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CHINA BRILLIANT GLOBAL LIMITED

朗華國際集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8026)

DISCLOSEABLE AND CONNECTED TRANSACTION REPURCHASE OF SHARE AND DISPOSAL OF SUBSIDIARY

The Board announces that after trading hours on 9 October 2020 (after trading hours), CBGF and EBRI entered into the Repurchase Agreement, pursuant to which CBGF agreed to repurchase, and EBRI agreed to sell Repurchase Shares, representing all the equity interest held by EBRI in the CBGF. In consideration of the sale by EBRI of the Repurchase Shares to CBGF, CBGF shall transfer the Consideration Shares, representing the entire issued share capital of the Target, to EBRI upon Completion.

Completion took place upon the signing of the Repurchase Agreement. Upon Completion, the Group has ceased to hold any equity interest in each member of the Target Group and each member of the Target Group has ceased to be a subsidiary of the Company. The financial results of the Target Group will therefore no longer be consolidated into the results of the Group upon Completion. EBRI has ceased to be a shareholder of CBGF upon Completion.

GEM LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the Repurchase Agreement is more than 5% but is less than 25%, the entering into of the Repurchase Agreement constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

As at the date of the Repurchase Agreement, EBRI is beneficially interested in 30% of the issued share capital of CBGF, EBRI is therefore a connected person of the Company by virtue of its position as a substantial shareholder of a subsidiary of the Company under the GEM Listing Rules. Accordingly, the transactions contemplated under the Repurchase Agreement constitutes a connected transaction for the Company under Chapter 20 of the GEM Listing Rules. As the Disposal is a connected transaction between the Group and a connected person at the subsidiary level of the Company on normal commercial terms, the Disposal is only subject to the reporting and announcement requirements, but is exempt from the circular, independent financial advice and shareholders' approval requirements pursuant to Rule 20.99 of the GEM Listing Rules.

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The Repurchase would constitute a deemed acquisition by the Company as the Group's relative shareholding in CBGF would increase from 56% to 80% upon Completion. The settlement of the Consideration by way of the transfer of the Consideration Shares to EBRI by CBGF would constitute a disposal by the Company.

Principal terms of the Repurchase Agreement are set out as follows:

THE REPURCHASE AGREEMENT

Date: 9 October 2020 (after trading hours)

Parties: (i) CBGF, a wholly-owned subsidiary of the Company; and
(ii) EBRI, a 30% shareholder in CBGF

CBGF repurchase the Repurchase Shares from EBRI, in consideration of which CBGF shall transfer the Consideration Shares, representing the entire issued share capital of the Target, to EBRI upon Completion.

The Repurchase Shares represent 30% of the issued share capital of CBGF.

Consideration

The Consideration shall be settled by CBGF transferring the Consideration Shares to EBRI and was determined after arm's length negotiations between the Group and EBRI with reference to the relative contribution of EBRI and the other shareholders of CBGF and the net asset value of the Target Group. The 30% shareholding of CBGF by EBRI equals to EBRI's existing management and operation platform including the Fintech Lab Participant Licence and other miscellaneous asset and liabilities.

The reasons and benefits for the Disposal as set out in more details in the section headed "Reasons and Benefits for the Disposal" below. The Directors (including the independent non-executive Directors) consider that the terms and conditions of the Disposal to be fair and reasonable and are in the interests of the Company and the Shareholders.

Completion

Completion took place immediately upon the signing of the Repurchase Agreement.

Upon Completion, the Group has ceased to hold any equity interest in the Target Group and each member of the Target Group has ceased to be a subsidiary of the Company. The financial results of the Target Group will therefore no longer be consolidated into the results of the Group upon Completion. EBRI has ceased to be a shareholder of CBGF upon Completion. Immediately after Completion, the issued share capital of CBGF will be owned as to 80% by CFSG, as to 11.4% by APEX and as to 8.6% by VKV.

THE TARGET GROUP

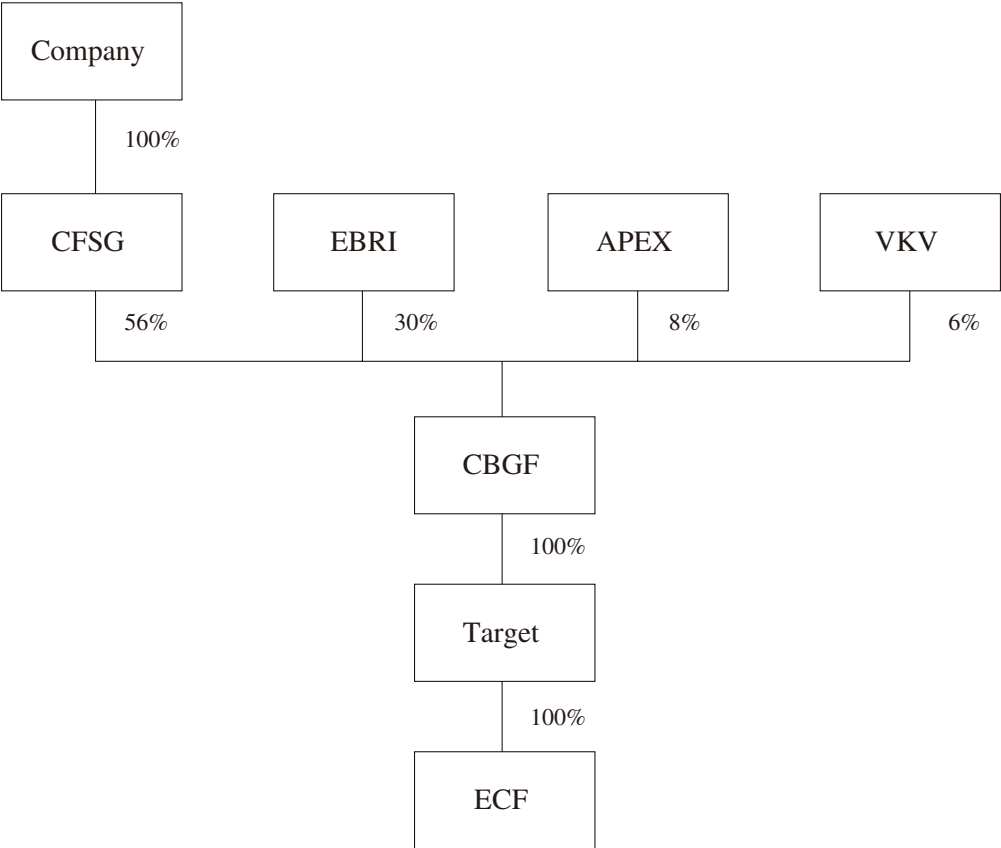
Immediately prior to Completion, the Target was a wholly-owned subsidiary of CBGF incorporated in Hong Kong with limited liability. ECF is a wholly-owned subsidiary of the Target incorporated in AIFC with limited liability and has been granted a Fintech Lab Participant Licence.

Set out below is a summary of certain unaudited combined financial information of the Target Group for the years ended 31 December 2017, 2018 and 2019:

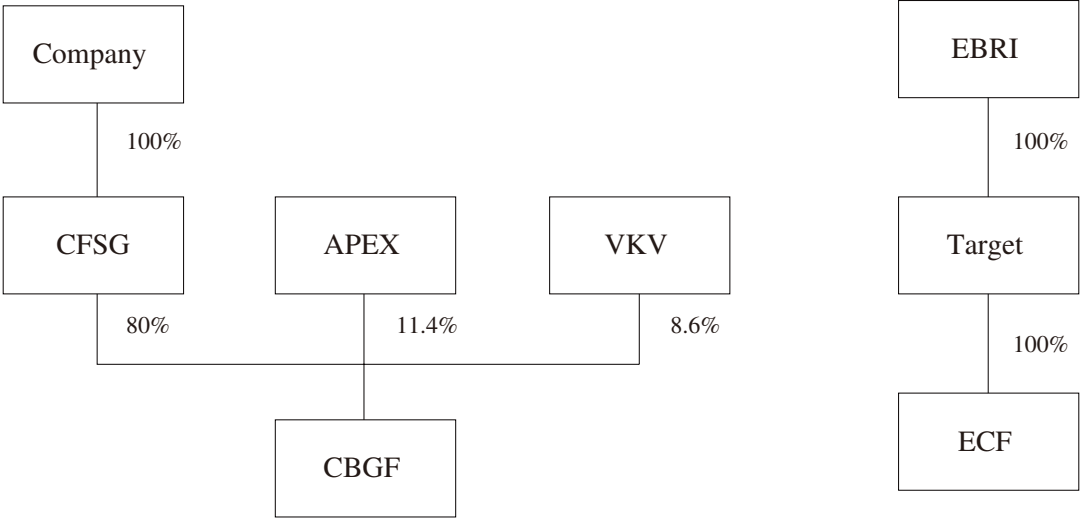
	Year ended 31 December		
	2017	2018	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	—	—	—
Loss before taxation	(1,803)	(10,490)	(7,386)
Loss after taxation	(1,803)	(10,490)	(7,386)
Assets and liabilities			
Total assets	1,854	4,735	1,422
Net liabilities	(1,803)	(12,343)	(19,735)

The unaudited combined total assets and net liabilities of the Target Group as at 30 September 2020 were approximately HK\$500,000 and HK\$450,000.

The shareholding structure of the Target Group immediately prior to Completion is as follow:



The shareholding structure of the Target Group immediately after Completion is as follow:



INFORMATION ABOUT EBRI

EBRI is principally engaged in investments holding and is owned as to 58% by Sancus Group Limited which is in turn, wholly owned by Ms. Fung Yuet Shan, Julia. The remaining 42% of EBRI are owned as to 15% by Jones International Consulting Limited, the ultimate beneficiary owner of which is Miss Wong Woon Yuk Angela, as to 15% by Epple Innovation Limited, the ultimate beneficiary owners of which are Mrs. Eppie Yuk Chun Leung (75%) and Mr. Anders Leung (25%), as to 10% by CNS Holdings Limited owned, the ultimate beneficiary owners of which are Mr. Thomas Schneider (90%) and his wife (10%) and as to 2% by an independent third party not connected with the Company, the Directors and substantial shareholders of the Company.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The principal activities of the Group are wholesale and retailing of jewellery, money lending and the operation of digital banking services in AIFC.

Since the completion of the Group's investment in the Target Group through the subscription of shares in CBGF in May 2020, ECF on one hand has been engaging in system development and testing in accordance with the implementation timetable and on the other hand, has been liaising with the AFSA for converting the Fintech Lab Participant Licence to a full banking licence in the AIFC. During the process of liaising with the AFSA, they have expressed concern to ECF that the ultimate beneficial owners of EBRI are also beneficially interested in other banking corporations.

After assessing the viability of continuance of such business, the management of the Group is of the view that the Disposal is a reasonable decision made under the current circumstances. After negotiation between the Group and EBRI, it was mutually agreed that EBRI shall withdraw its participation in the Target Group in exchange of which, the Fintech Lab Participant Licence which was granted to ECF prior to the Group's involvement in the Target Group shall be reverted back to EBRI.

CBGF, EBRI and the Target has entered into a memorandum of understanding on the same date as the Repurchase Agreement, pursuant to which, it was agreed that, among other things, the shareholders agreement dated 28 May 2020 and entered into among the shareholders of the CBGF shall be terminated and that the parties shall be at liberty to engage in such businesses as the parties sees fit without any limitation or trade restriction.

The Board remain optimistic about the future potential and development of AIFC as a major financial hub in Central Asia and anticipate that it will play an integral part along the “One Belt One Road” region particularly in trade and supply chain financing. As such it is the intention of the Board to apply for its own digital banking licence in AIFC in the future. The Disposal enables the Group to have a fresh start in the application for digital banking licence in AIFC on its own and the Group intends to make an application for the Fintech Lab Participant Licence with the AFSA as soon as possible. In light of the above, the Directors believe and consider that the Repurchase and Disposal would enable the Group to focus its resources in applying for its own digital banking licence in AIFC, and allow the Group to streamline its business direction with a view to providing growth potential of the Group and bringing higher returns to the Shareholders.

The Directors is not expecting the Disposal to have any impact on the profit and loss account of the Group and the gain or loss of disposal is equity in nature as the Consideration was determined with reference to the net liabilities of the Target Group and the book value attributable to the Repurchase Shares. Shareholders should note that the actual amount of gain/loss on the Disposal to be recorded by the Company will be subject to review and audit by the auditors of the Company.

Upon Completion, the Group has ceased to hold any equity interest in each member of the Target Group and each member of the Target Group has ceased to be a subsidiary of the Company. The financial results of the Target Group will therefore no longer be consolidated into the results of the Group upon Completion.

The terms of the Repurchase Agreement (including the Consideration) were determined after arm’s length negotiations between the Group and EBRI. In light of the reasons above, the Directors (including the independent non-executive Directors) are of the view that the terms of the Repurchase Agreement are fair and reasonable, that the Repurchase Agreement is on normal commercial terms and is in the interests of the Company and its Shareholders as a whole. As none of the Directors had material interests in the Repurchase Agreement, no Director was required to abstain from voting on the resolutions approving the Repurchase Agreement and the transactions contemplated thereunder.

GEM LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the Repurchase Agreement is more than 5% but is less than 25%, the entering into of the Repurchase Agreement constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

As at the date of the Repurchase Agreement, EBRI is beneficially interested in 30% of the issued share capital of CBGF, EBRI is therefore a connected person of the Company by virtue of its position as a substantial shareholder of a subsidiary of the Company under the GEM Listing Rules. Accordingly, the transactions contemplated under the Repurchase Agreement constitutes a connected transaction for the Company under Chapter 20 of the GEM Listing Rules. As the Disposal is a connected transaction between the Group and a connected person at the subsidiary level of the Company on normal commercial terms, the Disposal is only subject to the reporting and announcement requirements, but is exempt from the circular, independent financial advice and shareholders' approval requirements pursuant to Rule 20.99 of the GEM Listing Rules.

DEFINITIONS

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

“AFSA”	Astana Financial Services Authority of the Republic of Kazakhstan
“AIFC”	Astana International Financial Centre
“APEX”	Apex Alliance Limited, a company incorporated in Republic of Seychelles with limited liability and holding 8% of the issued shares of CBGF immediately prior to Completion
“Board”	the board of Directors
“CBGF”	CBG Fintech Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and a non-wholly-owned subsidiary of the Company
“CFSG”	CBG Financial Services Group Limited, a company incorporated in British Virgin Islands with limited liability and a direct wholly-owned subsidiary of the Company
“Company”	China Brilliant Global Limited, a company established in the Cayman Islands with limited liability, the issued shares of which are listed on GEM
“Completion”	completion of the Repurchase Agreement

“connected person”	has the meaning ascribed thereto under the GEM Listing Rules
“Consideration”	the consideration for the Repurchase
“Consideration Shares”	1,000,000 shares in the Target, being the entire issued share capital of the Target
“Director(s)”	the director(s) of the Company
“Disposal”	the transfer of the Consideration Shares from CBFG to EBRI as settlement for the Consideration
“EBRI”	Eurasia Belt & Road Investment Limited, a company incorporated in the British Virgin Islands with limited liability which immediately prior to Completion, was interested in 30% of CBGF
“ECF”	China Brilliant Financial Limited (formerly known as Eurasia Continental Fintech Limited), a wholly owned subsidiary of the Target in AIFC with limited liability and has been granted a Fintech Lab Participant Licence
“Fintech Lab Participant Licence”	the fintech lab participant licence granted by the AFSA
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
“Group”	the Company and its subsidiaries
“Repurchase”	the repurchase of the Repurchase Shares by CBGF in accordance with the terms and conditions of the Repurchase Agreement
“Repurchase Agreement”	the repurchase agreement dated 9 October 2020 and entered into between CBGF and EBRI for the Repurchase
“Repurchase Shares”	7,895 shares of US\$1.00 each in the share capital of CBGF, which immediately prior to Completion, was beneficially owned by EBRI
“Shareholders”	the shareholders of the Company

“Target”	CBG Fintech Limited (formerly known as Eurasia Continental Capital Limited), a company incorporated in Hong Kong with limited liability, which immediately prior to Completion, was a wholly owned subsidiary of CBGF
“Target Group”	the Target and ECF
“VKV”	Vital Key Ventures Limited, a company incorporated in Republic of Seychelles with limited liability and holding 6% of the issued shares of CBGF immediately prior to Completion
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

By Order of the Board
CHINA BRILLIANT GLOBAL LIMITED
Zhang Chunhua
Chairman

Hong Kong, 9 October 2020

As at the date of this announcement, the Board comprises the following directors:

Mr. Zhang Chunhua (Executive Director (Chairman))
Ms. Chung Elizabeth Ching Yee (Executive Director and Chief Executive Officer)
Ms. Zhang Chunping (Executive Director)
Ms. Chan Mei Yan Hidy (Independent Non-executive Director)
Mr. Kwan Chi Hong (Independent Non-executive Director)
Ms. Lee Kwun Ling, May Jean (Independent Non-executive Director)

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 GEM website at www.hkgem.com on the “Latest Company Announcements” page for at least 7 days from the date of its posting and the Company’s website at www.prosten.com.