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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)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO CHANGE IN USE OF PROCEEDS

Financial Adviser to the Company

VEDA | CAPITAL
智 略 資 本

Reference is made to the announcement of Grand Brilliance Group Holdings Limited (the “**Company**”, together with its subsidiaries, collectively the “**Group**”) dated 24 November 2021 (the “**Announcement**”) in relation to, among other matters, change in the use of unutilised Net Proceeds. Unless otherwise specified, capitalised terms used herein shall have the same meaning defined in the Announcement.

The Company would like to provide additional information in respect of the Change in Use of Net Proceeds to its potential investors and Shareholders in this announcement.

CHANGE IN USE OF NET PROCEEDS

The Group is currently 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’s major customers include, among others, hospitals and elderly homes which use traditional wheelchairs and other medical devices that require man-power to move-around the patients and measure to record their blood pressure, heart rates and respiratory rate.

The Group’s branded autonomous mobile robot (“**AMR**”) solution is expected to provide value added services to the Group’s existing and potential customers while also lessen the issues of manpower shortage in the medical industry. It is one of the objectives of the Company to develop an AMR solution with navigation system paired with multiple wheelchairs with vital sign measurement functions, which is an AMR solution that will be

able to provide accurate measurements of patients' vital signs while moving patients from one designation to another (functions that traditional wheelchairs do not have). Having paired with AMR solutions, the proposed smart wheelchair would improve safety and caring issues allowing the wheelchair users to be transported remotely and his/her health status and vital signs will be better monitored on a mobile basis.

As stated in the Announcement, approximately HK\$16.8 million of the Net Proceeds were unutilised as at the date of the Announcement which was principally due to, among other reasons, the continued outbreaking of COVID-19 which has induced rapid changes in the global market and adversely impacted the Group's development plan. Under such rapid changing operating condition, the Company has adopted a prudent approach in developing its business. As a result, (i) HK\$5.0 million that was expected to be used to penetrate the medical device market has remained unutilised; and (ii) HK\$7.7 million that was devoted under "Selectively pursue opportunities for strategic acquisitions", was also unutilised as no suitable attractive opportunities could be identified by the Group. Furthermore, considering that the Group's business development was slightly deferred, expenses relating to the researching, development and upgrading on the Group's products and technology systems have not been fully utilised by the Group.

In addition to HK\$2.8 million to be utilised for the Subscription and formation of the joint venture in the JV Company, among other matters, approximately HK\$8.0 million will be reallocated to the development of the Group's branded AMR solution and approximately HK\$6.0 million will be applied to general working capital of the Company.

- (I) HK\$8.0 million is to be allocated to (i) the recruiting of and salaries for the maintaining of a project team of around 6 to 8 members (i.e. project coordinator, mechanical engineering manager, bio-medical engineer, mechanical engineer, information technology manager, engineering and equipment management, electronic engineer and robotic engineer); (ii) purchase of relevant medical equipment including but not limited to, tooling equipment, 3D printer, computers software and hardware; and (iii) other operational related expenses including but not limited to, consumables and sundry expenses, tests and certifications, patents and prototypes for products development.
- (II) HK\$6.0 million is to be applied on (i) the employment of salesperson with medical knowledge and the retention of the Group's existing salesperson whom will be responsible for the selling, operating and providing services of the Group's existing medical devices and products (i.e. smart wheelchairs paired with AMR solutions and other products) and the demonstration of the Group's products in a showroom; and (ii) other administrative expenses of the Group.

Below table is an estimated approximate schedule by the Company for the implementation of the Unutilised of Net Proceeds (that may be further adjusted depending on the then market conditions and business development).

	End of 2021 (HK\$'million)	2022		2023		2024	
		1st half (HK\$'million)	2nd half (HK\$'million)	1st half (HK\$'million)	2nd half (HK\$'million)	1st half (HK\$'million)	2nd half (HK\$'million)
Subscription and formation of the joint venture in the JV Company	2.8	—	—	—	—	—	—
Develop own brand AMR solution							
— Project team (research and development) staff costs	0.3	1.4	1.4	1.4	1.4	—	—
— Equipment	—	0.5	—	—	—	—	—
— Other operational related expenses	—	0.1	0.1	0.1	0.5	0.8	—
General working capital							
— Sales staff costs and the demonstration of purchased and/or developed products (medical devices) in the showroom	0.6	1.0	1.0	1.0	1.0	—	—
— Administrative expenses	0.2	0.3	0.3	0.3	0.3	—	—
<i>Sub-total</i>	<u>3.9</u>	<u>3.3</u>	<u>2.8</u>	<u>2.8</u>	<u>3.2</u>	<u>0.8</u>	<u>—</u>
Total							<u><u>16.8</u></u>

Note: the Company's best estimation as at the date of this announcement

The Board considers that as more demand for resources and solutions by the healthcare sector in Hong Kong, the Change in Use of Net Proceeds is expected to (i) strengthen the Group's position in the market of medical devices solutions; (ii) broaden product range, further penetrate into the medical devices market, respond to market demand for products that would help the medical service industry to address manpower shortage; and (iii) retain talented salesperson in order to support, sustain and expand the growth of the Group's business to generate a more favorable return and enhance long-term growth of the Group. Accordingly, the Board considers that the Change in Use of Net Proceeds is in line with the business strategy of the Group, 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.

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

Hong Kong, 2 December 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).