares in the Company conditional upon, among other things, the share consolidation as described below and the grant of a specific mandate by the shareholders of the Company.

An extraordinary general meeting was held on 24 December 2021, at which, resolutions were passed in relation to (i) the share consolidation of every ten existing shares of the Company of HK\$0.01 each into one consolidated share of HK\$0.1 each (the “**Share Consolidation**”); and (ii) the placing agreement entered into between the Company and the Placing Agent (as amended by the supplemental placing agreement) and the allotment and issue of a maximum of 57,100,000 placing shares (the “**Placing Shares**”) pursuant to the specific mandate granted by the shareholders of the Company (the “**Placing**”). The Share Consolidation became effective on 24 December 2021.

For details in relation to the Share Consolidation and the Placing, please refer to the announcements of the Company dated 24 November 2021, 26 November 2021, 24 December 2021, 31 January 2022 and 8 February 2022 and the circular of the Company dated 8 December 2021.

As at 31 December 2021, the Company had 57,120,000 ordinary shares in issue and the Company’s issued share capital was HK\$5,712,000. The share capital of the Group only comprises ordinary shares.



MANAGEMENT DISCUSSION AND ANALYSIS

EVENTS AFTER THE REPORTING PERIOD

The Placing of new shares under specific mandate was completed on 8 February 2022 and the Placing Agent successfully placed an aggregate of 57,100,000 Placing Shares, representing approximately 49.99% of the issued share capital of the Company as enlarged by the issue of the 57,100,00 Placing Shares, to not less than six independent placees at the Placing Price of HK\$0.535 per Placing Share. For details, please refer to the announcement of the Company dated 8 February 2022.

Save as disclosed above, the Group does not have material events after the end of the reporting period.

FUTURE PLAN FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed under the paragraph headed "Use of Proceeds" in this section, the Company did not have other plans for material investments or capital assets.

USE OF PROCEEDS FROM PLACING UNDER GENERAL MANDATE

The net proceeds (after deducting the placing fee and other related expenses incurred in the Placing) from the Placing was approximately HK\$9.2 million. During the nine months ended 31 December 2021, the Company had applied all of the net proceeds according to the disclosure as set out in the announcement dated 16 June 2021 (the "**Announcement**").



MANAGEMENT DISCUSSION AND ANALYSIS

An analysis of the utilisation of the net proceeds from the Placing as at 31 December 2021 is set out below:

	Planned use of net proceeds as stated in the Announcement (HK\$'000)	Actual use of net proceeds up to 31 December 2021 (HK\$'000)	Net proceeds utilised during the nine months ended 31 December 2021 (HK\$'000)	Unutilised net proceeds as at 31 December 2021 (HK\$'000)
Repayment of outstanding indebtedness	8,300	8,300	8,300	—
General working capital	900	900	900	—
Total	9,200	9,200	9,200	—

DIVIDEND

The Board does not recommend the payment of a dividend for the nine months ended 31 December 2021 (for the nine months ended 31 December 2020: Nil).

FOREIGN CURRENCY EXPOSURE

Since the Group's business activities are mainly 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 PRACTICE

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 nine months ended 31 December 2021.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the required standard of dealings (“**Model Code**”) as set out in Rules 5.48 to 5.67 of the GEM Listing Rules in respect of directors’ securities transactions (the “**Required Standard of Dealings**”). Specific enquiry has been made with all the Directors and the Directors have confirmed that they have complied with the Required Standard of Dealing throughout the nine months ended 31 December 2021.

The Company has adopted a compliance manual for securities transactions by senior management as written guidelines no less exacting than the Required Standard of Dealing for relevant employees (“**Written Guidelines**”) in respect of dealing in the Company’s shares. During the nine months ended 31 December 2021, the Company is not aware of any incident of non-compliance of the Model Code and Written Guidelines by the relevant employees.

SHARE OPTION SCHEME

The Company adopted a share option scheme on 21 September 2018 (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. The terms of the Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules.

No share option has been granted or exercised under the Scheme during the nine months ended 31 December 2021. No share option was outstanding as at 31 December 2021.



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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 nine months ended 31 December 2021.

DISCLOSURE OF INTERESTS

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

As at 31 December 2021, 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 of the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong (“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 Rule 5.46 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 (Note 1)	Percentage of interest in the Company
Mr. Ha (Note 2)	Interest of a controlled corporation	17,166,900 (L)	30.05%
Mr. Ip (Note 2)	Interest of a controlled corporation	17,166,900 (L)	30.05%



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 Group Limited. Therefore, Mr. Ha and Mr. Ip are deemed to be interested in all the Shares held by Talent Prime Group Limited for the purpose of the SFO. Mr. Ha, Mr. Ip and Talent Prime Group Limited 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 30.05% of the issued share capital of the Company upon completion of Share Offer. Mr. Ha and Mr. Ip are the directors of Talent Prime Group Limited.

(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 31 December 2021, 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, will be required to be notified to the Company and the Stock Exchange.



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(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 as is known to the Directors, as at 31 December 2021, the following persons (not being a Director or chief executive of the Company) had, or were deemed to have 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, of which were 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 5% or more of the issued share capital of the Company.

Name of substantial shareholder	Capacity	Number of Shares (Note 1)	Percentage of interest in our Company
Talent Prime Group Limited	Beneficial owner	17,166,900 (L)	30.05%
Ms. Chung Ching Yan (Note 2)	Interest of spouse	17,166,900 (L)	30.05%
Ms. Lee Ming Ho (Note 3)	Interest of spouse	17,166,900 (L)	30.05%

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.

Save as disclosed above, so far as is known to the Directors, as at 31 December 2021, 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 5% or more of the issued share capital of the Company.



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COMPETING BUSINESS

Other than members of the Group, none of the Directors nor the controlling shareholder of the Company nor any of 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.

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 Rules 5.28 and 5.29 of 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 with written terms of reference in accordance with code provision C.3.3 and C.3.7 of the CG code. The unaudited financial information for the nine months ended 31 December 2021 in this report has not been audited by the Company’s independent auditors, but have been reviewed by the Audit Committee. The Audit Committee is of the opinion that such unaudited financial results have been prepared in compliance with the applicable accounting standards and the requirements under 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, 14 February 2022

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

