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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)

ANNOUNCEMENT

Reference is made to the announcement of China Brilliant Global Limited dated 19 July 2022 (the “**Announcement**”). Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

Information on the Money Lending Business

In addition to the information contained in the Announcement, the Board wishes to provide certain additional information on the money lending business of the Company to supplement the Announcement. The money lending business of the Company, which is carried out through CBG Finance, is predominantly focused on short-term loans with a maturity period from 30 days to 45 days, with the occasional slightly longer term of one year, with a key target client base of manufacturers of electronic devices wishing to obtain short-term loans to meet their working capital needs between the manufacturing stage for their orders which require funds to purchase the necessary materials and resources for manufacturing, and the payment stage after their delivery of goods. The interest rates of the loans advanced by CBG Finance to the borrowers are predominantly at fixed rates in the range of 5% to 8%, determined with reference to the market rates from time to time.

The borrower clients of CBG Finance include both individual and corporate manufacturers incorporated in both Hong Kong and overseas and are predominantly introduced to the Group on referral basis by the shareholders and other staff and employees of the Group. Other than (i) the borrower-lender relationship between the Group and such borrowers; (ii) the acquaintanceship between the relevant shareholder/staff/employee of the Group (who has referred such borrower to the Company) and such borrowers; and (iii) the business relationship between the controlling shareholder (as defined in the GEM Listing Rules) of the Company and certain borrowers referred by him to the Group, there is no other relationship (including but not limited to shareholding, business relationship or otherwise) between each of the borrowers and its ultimate beneficial owner on one hand and the Company and its connected persons on the other hand.

As at 31 March 2022, the largest and the top five largest customers in the money lending business of the Company accounted for approximately 18% and 68% of the total loan receivables of the Company, and the largest and the top three largest customers (i.e. all customers in the fintech business of the Company as at the relevant date) in the fintech business of the Company accounted for approximately 15% and 32% of the total loan receivables of the Company.

Credit Assessment and Loan Collection Policies

Before accepting any application from prospective borrowers seeking to obtain a loan from CBG Finance, certain credit assessment procedures are required to be complied with according to the internal policy of CBG Finance. Applicants wishing to borrow a loan from CBG Finance are required to complete a loan application form and provide the required loan application documents for verification and due diligence process. All loan applications are subject to credit review, anti-money laundering and counter-terrorist financing review and approval by the directors of CBG Finance. For applicants with short-term cash flow needs and require trade and supply chain financing loan for a period not more than 90 days, CBG Finance will conduct the credit assessment on the applicant with the information provided by the applicant or obtained through public search, including (but not limited to): (i) conducting a check on background information provided by applicant against public search; (ii) obtaining and reviewing the latest financial information of the applicant for the latest financial year and applicable period, including sales breakdown by customers, material cashflow information and tax payment, etc.; (iii) obtaining and reviewing the details of bad and doubtful debts of the applicant for the latest financial year and applicable period (if any); (iv) conducting a litigation search and check for any unresolved or unsettled significant litigation against the applicant; and (v) obtaining and reviewing the purchase contract(s) and order(s) of the applicant for which the loan is proposed to be drawn.

The directors of CBG Finance will consider each loan application on a case-by-case basis and make reference to the result of credit assessment process together with the following factors to consider and approve the loan application, including: (i) the purpose, loan size, tenor, interest rate and other terms of the loan; (ii) the credit history of the applicant with CBG Finance; and (iii) the sufficiency of investments and assets held by the applicant in the People's Republic of China or Hong Kong showing financial capability of the applicant to repay the loan and consider whether any security and/or guarantee are required to be provided by the applicant. After the loan transactions are entered into, monthly review on the loan performance and overall risk profile will be conducted by CBG Finance of its loan portfolios.

The management of CBG Finance has carried out credit assessment on its borrower clients and evaluated the credit risks before the grant of loans and were satisfied with the assessment results prior to the grant of loans. The frequency of grant/renewal of loans during the year is due to such loans being short term loans borrowed by the borrowers to meet

their working capital needs in their ordinary course of business. To the best knowledge, information and beliefs of the Directors, this is a common practice among manufacturers where they require funding to purchase the necessary materials and resources to complete a manufacture order and need to borrow a loan for this purpose until the payment stage after their delivery of goods, whereupon, they will have funds to repay the loan. Due to the purpose and nature of the loans, the manufacturer borrowers have to borrow such loans on a frequent and short-term basis and therefore, demand for grant/renewal of loans with CBG Finance after repayment is high. Before proceeding with each grant/renewal of loans, the Company complied with the above credit assessment policy and conducted an updated review of the background, financial status and repayment history of the respective borrowers to ensure that the credit assessment of such borrower remains satisfactory.

Further, CBG Finance has in place loan collection and loan portfolio monitoring policy which is applicable to all loans granted or renewed by CBG Finance. Where any borrower has failed to make any repayment on the due date, the staff of CBG Finance will demand repayment from the borrower and pay a visit to the address of such borrower. If any borrower continues to fail to repay any amount due and owing to CBG Finance, legal advisers would be engaged to formally demand repayment from such borrower and the Company will consider taking further legal action as and when appropriate, subject to legal advice to be obtained from the legal advisers. All existing borrower clients of CBG Finance have proven satisfactory track record on making timely repayment and no additional debt collection procedures were required to be taken by CBG Finance. For assessment and monitoring of loan recoverability, CBG Finance regularly reviews the manufacturing and sale orders of the borrower clients to monitor the status of the orders for which the borrower clients had obtained loans from CBG Finance and keeps itself informed of the financial condition and cash flow of the borrower clients to ensure the recoverability of the loans.

The Board considers that the credit assessment policy in place, which is stringently complied with by CBG Finance prior to entering into any loan transactions with any prospective borrowers, is effective and adequate in serving the purpose of assessing the potential benefits and risks of each prospective loan transaction of the Company. Thorough background check and due diligence are carried out by CBG Finance on the prospective borrowers and their business operations and financial conditions before any loan transactions are entered into. Further, CBG Finance has certain policies on the approval procedures of loans of different amounts, namely, that the aggregate amount of unsecured loans shall not exceed 25% of the total assets of the Company and its subsidiaries at the relevant time, and that any single unsecured short-term loan, with a term of not more than 90 days, shall not exceed HK\$7.8 million (as adjusted from time to time with reference to the latest published financial results of the Company) or the equivalent amount in other currencies. For loan transactions exceeding this threshold, which is not commonly entered into by CBG Finance, approval from at least two Directors is required. The Board also considers the loan collection and loan portfolio monitoring policies to be effective and adequate in ensuring the recoverability of the loans granted by CBG Finance to borrowers.

For the majority of the loan transactions entered into by CBG Finance, the loan amounts are below such threshold and are not substantial with reference to the size of the Company and the borrowers were all manufacturers with an established business of considerable size and good financial health. Further, all such borrowers have a good payment history by duly repaying the respective loans according to the payment schedules. As such, the Board is of the view that the provision of such short-term loans at a considerable interest rate to these borrowers with proven satisfactory track record of due repayment of loans and the interests accrued thereon, although without securities (which is in fact one of the factors which makes the loan facilities from CBG Finance more competitive and appealing to the borrowers), involve relatively low risks but has been and is expected to be able to continue to generate sustainable and satisfactory returns for the Company, which is in the interests of the Company and its shareholders as a whole.

Implications on the GEM Listing Rules

The Board also wishes to supplement that the transactions contemplated under the Loan Agreement A and the Loan Agreement B as disclosed in the Announcement constitute advances to entity under Rule 17.15 of the GEM Listing Rules as the percentage ratios in respect of the loan amounts under the Loan Agreement A and the Loan Agreement B on an aggregated basis exceeded the 8% assets ratio threshold for an advance to entity pursuant to Rule 17.15 of the GEM Listing Rules. The information required to be disclosed by the Company in respect of the advances to entity under the Loan Agreement A and the Loan Agreement B pursuant to Rule 17.17 of the GEM Listing Rules have been disclosed in the Announcement.

Further, the Board wishes to announce that on 22 March 2021, a loan agreement (the “**Loan Agreement C**”) was entered into by CBG Finance as lender with Galaxy Holding International Co., Ltd (“**Borrower C**”, together with Borrower A and Borrower B, the “**Borrower Group**”), as borrower. Borrower C is a company incorporated in Hong Kong principally engaged in the business of trading of electric devices and an associate (as defined in the GEM Listing Rules) of Borrower A and Borrower B. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiry, Borrower C and its ultimate beneficial owners are Independent Third Parties. Pursuant to the Loan Agreement C, CBG Finance has advanced to Borrower C an unsecured loan in the principal amount of US\$500,000 (equivalent to HK\$3,900,000) for a term of 45 days commencing from the date of the agreement at the interest rate of 8% per annum, and Borrower C shall repay the interests together with the principal amount at loan maturity on 5 May 2021 but Borrower C shall be permitted to make early repayment in part or in full prior to loan maturity. As at the date of this announcement, the loan granted under the Loan Agreement C has been repaid by the maturity date.

Under Rule 17.16 of the GEM Listing Rules, a disclosure obligation arises where the relevant advance to an entity increases from that previously disclosed and the amount of the increase since the previous disclosure is 3% or more under the assets ratio (as defined under Rule 19.07(1) of the GEM Listing Rules). The transaction contemplated under the Loan Agreement C constitutes an advance to an entity under Rule 17.15 of the GEM Listing Rules and the amount of the loan under the Loan Agreement C increases the relevant advance to the Borrower Group by more than 3% under the assets ratio since the previous disclosure on 19 July 2022 and thereby giving rise to a disclosure obligation under Rule 17.16 of the GEM Listing Rules on the information contained in this section on the transaction contemplated under the Loan Agreement C.

The above additional information does not affect other information contained in the Announcement. Save as disclosed above, all other information of the Announcement remains unchanged.

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

Hong Kong, 30 August 2022

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)
Ms. Lee Kwun Ling, May Jean (Independent Non-executive Director)
Mr. Zhang Weidong (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 Stock Exchange's website at www.hkexnews.hk and the GEM website at www.hkgem.com and in the case of this announcement, on the "Latest Company Announcements" page for at least seven days from the date of its posting. This announcement will also be published on the Company's website at www.cbg.com.hk.