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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)

(I) SUBSCRIPTION OF SHARES IN TECHMETICS SOLUTIONS PTE. LTD; (II) FORMATION OF JOINT VENTURE; AND (III) CHANGE IN USE OF PROCEEDS

Financial Adviser to the Company

VEDA | CAPITAL
智 略 資 本

THE INVESTMENT AGREEMENT

The Board is pleased to announce that on 24 November 2021, the Investor (an indirect wholly-owned subsidiary of the Company), the Founder and Techmetics entered into the Investment Agreement, pursuant to which the Investor has conditionally agreed to subscribe for, and Techmetics has conditionally agreed to allot and issue to the Company, the Subscription Shares, representing 0.95% of the total issued share capital of Techmetics as enlarged by the allotment and issue of the Subscription Shares, at the aggregate Subscription Price of US\$250,000 (equivalent to approximately HK\$1.95 million).

FORMATION OF JOINT VENTURE

The Board is also pleased to announce that on 24 November 2021, the Investor (an indirect wholly-owned subsidiary of the Company), Ms. Wong, Techmetics and the JV Company entered into the JV Agreement for the establishment of the joint venture in the JV Company.

Pursuant to the JV Agreement, the Investor, Ms. Wong, Techmetics and the JV Company agree to establish the joint venture in the JV Company that shall be principally engaged in (i) provision of autonomous mobile robots solutions for healthcare industries in the Relevant Jurisdictions; (ii) sourcing of original equipment manufacturer; and (iii) research and development.

The initial registered share capital of the JV Company will be US\$500,000 (equivalent to HK\$3.9 million), which will be contributed in cash as to 20% by the Investor, 40% by Ms. Wong and 40% by Techmetics respectively.

GEM LISTING RULES IMPLICATIONS

As at the date of this announcement, Ms. Wong, the chairman and the chief executive officer of the Company and an executive Director, is interested in 565,404,000 Shares, representing approximately 70.68% of the total issued share capital of the Company. Ms. Wong is therefore a connected person of the Company under Chapter 20 of the GEM Listing Rules.

As each of the applicable percentage ratios (including but not limited to the assets ratio, the profits ratio, the revenue ratio, the consideration ratio and the equity capital ratio) in respect of the Investment Agreement and the JV Agreement in aggregate are less than 5%, by virtue of the GEM Listing Rule 20.74(1)(c), with a total consideration being less than HK\$3,000,000, the entering into of the Investment Agreement and the JV Agreement and the transactions contemplated thereunder would (i) constitute de minimis transactions pursuant to GEM Listing Rule 20.74 and are fully exempt from Shareholders approval, annual review and all disclosure requirements; and (ii) not constitute notifiable transactions of the Company under Chapter 19 of the GEM Listing Rules. Accordingly, the disclosure in this announcement in respect of the entering into of the Investment Agreement and the JV Agreement is made by the Company on a voluntary basis.

As Ms. Wong is considered to have material interests in the entering into of the Investment Agreement and the JV Agreement, she has abstained from voting on the resolutions of the Board in respect of the approval into of the entering of the Investment Agreement and the JV Agreement.

CHANGE IN USE OF PROCEEDS

The Board has resolved to change the use of unutilised Net Proceeds. In order to generate a better return and enhance the long-term growth of the Company, the Board is of the view that it would be of the best interest to the Company and the Shareholders as a whole to change the intended use of the unutilised Net Proceeds, by re-allocating (i) approximately HK\$2.0 million and approximately HK\$0.8 million, to the Subscription and the formation of the joint venture of the JV Company respectively; (ii) approximately HK\$8.0 million to the development of the Group's branded autonomous mobile robot solution to reduce the medical manpower shortage; and (iii) approximately HK\$6.0 million to general working capital of the Company.

THE INVESTMENT AGREEMENT

The Board is pleased to announce that on 24 November 2021, the Investor (an indirect wholly-owned subsidiary of the Company), the Founder and Techmetics entered into the Investment Agreement, pursuant to which the Investor has conditionally agreed to subscribe for, and Techmetics has conditionally agreed to allot and issue to the Company, the Subscription Shares, representing 0.95% of the total issued share capital of the Techmetics as enlarged by the allotment and issue of the Subscription Shares, at the aggregate Subscription Price of US\$250,000 (equivalent to approximately HK\$1.95 million).

Principal terms of the Investment Agreement

Date : 24 November 2021

Parties : (1) The Investor, as the subscriber;
(2) The Founder, as the founder of Techmetics; and
(3) Techmetics, as the issuer

The Investor is an indirect wholly-owned subsidiary of the Company. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, as at the date of this announcement, Techmetics and its ultimate beneficial owner and the Founder are Independent Third Parties.

The Subscription

Pursuant to the Investment Agreement, the Investor has conditionally agreed to subscribe for, and Techmetics has conditionally agreed to allot and issue to the Company, the Subscription Shares, representing 0.95% of the total issued share capital of the Techmetics as enlarged by the allotment and issue of the Subscription Shares, at the aggregate Subscription Price of US\$250,000 (equivalent to approximately HK\$1.95 million).

Techmetics has undertaken in the Investment Agreement that the Subscription Price will be used for the following purpose:

- (i) as to US\$50,000 shall be used for expansion of the business of Techmetics into any overseas markets, including but not limited to the United States of America and Canada; and
- (ii) the remaining balance of US\$200,000 shall be invested in the JV Company.

The Subscription Price was determined on normal commercial terms and after arm's length negotiations among the parties to the Investment Agreement having taken into consideration of various factors, including (i) the reasons for and benefits of the Subscription as mentioned in the section headed "Reasons for and benefits of the Subscription and the formation of the joint venture in the JV Company" in this announcement; and (ii) the future prospects of the Techmetics Group.

Conditions Precedent

Completion is conditional upon the fulfillment or waiver (as the case may be) of each of the following conditions:

- (i) all corporate approvals and resolutions of Techmetics having been obtained in respect of the Investment Agreement and the transactions contemplated thereunder and are in form and substance reasonably satisfactory to the Investor and that they received true copies of the same;
- (ii) waivers of pre-emption rights from each of the existing shareholders of Techmetics in respect of the allotment and issuance of the Subscription Shares having been obtained and been in form and substance reasonably satisfactory to the Investor and they received true copies of the same;
- (iii) all requirements under applicable law in connection with the allotment and issuance of the Subscription Shares having been obtained and in full force and effect on Completion Date;
- (iv) Techmetics having performed all acts and complied with all obligations contained in the Investment Agreement that are required to be performed or complied with by on or before Completion Date;
- (v) the Investor having completed a due diligence review into the commercial, financial and legal affairs of Techmetics and the results of which having been satisfactory to the Investor; and
- (vi) Techmetics and the Investor having received the written consents from Red Dot and Little Pea (each being an existing shareholder of Techmetics) in respect of the increase of share capital of Techmetics.

If any of the above conditions precedent is not satisfied, or fulfilled, or does not occur, or has not been waived by the Investor in writing, the Investment Agreement shall ipso facto cease and determine with immediate effect, each party's rights and obligations shall cease forthwith on such termination, and neither party shall then have any claim or demand against the other, whether for costs, damages, compensation or otherwise.

Completion

Completion Date shall be on a day falling five (5) Singapore Business Days after the date on which all the conditions set out under the Investment Agreement have been fulfilled or waived (as the case may be), or such other date as may be agreed in writing by the parties to the Investment Agreement.

Upon Completion, the Company, through the Investor, will be indirectly interested in 0.95% of Techmetics and such investment will be accounted for as financial assets in the Group's financial statements.

FORMATION OF JOINT VENTURE

The Board is also pleased to announce that on 24 November 2021, the Investor (an indirect wholly-owned subsidiary of the Company), Ms. Wong, Techmetics and the JV Company entered into the JV Agreement for the establishment of the joint venture in the JV Company.

The JV Agreement

Date : 24 November 2021

Parties : (1) the Investor;

(2) Ms. Wong;

(3) Techmetics; and

(4) the JV Company

Ms. Wong, being the chairman of the Company, the chief executive officer of the Company and an executive Director is interested in 565,404,000 Shares, representing approximately 70.68% of the total issued share capital of the Company as at the date of this announcement.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, as at the date of this announcement, Techmetics and its ultimate beneficial owners are Independent Third Parties.

Pursuant to the JV Agreement, the Investor, Ms. Wong, Techmetics and the JV Company agree to establish the joint venture in the JV Company that shall be principally engaged in (i) provision of autonomous mobile robots solutions for healthcare industries in the PRC (including Hong Kong, Macau, Taiwan) and other countries or regions in Asia (other than Singapore) where exclusive distributor of autonomous mobile robots solutions of Techmetics have not been appointed (the “**Relevant Jurisdictions**”); (ii) sourcing of original equipment manufacturer; and (iii) research and development.

The initial registered share capital of the JV Company will be US\$500,000 (equivalent to HK\$3.9 million), which will be contributed in cash as to US\$100,000 (equivalent to approximately HK\$0.78 million) by the Investor, US\$200,000 (equivalent to approximately HK\$1.56 million) by Ms. Wong and US\$200,000 (equivalent to approximately HK\$1.56 million) by Techmetics. Upon completion of the subscription of shares in the JV Company, the JV Company will be owned as to 20% by the Investor, 40% by Ms. Wong and 40% by Techmetics, respectively.

Completion of the subscription of the shares in the JV Company shall take place on the fifth Business Day (or such other date as the parties to the JV Agreement may agree).

The amount of capital contributions was determined after arm's length negotiation between the parties to the JV Agreement with reference to the capital requirement of the JV Company and the shareholding percentage of each shareholder in the JV Company.

Reasons for and benefits of the Subscription and the formation of the joint venture in the JV Company

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. The Investor, an indirect wholly-owned subsidiary of the Company, is a company incorporated in Hong Kong with limited liability and principally engaged in the sourcing of medical devices and development of healthcare products.

Techmetics is a company incorporated in Singapore with limited liability and principally engaged in (i) manufacture and repair of service robots; and (ii) engineering design and consultancy activities.

With (i) the Group's extensive experience in the medical device market and its position as one of the major medical device distributors in Hong Kong; (ii) the extensive experience of Techmetics in the autonomous mobile robots solutions industry; and (iii) the rapid development in the usage of autonomous mobile robots for healthcare industries, the Group and Techmetics believe that the Subscription and the formation of the joint venture in the JV Company will be a good opportunity to further capitalise in the development of the autonomous mobile robots business for both parties. Furthermore, pursuant to the Investment Agreement, Techmetics will invest US\$200,000 of the proceeds of the Subscription, representing 80% of the Subscription Price, into the JV Company.

The Board believes that the Subscription and the cooperation with Techmetics with the formation of the joint venture in the JV Company will facilitate and bring about the Group's future business development in developing and establishing autonomous mobile robot solutions in the healthcare industries and that the diversification of the Group's business and is beneficial to the Group as a whole. The Board is also of the view that the terms of the JV Agreement and the formation of the joint venture in the JV Company are on normal commercial terms, fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

GEM LISTING RULES IMPLICATIONS

As at the date of this announcement, Ms. Wong, the chairman and the chief executive officer of the Company and an executive Director, is interested in 565,404,000 Shares, representing approximately 70.68% of the total issued share capital of the Company. Ms. Wong is therefore a connected person of the Company under Chapter 20 of the GEM Listing Rules.

As each of the applicable percentage ratios (including but not limited to the assets ratio, the profits ratio, the revenue ratio, the consideration ratio and the equity capital ratio) in respect of the Investment Agreement and the JV Agreement in aggregate are less than 5%, by virtue of the GEM Listing Rule 20.74(1)(c), with a total consideration being less than HK\$3,000,000, the entering into of the Investment Agreement and the JV Agreement and the transactions contemplated thereunder would (i) constitute de minimis transactions pursuant to GEM Listing Rule 20.74 and are fully exempt from Shareholders approval, annual review and all disclosure requirements; and (ii) not constitute notifiable transactions

of the Company under Chapter 19 of the GEM Listing Rules. Accordingly, the disclosure in this announcement in respect of the entering into of the Investment Agreement and the JV Agreement is made by the Company on a voluntary basis.

As Ms. Wong is considered to have material interests in the entering into of the Investment Agreement and the JV Agreement, she has abstained from voting on the resolutions of the Board in respect of the approval of the entering into of the Investment Agreement and the JV Agreement.

CHANGE IN USE OF PROCEEDS

References are made to the Prospectus and the announcement of the Company dated 18 June 2021 in relation to the use of the Net Proceeds.

The Net Proceeds, after deducting the listing-related expenses, were approximately HK\$31.2 million. As at the date of this announcement, the utilised Net proceeds and the unutilised Net proceeds amounted to approximately HK\$14.4 million and approximately HK\$16.8 million respectively.

The Board has resolved to change the use of unutilised Net Proceeds. In order to generate a better return and enhance the long-term growth of the Company, the Board is of the view that it would be of the best interest to the Company and the Shareholders as a whole to change the intended use of the unutilised Net Proceeds (the “**Change in Use of Net Proceeds**”) by re-allocating (i) approximately HK\$2.0 million and approximately HK\$0.8 million, to the Subscription and the formation of the joint venture in the JV Company respectively; (ii) approximately HK\$8.0 million to the development of the Group’s branded autonomous mobile robot solution to reduce the medical manpower shortage, among which approximately HK\$6.0 million shall be applied as the staff cost of bio-medical engineers, mechanical engineers and software engineers for product development and approximately HK\$2.0 million shall be applied for the purchase of equipment, software, material, prototype building and patents registration; and (iii) approximately HK\$6.0 million to general working capital of the Company.

The table below sets out the original allocation of the Net Proceeds, the utilised Net Proceeds and the unutilised Net Proceeds as at the date of this announcement, and the change in use of the unutilised Net Proceeds:

	Net Proceeds available HK\$ million	Utilised HK\$ million	Unutilised HK\$ million	Change in use of unutilised Net Proceeds HK\$ million
Further penetrate the medical device market and enhance the market share	6.1	1.1	5.0	—
Expand the workforce	9.7	9.7	—	—
Selectively pursue opportunities for strategic acquisitions	7.7	—	7.7	—
Enhance the research and development and product development effort	1.3	0.1	1.2	—
Upgrade the information technology systems	2.5	0.9	1.6	—
Maximise the warehouse space, establish the showroom and upgrade the functionality of office space	2.1	0.8	1.3	—
Develop own brand autonomous mobile robot solution to reduce the medical manpower shortage	—	—	—	8.0
General working capital	1.8	1.8	—	6.0
The Subscription and formation of the joint venture in the JV Company	—	—	—	2.8
	<u>31.2</u>	<u>14.4</u>	<u>16.8</u>	<u>16.8</u>

REASONS FOR THE CHANGE IN USE OF PROCEEDS

As mentioned in the section headed under “Reasons for and benefits of the Subscription and formation of the joint venture in the JV Company” in this announcement, the Board is of the view that the Subscription and the formation of the joint venture in the JV Company is expected to allow the Group to tap into the autonomous mobile robots solutions for healthcare to, including but not limited to, extend product range, product quality assurance with local support, enhance in house research and development ability so as to further expand its customer base and source of revenue.

In reviewing the development and the financial position of the Group, the Board considered that (i) the Subscription and the formation of the joint venture in the JV Company would present a good opportunity for the Group to utilise its available funds for a return; and (ii) the joint venture in the JV Company will broaden the customer base and source of revenue for the Group. Accordingly, the Directors are of the view that the Change in Use of Net Proceeds is in line with the business strategy of the Group and will not adversely affect the operation and business of the Group and is in the best interests of the Company and the Shareholders as a whole. The Directors will continuously assess the business objectives of the use of proceeds as set out in the Prospectus and the above, and will revise or amend such plans to cope with the changing market conditions to ensure the business growth of the Group.

DEFINITIONS

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

“Board”	the board of Directors
“Business Day(s)”	a day (excluding Saturday, Sunday and public holidays) on which licensed banks in Hong Kong are generally open for business to public
“Company”	Grand Brilliance Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on GEM (stock code: 8372)
“Completion”	completion of the Subscription in accordance with the terms and conditions of the Investment Agreement
“Completion Date”	the date on which Completion shall take place
“connected person(s)”	has the meaning ascribed thereto in the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“Founder”	Mathan Muthupillai, the founder of Techmetics which is interested in approximately 40.91% of the total issued shares of Techmetics as at the date of this announcement

“GEM”	GEM operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	a third party independent of and not connected with the Company and/or its subsidiaries and their respective connected persons
“Investment Agreement”	the investment agreement dated 24 November 2021 and entered into between the Investor, the Founder and Techmetics in relation to the Subscription
“Investor”	Sonne International Company Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“JV Agreement”	the joint venture agreement dated 24 November 2021 entered into between Ms. Wong, the Investor, Techmetics and the JV Company in relation to the formation of the joint venture in the JV Company
“JV Company”	Sonne Techmetics Limited, a company incorporated under the laws of Hong Kong with limited liability
“Little Pea”	Little Pea Investment Ltd., a company incorporated in British Virgin Islands with limited liability and an existing shareholder of Techmetics as at the date of this announcement
“Macau”	the Macau Special Administrative Region of the PRC
“Ms. Wong”	Ms. Wong Bik Kwan Bikie, the chairman of the Company, the chief executive officer of the Company and the controlling shareholder of the Company
“Net Proceeds”	the net proceeds from the Share Offer after deducting the listing-related expenses
“PRC”	the People’s Republic of China
“Prospectus”	the prospectus of the Company dated 19 March 2018 in relation to the Share Offer

“Red Dot”	Red Dot Ventures Pte. Ltd., a company incorporated in Singapore with limited liability and an existing shareholder of Techmetics as at the date of this announcement
“Shares”	ordinary shares of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	shareholders of the Company
“Share Offer”	the share offer of the Company in relation to the listing of the Shares on GEM
“Singapore Business Day(s)”	a day, other than a Saturday, Sunday or a gazetted public holiday in Singapore, where banks in Singapore are open for general banking business
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of the Subscription Shares by the Investor pursuant to the terms of the Investment Agreement
“Subscription Price”	US\$250,000, representing a subscription price of approximately US\$125.88 per Subscription Share
“Subscription Shares”	1,986 new shares of Techmetics to be allotted and issued to the Investor at Completion
“Techmetics”	Techmetics Solutions Pte. Ltd., a company incorporated in Singapore with limited liability
“Techmetics Group”	Techmetics and its subsidiaries
“US\$”	US dollars, the lawful currency of the United States of America
“%”	per cent

For the purpose of this announcement, unless otherwise indicated, conversion of US\$ into HK\$ is calculated at the approximate exchange rate of US\$1 to HK\$7.8. This exchange rate is for illustration purpose only and does not constitute a representation that any amounts have been, could have been, or may be exchanged at this or any other rate at all.

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

Hong Kong, 24 November 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 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 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 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).