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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)

MAJOR AND CONNECTED TRANSACTIONS:

- (1) DISPOSAL OF 18.9% SHAREHOLDING IN A SUBSIDIARY; AND**
- (2) ACQUISITION OF A PROPERTY MANAGEMENT COMPANY**

THE PROPOSED DISPOSAL

The Board is pleased to announce that on 2 June 2023 (after trading hours), the Disposal Vendor, being a wholly-owned subsidiary of the Company, and the Disposal Purchaser entered into the Disposal Agreement in relation to the Disposal, pursuant to which the Disposal Vendor has conditionally agreed to sell, and the Disposal Purchaser has conditionally agreed to purchase, the Disposal Shares at the cash consideration of HK\$184.9 million. Upon completion of the Disposal, the Disposal Company will cease to be a subsidiary of the Company and become an associate of the Company, and its financial results will be equity accounted for in the financial statements of the Company.

THE PROPOSED ACQUISITION

The Board is pleased to announce that on 2 June 2023 (after trading hours), the Acquisition Purchaser, being a wholly-owned subsidiary of the Company, entered into the Acquisition Agreement with the Acquisition Vendor, pursuant to which, the Acquisition Vendor has conditionally agreed to sell, and the Acquisition Purchaser has conditionally agreed to purchase, the Acquisition Interest (i.e. 100% equity interest in the Acquisition Company) at the cash consideration of RMB89.2 million (equivalent to approximately HK\$102.6 million). Upon completion of the Acquisition, the Acquisition Company will become a wholly-owned subsidiary of the Company and its financial results will be consolidated into the financial statements of the Company.

GEM LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined in the GEM Listing Rules) in respect of each of the Disposal and the Acquisition exceeds 25% but is less than 75%, each of the Disposal and the Acquisition constitutes a major transaction for the Company under Chapter 19 of the GEM Listing Rules and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

As at the date of this announcement, the Acquisition Vendor is indirectly wholly-owned by the Disposal Purchaser, being an executive Director and the chairman of the Company who owns 57,098,000 Shares, representing approximately 3.92% of the entire issued share capital of the Company, and the Disposal Purchaser owns 80% of the entire issued share capital of Brilliant Chapter Limited, a company which in turn owns 834,851,294 Shares, representing approximately 57.92% of the entire issued share capital of the Company. As such, the Disposal Purchaser and the Acquisition Vendor are connected persons of the Company as defined under the GEM Listing Rules and each of the Disposal and the Acquisition constitutes a connected transaction of the Company under Chapter 20 of the GEM Listing Rules.

As such, the Disposal Agreement and the Acquisition Agreement and the transactions contemplated thereunder respectively are subject to the requirements of reporting, announcement and Independent Shareholders' approval under the GEM Listing Rules. The Disposal Purchaser shall abstain from voting at the Board meeting to approve the Disposal Agreement and the Acquisition Agreement and save for the Disposal Purchaser who has a material interest in the Disposal and the Acquisition, none of the Directors has any material interest in the Disposal or the Acquisition. In accordance with the GEM Listing Rules, any Shareholder who has a material interest in the Disposal or the Acquisition shall abstain from voting on the resolution(s) to approve the Disposal Agreement or the Acquisition Agreement and the transactions contemplated thereunder respectively at the EGM. Accordingly, save for the Disposal Purchaser and the Acquisition Vendor and their respective associates who will be required to abstain from voting on the relevant resolution(s) to approve the Disposal Agreement and the Acquisition Agreement and the transactions contemplated thereunder respectively at the EGM, to the best knowledge, information and belief of the Directors, having made all reasonable enquiries, no other Shareholder has a material interest in the Disposal or the Acquisition and will be required to abstain from voting on the relevant resolution(s) to approve the Disposal Agreement and the Acquisition Agreement and the transactions contemplated thereunder respectively at the EGM.

An Independent Board Committee has been formed to advise the Independent Shareholders in respect of the Disposal Agreement and the Acquisition Agreement and the transactions contemplated thereunder respectively. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

Pursuant to Rule 19.38 and Rule 20.44 of the GEM Listing Rules, the Circular containing, among other things, (i) further information on the Disposal Agreement and the Acquisition Agreement and the transactions contemplated thereunder respectively, (ii) a letter from the Independent Board Committee to the Independent Shareholders in respect of the Disposal Agreement and the Acquisition Agreement and the transactions contemplated thereunder respectively, and (iii) a letter from the independent financial adviser containing its advice to the Independent Board Committee and the Independent Shareholders, will be dispatched to the Shareholders on or before 31 July 2023 to allow sufficient time for the preparation of the relevant information for inclusion therein.

Completion of the Disposal and the Acquisition are inter-conditional and are conditional upon the satisfaction of the conditions set out in the section headed “The Disposal Agreement — Conditions precedent” and “The Acquisition Agreement — Conditions precedent” respectively in this announcement. Therefore, the Disposal and the Acquisition may or may not proceed. Shareholders and potential investors are therefore advised to exercise caution when dealing in the Shares.

THE PROPOSED DISPOSAL

The Board is pleased to announce that on 2 June 2023 (after trading hours), the Disposal Vendor, being a wholly-owned subsidiary of the Company, and the Disposal Purchaser entered into the Disposal Agreement in relation to the Disposal, pursuant to which the Disposal Vendor has conditionally agreed to sell, and the Disposal Purchaser has conditionally agreed to purchase, the Disposal Shares at the cash consideration of HK\$184.9 million.

Principal terms of the Disposal Agreement are set out below:

THE DISPOSAL AGREEMENT

Date 2 June 2023

Parties (1) The Disposal Vendor as vendor
(2) The Disposal Purchaser as purchaser

As at the date of this announcement, the Disposal Purchaser is an executive Director and the chairman of the Company who owns 57,098,000 Shares, representing approximately 3.92% of the entire issued share capital of the Company, and the Disposal Purchaser owns 80% of the entire issued share capital of Brilliant Chapter Limited, a company which in turn owns 834,851,294 Shares, representing approximately 57.92% of the entire issued share capital of the Company. As such, the Disposal Purchaser, being an executive Director and a controlling shareholder of the Company, is a connected person of the Company as defined under the GEM Listing Rules.

Subject matter

Pursuant to the Disposal Agreement, the Disposal Vendor has conditionally agreed to sell, and the Disposal Purchaser has conditionally agreed to purchase, the Disposal Shares.

Consideration

The consideration of the Disposal is HK\$184.9 million which shall be settled at the completion of the Disposal (i) as to HK\$102.6 million by way of set-off against the consideration of the Acquisition payable by the Acquisition Purchaser to the Acquisition Vendor, which is indirectly wholly-owned by the Disposal Purchaser, under the Acquisition Agreement; and (ii) as to HK\$82.3 million by way of set-off against certain debts owed by the Company to the Disposal Purchaser.

The consideration was arrived at after arm's length negotiation between the Disposal Vendor and the Disposal Purchaser, after taking into account factors such as, (i) the Disposal Company's financial position, results of operation and prospects; (ii) the prevailing market conditions and economic landscape; (iii) the preliminary valuation of 18.9% equity interests of the Disposal Company of approximately HK\$159.4 million as at 31 March 2023 carried out by the Valuer, using income approach in the form of discounted cash flow methodology; and (iv) the information set out under the section headed "Reasons for and benefits of the Disposal and the Acquisition" below. Further details on the preliminary valuation are set out in the section headed "Profit forecast in relation to the valuation" below.

Having considered the preliminary valuation of the Disposal Shares and the above factors, the Directors (excluding the independent non-executive Directors whose opinions will be set out in the letter from the Independent Board Committee to be included in the Circular) are of the view that the consideration of the Disposal is fair and reasonable as a whole.

Conditions precedent

Completion is subject to the satisfaction of the following conditions precedent:

- (a) the passing of resolutions by the Independent Shareholders at the EGM to approve the Disposal Agreement and the transactions contemplated thereunder;
- (b) a valuation report stating the valuation of the Disposal Shares to be not more than the consideration of the Disposal having been obtained;
- (c) the Acquisition Agreement having become unconditional in all respects except for the condition therein relating to the Disposal Agreement having become unconditional; and
- (d) all necessary consents and approvals as may be required in respect of the Disposal Agreement and the transactions contemplated thereunder having been obtained.

None of the conditions set out above is capable of being waived. If any of the conditions mentioned above has not been fulfilled on or before 30 September 2023, or such later date as the Disposal Purchaser and the Disposal Vendor may agree in writing, the Disposal Agreement shall cease and determine and save for any antecedent breach, neither party shall have any obligations and liabilities towards each other.

The Disposal and the Acquisition are inter-conditional.

Completion

Completion shall take place on the third business day after the fulfillment of all conditions precedent set out in the Disposal Agreement.

Profit forecast in relation to the valuation

Pursuant to the independent preliminary valuation provided by the Valuer, the value of the Disposal Shares was appraised by the Valuer using the income approach, which involved the discounted cash flow method as a primary methodology, and thus the calculations of the appraised value as set out in the preliminary valuation are deemed as profit forecast under Rule 19.61 of the GEM Listing Rules. Details of the principal assumptions, including commercial assumptions on which the profit forecast are made, are set out as below:

General Assumptions

- (a) The unaudited management accounts of the Company provided by the management of the Disposal Company can reasonably represent its financial position and performance of the Disposal Company as of the valuation date;
- (b) There will be no major changes in the current taxation laws in the territories in which the Disposal Company operates or intends to operate and that the rates of tax payable shall remain unchanged and that all applicable laws and regulations will be complied with;
- (c) There will be no major changes in the political, legal, economic or financial conditions in the territories in which the Disposal Company operates or intends to operate, which would adversely affect the revenues attributable to and the profitability of the Disposal Company;
- (d) The Disposal Company will retain and have competent management, key personnel, and technical staff to support its ongoing operation;
- (e) All relevant legal approvals and business certificates or licences to operate the business in the localities in which the Disposal Company operates or intends to operate has or would be officially obtained and renewable upon expiry; and
- (f) All information and representations provided by the management of the Disposal Company, for which they are solely and wholly responsible for are true, accurate and complete in all material respects.

Special Assumptions

- (a) It is assumed that the accounting policies will not affect the discounted cash flow model adopted by the evaluated entities after the valuation date, and those adopted in the preparation of the valuation are consistent in material aspects;
- (b) It is assumed that the evaluated entities maintain the current operation scope and business pattern based on the existing management method and management level after the valuation date;
- (c) It is assumed that there are no material changes in the supply and cost of funding, labour expense, outsourcing expense, information technology expense and other operating expenses used by the evaluated entities in their operation, nor are there any unforeseeable material changes in the services and income streams of the evaluated entities;

- (d) It is assumed that Brillink Bank Corporation Limited, a subsidiary of the Disposal Company, will get at least one correspondent bank of USD before 31 March 2024; and
- (e) It is assumed that increasing of capital in line with the increasing of common loan to meet with the Basel Accords requirement.

The Board has reviewed the key assumptions upon which the profit forecast was based and is of the view that the profit forecast was made after due and careful enquiry.

Review by Reporting Accountant

The Reporting Accountant has performed an assurance engagement in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) “Assurance Engagement Other Than Audits or Reviews of Historical Financial Information” issued by the Hong Kong Institute of Certified Public Accountants to obtain reasonable assurance on whether the discounted future estimated cash flows, so far as the calculations are concerned, have been properly compiled in accordance with the bases and assumptions.

The Reporting Accountant reported that the discounted future estimated cash flows, so far as the calculations are concerned, have been properly compiled, in all material respects, in accordance with the bases and assumptions. The Directors confirm that the preliminary valuation, which constitutes a profit forecast under Rule 19.61 of the GEM Listing Rules, has been made after due and careful enquiry.

A letter from the Reporting Accountant in compliance with Rule 19.62(2) of the GEM Listing Rules and a letter from the Board in compliance with Rule 19.62(3) of the GEM Listing Rules are included in the appendices to this announcement.

The following are the qualifications of the experts whose opinions and advice are included in this announcement:

Name	Qualification
Elite Partners CPA Limited	Certified public accountants
International Valuation Limited	Independent valuer

As at the date of this announcement, as far as the Directors are aware, neither of the above experts had any direct or indirect shareholdings in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

Each of the above experts has given and has not withdrawn its written consent to the issue of this announcement with the inclusion therein of its letter, report or opinion (as the case may be) and reference to its name in the form and context in which they respectively appear.

INFORMATION ON THE DISPOSAL COMPANY

The Disposal Company is a company incorporated in the British Virgin Islands on 27 July 2017 with limited liability and together with its subsidiaries, Brillink Fintech Limited, Brillink Bank Corporation Limited and Brillink Tech (Shenzhen) Limited, are principally engaged in regulated banking activities, including taking deposits, granting credits, advising on credit financing, arranging credit financing, and providing money services.

The Disposal Company was first acquired by the Group on 28 May 2020 when the Group subscribed for 56% of the issued share capital of the Disposal Company, as enlarged by the subscription, at an aggregate cash consideration of US\$5 million (equivalent to approximately HK\$39,000,000 at the then prevailing exchange rate). On 9 October 2020, the Disposal Company underwent a repurchase exercise of all equity interest held by one of its then shareholders and upon the completion of the repurchase exercise, the Disposal Company was owned as to 80% by the Group and 20% by two other shareholders in aggregate. Details of the repurchase exercise are disclosed in the announcement of the Company dated 9 October 2020. Thereafter, the Disposal Company had made a series of allotments and issues of shares and undergone a series of share transfers. As at the date of this announcement, the Disposal Company is indirectly owned by the Company as to approximately 66.07%.

The financial information extracted from the audited consolidated financial statements of the Disposal Company prepared in accordance with the Hong Kong Financial Reporting Standards for the relevant periods is set out below:

	For the year ended 31 March 2021 (audited) <i>(approximately HK\$ million)</i>	For the year ended 31 March 2022 (audited) <i>(approximately HK\$ million)</i>
Loss before taxation	16.3	27.5
Loss after taxation	16.3	27.5
	As at 31 March 2021 (audited) <i>(approximately HK\$ million)</i>	As at 31 March 2022 (audited) <i>(approximately HK\$ million)</i>
Total assets	73.7	110.1
Total liabilities	38.4	67.2
Net assets	35.3	42.9

FINANCIAL EFFECT OF THE DISPOSAL

Upon completion of the Disposal, the Group will maintain 47.17% shareholding interest in the Disposal Company and the Disposal Company will cease to be a subsidiary of the Company and become an associate of the Company, and its financial results will be equity accounted for in the financial statements of the Company.

It is estimated that, upon completion of the Disposal, the Company will record an unaudited gain on disposal of approximately HK\$30.3 million, being the difference between the consideration of the Disposal and 18.9% of the unaudited net assets of the Disposal Company as at 31 March 2023, and taking into account of the reclassification of the Disposal Company and its subsidiaries from subsidiaries to associated companies as a result of the Disposal. The final amount of the gain from the Disposal is subject to the audit by the auditor of the Company.

No proceeds in cash will be received by the Group as a result of the Disposal as the consideration would be set off against the consideration of the Acquisition, and certain debts owed by the Company to the Disposal Purchaser. In this regard, the Disposal will help increase the liquidity and improving the gearing ratio of the Company by reducing the liabilities and interest expenses of the Group as a whole.

THE PROPOSED ACQUISITION

The Board is pleased to announce that on 2 June 2023 (after trading hours), the Acquisition Purchaser, being a wholly-owned subsidiary of the Company, entered into the Acquisition Agreement with the Acquisition Vendor, pursuant to which, the Acquisition Vendor has conditionally agreed to sell, and the Acquisition Purchaser has conditionally agreed to purchase, the Acquisition Interest (i.e. 100% equity interest in the Acquisition Company) at the cash consideration of RMB89.2 million (equivalent to approximately HK\$102.6 million).

Principal terms of the Acquisition Agreement are set out below:

THE ACQUISITION AGREEMENT

Date 2 June 2023

Parties (1) The Acquisition Vendor as vendor
(2) The Acquisition Purchaser as purchaser

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, as at the date of this announcement, the Acquisition Vendor is a company principally engaged in investment holding and wholly-owned by Shenzhen China Brilliant Investments Holdings Company Limited[#] (深圳市朗華投資控股有限公司), a company established under the laws of the PRC which is wholly-owned by the Disposal Purchaser, being an executive Director and the chairman of the Company who owns 57,098,000 Shares, representing approximately 3.92% of the entire issued share capital of the Company, and the Disposal Purchaser owns 80% of the entire issued share capital of Brilliant Chapter Limited, a company which in turn owns 834,851,294 Shares, representing approximately 57.92% of the entire issued share capital of the Company. As such, the Acquisition Vendor is a connected person of the Company as defined under the GEM Listing Rules. The Acquisition Company was founded by the Acquisition Vendor in 2019 as the sole shareholder of the initial paid up share capital of RMB200,000.

Subject matter

Pursuant to the Acquisition Agreement, the Acquisition Vendor has conditionally agreed to sell, and the Acquisition Purchaser has conditionally agreed to purchase, the Acquisition Interest, being the entire equity interests in the Acquisition Company.

Consideration

The consideration of the Acquisition is RMB89.2 million (equivalent to approximately HK\$102.6 million) which shall be settled by the Acquisition Purchaser to the Acquisition Vendor by way of set-off against part of the consideration of the Disposal on the date on which the registration of the transaction contemplated under the Acquisition Agreement with the relevant government authority in the PRC has been completed.

The consideration was arrived at after arm's length negotiation between the Acquisition Vendor and the Acquisition Purchaser, after taking into account factors such as, (i) the Acquisition Company's financial position, results of operation and prospects; (ii) the prevailing market conditions and economic landscape; (iii) the preliminary valuation of entire equity interests of the Acquisition Company of approximately RMB89.2 million as at 31 December 2022 carried out by the Valuer, using market approach; and (iv) the information set out under the section headed "Reasons for and benefits of the Disposal and the Acquisition" below.

Conditions precedent

Completion is subject to the satisfaction of the following conditions precedent:

- (a) the results of the due diligence to be conducted by the Acquisition Purchaser on the Acquisition Company being satisfactory to the Acquisition Purchaser;
- (b) the passing of resolutions by the Independent Shareholders at the EGM to approve the Acquisition Agreement and the transactions contemplated thereunder;
- (c) a PRC legal opinion issued by a PRC legal adviser on the Acquisition Company having been obtained;
- (d) a valuation report stating the valuation of the Acquisition Interest to be not less than the consideration of the Acquisition having been obtained;
- (e) all representations and warranties provided by the Acquisition Vendor remaining true and correct;
- (f) the Disposal Agreement having become unconditional in all respects except for the condition therein relating to the Acquisition Agreement having become unconditional;
- (g) all necessary consents and approvals as may be required to be obtained by the Acquisition Purchaser in respect of the Acquisition Agreement and the transactions contemplated thereunder having been obtained; and
- (h) all necessary consents and approvals as may be required to be obtained by the Acquisition Vendor in respect of the Acquisition Agreement and the transactions contemplated thereunder having been obtained.

The Acquisition Purchaser may at its absolute discretion at any time waive in writing the conditions set out in (a), (c), (e) or (h) above (to the extent it is capable of being waived) subject to such terms and conditions as may be determined by the Acquisition Purchaser. If any of the conditions mentioned above has not been fulfilled or waived on or before 30 September 2023, or such later date as the Acquisition Purchaser and the Acquisition Vendor may agree in writing, the Acquisition Agreement shall cease and determine and save for any antecedent breach, neither party shall have any obligations and liabilities towards each other.

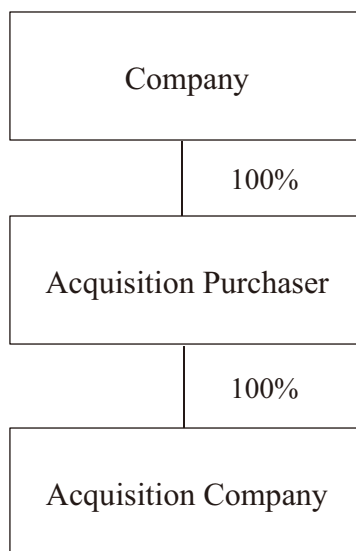
The Disposal and the Acquisition are inter-conditional.

Completion

Completion shall take place on the third business day after the fulfillment of all conditions precedent set out in the Acquisition Agreement.

Upon completion of the Acquisition, the Acquisition Company will become a wholly-owned subsidiary of the Company and its financial results will be consolidated into the financial statements of the Company.

The following chart sets out the shareholding structure of the Acquisition Company immediately after completion of the Acquisition:



Potential continuing connected transactions upon completion

There are existing services agreements entered into between the Acquisition Company and the Acquisition Vendor and/or its associates for the provision of property management services by the Acquisition Company to the Acquisition Vendor and/or its associates for properties owned by the Acquisition Vendor and/or its associates, which are expected to continue following the completion of the Acquisition. The transactions contemplated under such existing services agreements will constitute continuing connected transactions

of the Group upon completion of the Acquisition and the Company will comply with the applicable requirements under the GEM Listing Rules and make an announcement for such transactions as and when appropriate.

INFORMATION ON THE ACQUISITION COMPANY

The Acquisition Company is a company established under the laws of the PRC on 9 May 2019 which is principally engaged in the provision of property management services in the PRC. As at the date of this announcement, the property management business of the Acquisition Company spans across different cities and regions of the PRC, with a total of 22 property management projects, involving large-scale residential quarters, industrial parks, commercial plazas, and other types of properties.

The financial information extracted from the unaudited financial statements of the Acquisition Company prepared in accordance with the PRC Generally Accepted Accounting Principles for the relevant periods is set out below:

	For the year ended 31 December 2021 (unaudited) <i>(approximately HK\$ million)</i>	For the year ended 31 December 2022 (unaudited) <i>(approximately HK\$ million)</i>
Profit before taxation	2.1	8.3
Profit after taxation	1.9	7.1
	As at 31 December 2021 (unaudited) <i>(approximately HK\$ million)</i>	As at 31 December 2022 (unaudited) <i>(approximately HK\$ million)</i>
Total assets	8.4	24.5
Total liabilities	0.3	9.4
Net assets	8.1	15.1

INFORMATION ON THE DISPOSAL VENDOR AND THE ACQUISITION PURCHASER

The Disposal Vendor is a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company. It is principally engaged in investment holding.

The Acquisition Purchaser is a company incorporated in Hong Kong and wholly-owned by Lighting Storm Holdings Limited, a wholly-owned subsidiary of the Company. It is principally engaged in investment holding.

REASONS FOR AND BENEFITS OF THE DISPOSAL AND THE ACQUISITION

The Group is principally engaged in money lending and related business and fintech business.

Reference is made to the announcements of the Company dated 3 January 2020 and 8 June 2020. The Disposal Company was first acquired by the Group on 28 May 2020 when the Group subscribed for 56% of the issued share capital of the Disposal Company, as enlarged by the subscription, at an aggregate cash consideration of US\$5 million (equivalent to approximately HK\$39,000,000 at the then prevailing exchange rate). Thereafter, following a repurchase exercise of the Disposal Company a series of allotments and issues of shares and share transfers, the Disposal Company became indirectly owned by the Company as to approximately 66.07%. As disclosed in the aforementioned announcements, the acquisition was made as the then Board considered that it would allow the Company to tap into the fast-growing banking business in Kazakhstan and expand its income source steadily, by leveraging on the combined expertise, facilities and resources of the parties. However, since the acquisition, the performance of the Disposal Group has been loss making since incorporation and has not been able to meet the initial expectations of the Company. As the Disposal Group, which is relatively newly acquired by the Group, is not substantial in size in comparison to the entire businesses of the Group as a whole and do not form part of the core businesses of the Group and has not been performing up to the standards and initial expectations of the Company, the Board considered that it may be more beneficial to the Company to partially divest its investments in the Disposal Group and utilise the resources and funds to seek alternative promising investments, such as the Acquisition Company.

The Disposal will not have any material impact to the financial and trading position of the Group as a whole. After the Disposal and before taking into account the Acquisition, the Group would still have its substantial core businesses and there would be no implication on the Group not being able to meet the requirements of Rule 17.26 of the GEM Listing Rules.

The Board considers that the Acquisition Company would be a good investment for the Company which would utilise part of the proceeds from the partial divestment of the Company's investment in the Disposal Group as the property management industry in the PRC has been showing tremendous growth and is expected to grow further in a stable manner in the coming years under the impact of stable investment in real estate market as a result of the expected continued support from the government for the expansion and consolidation of the sector. The PRC government has been actively encouraging further development of the sector by reducing costs, e.g., additional VAT deductions for the life services industry, of which property management industry forms part or through establishing industry standards, improving transparency, expanding the scope and scale of the industry and promoting greater technology adoption and sustainability within the industry and the Board considers it to be a very promising opportunity for the Group to seize in order to achieve greater returns for the Company and the Shareholders as a whole.

Having considered the above factors, the Directors (excluding the independent non-executive Directors whose opinions will be set out in the letter from the Independent Board Committee to be included in the Circular) are of the view that the Disposal and the Acquisition are carried out on normal commercial terms, fair and reasonable and in the interest of the Company and the Shareholders as a whole.

GEM LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined in the GEM Listing Rules) in respect of each of the Disposal and the Acquisition exceeds 25% but is less than 75%, each of the Disposal and the Acquisition constitutes a major transaction for the Company under Chapter 19 of the GEM Listing Rules and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

As at the date of this announcement, the Acquisition Vendor is indirectly wholly-owned by the Disposal Purchaser, being an executive Director and the chairman of the Company who owns 57,098,000 Shares, representing approximately 3.92% of the entire issued share capital of the Company, and the Disposal Purchaser owns 80% of the entire issued share capital of Brilliant Chapter Limited, a company which in turn owns 834,851,294 Shares, representing approximately 57.92% of the entire issued share capital of the Company. As such, the Disposal Purchaser and the Acquisition Vendor are connected persons of the Company as defined under the GEM Listing Rules and each of the Disposal and the Acquisition constitutes a connected transaction of the Company under Chapter 20 of the GEM Listing Rules.

As such, the Disposal Agreement and the Acquisition Agreement and the transactions contemplated thereunder respectively are subject to the requirements of reporting, announcement and Independent Shareholders' approval under the GEM Listing Rules. The Disposal Purchaser shall abstain from voting at the Board meeting to approve the Disposal Agreement and the Acquisition Agreement and save for the Disposal Purchaser who has a material interest in the Disposal and the Acquisition, none of the Directors has any material interest in the Disposal or the Acquisition. In accordance with the GEM Listing Rules, any Shareholder who has a material interest in the Disposal or the Acquisition shall abstain from voting on the resolution(s) to approve the Disposal Agreement or the Acquisition Agreement and the transactions contemplated thereunder respectively at the EGM. Accordingly, save for the Disposal Purchaser and its associates who will be required to abstain from voting on the relevant resolution(s) to approve the Disposal Agreement and the Acquisition Agreement and the transactions contemplated thereunder respectively at the EGM, to the best knowledge, information and belief of the Directors, having made all reasonable enquiries, no other Shareholder has a material interest in the Disposal or the Acquisition and will be required to abstain from voting on the relevant resolution(s) to approve the Disposal Agreement and the Acquisition Agreement and the transactions contemplated thereunder respectively at the EGM.

An Independent Board Committee has been formed to advise the Independent Shareholders in respect of the Disposal Agreement and the Acquisition Agreement and the transactions contemplated thereunder respectively. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

Pursuant to Rule 19.38 and Rule 20.44 of the GEM Listing Rules, the Circular containing, among other things, (i) further information on the Disposal Agreement and the Acquisition Agreement and the transactions contemplated thereunder respectively, (ii) a letter from the Independent Board Committee to the Independent Shareholders in respect of the Disposal Agreement and the Acquisition Agreement and the transactions contemplated thereunder respectively, and (iii) a letter from the independent financial adviser containing its advice to the Independent Board Committee and the Independent Shareholders, will be dispatched to the Shareholders on or before 31 July 2023 to allow sufficient time for the preparation of the relevant information for inclusion therein.

Completion of the Disposal and the Acquisition are inter-conditional and are conditional upon the satisfaction of the conditions set out in the section headed “The Disposal Agreement — Conditions precedent” and “The Acquisition Agreement — Conditions precedent” respectively in this announcement. Therefore, the Disposal and the Acquisition may or may not proceed. Shareholders and potential investors are therefore advised to exercise caution when dealing in the Shares.

DEFINITIONS

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

“Acquisition”	the proposed acquisition of the Acquisition Interest by the Acquisition Purchaser from the Acquisition Vendor pursuant to the Acquisition Agreement
“Acquisition Agreement”	the sale and purchase agreement dated 2 June 2023 and entered into between the Acquisition Vendor and the Acquisition Purchaser in relation to the Acquisition
“Acquisition Company”	Shenzhen China Brilliant Property Services Company Limited# (深圳朗華物業服務有限公司), a company established under the laws of the PRC and wholly-owned by the Acquisition Vendor
“Acquisition Interest”	100% of the equity interests in the Acquisition Company
“Acquisition Purchaser”	CBG Services Holdings Limited (formerly named Hong Kong Million Group Limited), a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company
“Acquisition Vendor”	Shenzhen Pengyuan Smart Technology Company Limited# (深圳市鵬遠智能科技有限公司), a company established under the laws of the PRC
“associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Board”	the board of Directors
“Circular”	the circular to be despatched to the Shareholders in relation to the Disposal and the Acquisition
“Company”	China Brilliant Global Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the GEM (stock code: 8026)
“controlling shareholder”	has the meaning ascribed to it under the GEM Listing Rules

“Director(s)”	director(s) of the Company
“Disposal”	the proposed disposal of the Disposal Shares by the Disposal Vendor to the Disposal Purchaser pursuant to the Disposal Agreement
“Disposal Agreement”	the sale and purchase agreement dated 2 June 2023 and entered into between the Disposal Vendor and the Disposal Purchaser in relation to the Disposal
“Disposal Company”	Brillink Holdings Limited, a company incorporated in the British Virgin Islands and a 66.07%-owned subsidiary of the Company
“Disposal Group”	the Disposal Company and its subsidiaries
“Disposal Purchaser”	Mr. Zhang Chunhua, an executive Director and the Chairman of the Company, and the owner of 80% of the entire issued share capital of Brilliant Chapter Limited, a company which in turn owns 834,851,294 Shares, representing approximately 57.92% of the entire issued share capital of the Company as at the date of this announcement
“Disposal Shares”	18.9% of the issued shares in the share capital of the Disposal Company as at the date of this announcement
“Disposal Vendor”	CBG Financial Services Group Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company
“EGM”	the extraordinary general meeting of the Company to be held and convened to consider and, if thought fit, approve the Disposal Agreement and the Acquisition Agreement and the transactions contemplated thereunder respectively
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries

“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent board committee, comprising all independent non-executive Directors, which has been formed to advise the Independent Shareholders in respect to the Disposal Agreement and the Acquisition Agreement and the transactions contemplated thereunder respectively
“Independent Shareholders”	Shareholders other than the Disposal Purchaser and the Acquisition Vendor and their respective associates and those who are required by the GEM Listing Rules to abstain from voting on the resolution approving the Disposal Agreement and the Acquisition Agreement and the transactions contemplated thereunder respectively
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Reporting Accountant”	Elite Partners CPA Limited
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	holders of the Shares from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Valuer”	International Valuation Limited, an independent valuer appointed by the Company
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“RMB”	Renminbi yuan, the lawful currency of the PRC

“US\$” United States dollar, the lawful currency of the United States of America

“%” per cent.

The English translation of Chinese names marked with “#” in this announcement, where indicated, is included for identification purpose only, and should not be regarded as the official English translation of such Chinese names.

In this announcement, amounts in RMB are translated into HK\$ on the basis of RMB1 = HK\$1.15. The conversion rate is for illustration purpose only and should not be taken as a representation that RMB could actually be converted into HK\$ at such rate or at other rates or at all.

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

Hong Kong, 2 June 2023

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.

APPENDIX I — LETTER FROM REPORTING ACCOUNTANT

The following is the text of a report received from the Company's reporting accountant, Elite Partners CPA Limited, Certified Public Accountants, Hong Kong, for inclusion in this announcement.

The Board of Directors
China Brilliant Global Limited
Flat B, 9/F
9 Des Voeux Road West
Sheung Wan
HONG KONG

Dear Sirs,

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE CALCULATIONS OF DISCOUNTED FUTURE ESTIMATED CASH FLOWS IN CONNECTION WITH THE BUSINESS VALUATION OF BRILLINK HOLDINGS LIMITED AND ITS SUBSIDIARIES

To the Board of Directors of China Brilliant Global Limited

We have completed our assurance engagement to report on the calculations of the discounted future estimated cash flows on which the business valuation (the "**Valuation**") dated 2 June 2023 prepared by International Valuation Limited in respect of the appraisal of the market value of the equity interests in Brillink Holdings Limited and its subsidiaries (the "**Target Group**") as at 31 March 2023 is based. The Valuation is set out in the announcements of China Brilliant Global Limited (the "**Company**") dated 2 June 2023 (the "**Announcement**"). The Valuation based on the discounted future estimated cash flows is regarded as a profit forecast under Rule 19.61 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the "**GEM Listing Rules**").

Directors' Responsibilities

The directors of the Company are solely responsible for the preparation of the discounted future estimated cash flows in accordance with the bases and assumptions determined by the directors and as set out in the Announcement (the "**Assumptions**"). This responsibility includes carrying out appropriate procedures relevant to the preparation of the discounted future estimated cash flows for the Valuation and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Management (HKSQM) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant’s Responsibilities

Our responsibility is to express an opinion, as required by Rule 19.62(2) of the GEM Listing Rules, on the calculations of the discounted future estimated cash flows on which the Valuation is based. We are not reporting on the appropriateness and validity of the Assumptions on which the discounted future estimated cash flows are based and our work does not constitute any valuation of the Target Group.

We conducted our work in accordance with the Hong Kong Standard on Assurance Engagements 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* issued by the HKICPA. This standard requires that we plan and perform the assurance engagement to obtain reasonable assurance on whether the discounted future estimated cash flows, so far as the calculations are concerned, have been properly compiled in accordance with the Assumptions. We reviewed the arithmetical calculations and the compilation of the discounted future estimated cash flows in accordance with the Assumptions. Our work does not constitute any valuation of the Target Group. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

Because the Valuation relates to discounted future estimated cash flows, no accounting policies of the Company have been adopted in its preparation. The Assumptions include hypothetical assumptions about future events and management actions which cannot be confirmed and verified in the same way as past results and these may or may not occur. Even if the events and actions anticipated do occur, actual results are still likely to be different from the Valuation and the variation may be material. Accordingly, we have not reviewed, considered or conducted any work on the reasonableness and the validity of the Assumptions and do not express any opinion whatsoever thereon. Our work has been

undertaken for the purpose of reporting solely to you under Rule 19.62(2) of the GEM Listing Rules and for no other purpose. We accept no responsibility to any other person in respect of our work, or arising out of or in connection with our work.

Opinion

In our opinion, based on the foregoing, so far as the calculations are concerned, the discounted future estimated cash flows, has been properly compiled in all material respects in accordance with the Assumptions.

Yours faithfully,

Elite Partners CPA Limited
Certified Public Accountants
Hong Kong

APPENDIX II — LETTER FROM THE BOARD IN RELATION TO THE PROFIT FORECAST

Hong Kong Exchanges and Clearing Limited
12/F, Two Exchange Square
8 Connaught Place
Central, Hong Kong

2 June 2023

Dear Sirs,

**MAJOR AND CONNECTED TRANSACTIONS:
(1) DISPOSAL OF 18.9% SHAREHOLDING IN A SUBSIDIARY;
AND
(2) ACQUISITION OF A PROPERTY MANAGEMENT COMPANY**

We refer to the announcement of China Brilliant Global Limited (the “**Company**”) dated 2 June 2023 (the “**Announcement**”) in relation to the caption matter and the preliminary valuation dated 2 June 2023 (the “**Valuation**”) prepared by International Valuation Limited (“**IVL**”) in relation to the valuation of 18.9% of the entire equity interests in Brillink Holdings Limited.

We understand that IVL prepared the Valuation based on the discounted cash flow method, and constitutes a profit forecast under Rule 19.61 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”). Unless otherwise defined or if the context otherwise requires, all terms defined in the Announcement shall have the same meaning when used in this letter.

We have reviewed and discussed the bases and assumptions upon which the valuation of 18.9% of the entire equity interests of Brillink Holdings Limited has been made with IVL, and reviewed the valuation for which IVL is responsible. We have also considered the valuation from Elite Partners CPA Limited dated 2 June 2023 regarding whether the discounted future estimated cash flows, so far as the calculations are concerned, have been properly compiled in accordance with the bases and assumptions set out in the Valuation.

We have noted that the discounted future estimated cash flows do not involve the adoption of accounting policy. On the basis of the foregoing, we are satisfied that the forecast included in the Valuation and the preliminary valuation therein prepared by IVL has been made after due and careful enquiry.

This letter is for the sole purpose of Rule 19.62(3) of the GEM Listing Rules and for no other purpose. We accept no responsibility to any other person in respect of, arising out of or in connection with this letter.

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