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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)

DISCLOSEABLE TRANSACTION IN RELATION TO THE LEASE AGREEMENT

On 30 July 2021, the Tenant (an indirect wholly-owned subsidiary of the Company) and the Landlord entered into the Lease Agreement in respect of the leasing of the Premises.

Pursuant to HKFRS 16, as a result of the entering into the Lease Agreement, the Group shall recognise the right-of-use asset in the consolidated financial statements of the Company, and the transaction contemplated thereunder will be regarded as an acquisition of asset by the Group in accordance with the GEM Listing Rules. The estimated value of the right-of-use asset to be recognised by the Company under the Lease Agreement shall amount to approximately HK\$3.68 million.

As one or more of the applicable ratios (as defined in the GEM Listing Rules) for the transaction contemplated under the Lease Agreement exceeds 5% but all of them are less than 25%, such transaction constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and is subject to the notification and announcement requirements under the GEM Listing Rules.

INTRODUCTION

On 30 July 2021, the Tenant (a wholly-owned subsidiary of the Company) and the Landlord entered into the Lease Agreement in respect of the leasing of the Premises.

KEY TERMS OF THE LEASE AGREEMENT

Date of Lease Agreement:	30 July 2021
Parties:	Solar-Med Limited (an indirect wholly-owned subsidiary of the Company) as tenant and the Landlord
Term:	3 years commencing from 1 August 2021 and expiring on 31 July 2024 (both days inclusive)
Premises:	Unit 2901–3 & 5–6, 29th Floor, The Octagon, 6 Sha Tsui Road, Tsuen Wan, New Territories, Hong Kong
Rental payment:	HK\$115,000 per month (exclusive of Government rates, Government rent and management fees), with a rent-free period of two months

THE RIGHT-OF-USE ASSET

Pursuant to HKFRS 16, as a result of the entering into the Lease Agreement, the Group shall recognise the right-of-use asset in the consolidated financial statements of the Company, and the transaction contemplated thereunder will be regarded as an acquisition of asset by the Group in accordance with the GEM Listing Rules. The estimated value of the right-of-use asset to be recognised by the Company under the Lease Agreement shall amount to approximately HK\$3.68 million. The amounts of rental payments during the Term and renovation will be settled out of the internal financial resources of the Group and proceeds from the share offer of the Company as disclosed in the Prospectus.

GEM LISTING RULES IMPLICATIONS

As one or more of the applicable ratios (as defined in the GEM Listing Rules) for the transaction contemplated under the Lease Agreement exceeds 5% but all of them are less than 25%, such transaction constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and is subject to the notification and announcement requirements under the GEM Listing Rules.

REASONS FOR AND BENEFITS OF THE LEASE AGREEMENT

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 Group is currently leasing its office premises at Unit 2901–3 & 5 at the same floor of the Premises with gross floor area of approximately 3,968 sq. ft. The entering into of the Lease Agreement will increase the gross floor area of office premises of the Group to approximately 5,567 sq. ft. As disclosed in the sections headed “Business — Our Business Strategies — Further penetrate the medical device market through enhancing our quality value-added services and sales and marketing activities” and “Future Plans and Use Of Proceeds” in the Prospectus, the Group planned to set up a showroom to display samples of

our medical equipment and provide our customers a channel to inspect our product samples before placing orders. Meanwhile, due to business growth, the Group's number of employees has increased significantly from 24 as at the time of the listing of the Company's shares in March 2018 to 36 as at the date of this announcement. As such, the additional office space in the Premises would enable the Group to set up the showroom within the Premises, cater for its business growth and provide room for its future expansion.

The Directors consider that the size and location of the Premises suits the Group's current and future business needs.

The rent, air-conditioning and management charges under the Lease Agreement are determined after arm's length negotiations between the Landlord and the Tenant, after taking into consideration the prevailing market price for comparable premises in the vicinity of the Premises.

DIRECTORS' CONFIRMATIONS

Based on the reasons for and benefits of the Lease Agreement as set out above, the Directors (including the independent non-executive Directors) are of the opinion that (1) the transaction contemplated under the Lease Agreement is on normal commercial terms and in the ordinary and usual course of business of the Group; and (2) that the terms of the Lease Agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole.

INFORMATION ON THE LANDLORD

The Landlord is a company incorporated in Hong Kong with limited liability and is indirectly owned as to 100% by K. Wah Properties (Holdings) Limited. The Landlord provides property lease to tenants in its ordinary and usual course of business. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Landlord and its ultimate beneficial owners are third parties independent of the Company and its connected persons as at the date of this announcement.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meaning:

“Board”	the board of directors of the Company
“Company”	Grand Brilliance Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on GEM of the Stock Exchange (stock code: 8372)
“Directors”	the directors of the Company
“HKFRS 16”	Hong Kong Financial Reporting Standards 16 “Leases” issued by the Hong Kong Institute of Certified Public Accountants

“Group”	the Company and its subsidiaries
“Landlord”	Octagon Development Limited, an investment holding company incorporated in Hong Kong with limited liability
“Lease Agreement”	the lease agreement entered into between the Tenant and the Landlord on 30 July 2021 for the leasing of the Premises
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
“Premises”	Unit 2901–3 & 5–6, 29th Floor, The Octagon, 6 Sha Tsui Road, Tsuen Wan, New Territories, Hong Kong
“Prospectus”	the prospectus of the Company dated 19 March 2018
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenant”	Solar-Med Limited, an indirect wholly-owned subsidiary of the Company
“Term”	3 years commencing from 1 August 2021 and expiring on 31 July 2024 (both days inclusive)

For and on behalf of
Grand Brilliance Group Holdings Limited
Wong Bik Kwan Bikie
Chairman and Chief Executive Officer

Hong Kong, 30 July 2021

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

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 Company Announcements” page of the GEM website (www.hkgem.com) for at least seven days from the date of its publication and the website of the Company (www.grandbrilliancegroup.com).