THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in China Brilliant Global Limited, you should at once hand this circular, together with the enclosed form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

CBG
CHINA BRILLIANT GLOBAL
朗華國際

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)

(I) MAJOR AND CONNECTED TRANSACTIONS: (1) DISPOSAL OF 18.9% SHAREHOLDING IN A SUBSIDIARY; AND (2) ACQUISITION OF A PROPERTY MANAGEMENT COMPANY; (II) CONTINUING CONNECTED TRANSACTIONS UPON COMPLETION OF THE PROPOSED ACQUISITION OF THE ENTIRE EQUITY INTEREST OF A PROPERTY MANAGEMENT COMPANY; AND (III) NOTICE OF EGM

Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders

紅日資本有限公司
RED SUN CAPITAL LIMITED

Financial advisor to the Company

中和金控有限公司
Neutral Financial Holding Company Limited

Unless the context otherwise requires, capitalised terms used on this cover page shall have the same meanings as those defined in this circular.

A letter from the Board is set out on pages 6 to 31 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 32 to 33 of this circular. A letter from the Independent Financial Adviser containing its recommendation to the Independent Board Committee and the Independent Shareholders is set out on pages 34 to 79 of this circular.

A notice convening the EGM to be held at Flat B, 9th Floor, 9 Des Voeux Road West, Hong Kong on Friday, 29 September 2023 at 11:10 a.m. or immediately after the conclusion of the annual general meeting of the Company to be held on the same day, whichever is later, is set out on pages EGM-1 to EGM-4 of this circular. Whether or not you are able to attend the EGM, you are requested to complete the accompanying form of proxy, in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

This circular will remain on the "Latest Listed Company Information" page of the GEM website at www.hkgem.com for at least seven days from the date of the publication and will be published on the website of the Company at https://www.cbg.com.hk/investor-relations/circulars.

12 September 2023

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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In this circular, 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 (as supplemented by a supplemental agreement dated 25 August 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 thereto under the GEM Listing Rules
"Board"	the board of Directors
"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)
"Completion"	completion of the Acquisition in accordance with the terms and conditions of the Acquisition Agreement

"connected person(s)"	has the meaning ascribed thereto under the GEM Listing Rules
"controlling shareholder"	has the meaning ascribed thereto 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 Mr. Zhang pursuant to the Disposal Agreement
"Disposal Agreement"	the sale and purchase agreement dated 2 June 2023 (as supplemented by a supplemental agreement dated 4 September 2023) and entered into between the Disposal Vendor and Mr. Zhang 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 Shares"	18.9% of the issued shares in the share capital of the Disposal Company as at the Latest Practicable Date
"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, the Acquisition Agreement, the Master Service Agreement (including the Proposed Annual Caps) and the transactions contemplated thereunder respectively
"Enlarged Group"	the Group as enlarged by the Acquisition immediately after completion of the Acquisition and the Disposal

"GEM"	the GEM of the Stock Exchange
"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, the Acquisition Agreement, the Master Service Agreement (including the Proposed Annual Caps) and the transactions contemplated thereunder respectively
"Independent Financial Adviser"	Red Sun Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in connection with the Disposal Agreement, the Acquisition Agreement and the Master Service Agreement (including the Proposed Annual Caps) and the transactions contemplated thereunder respectively
"Independent Shareholders"	Shareholders other than Mr. Zhang, the Acquisition Vendor and their respective associates and those who are required by the GEM Listing Rules to abstain from voting on the resolutions approving the Disposal Agreement, the Acquisition Agreement, the Master Service Agreement and the transactions contemplated thereunder respectively
"Latest Practicable Date"	6 September 2023, being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to in this circular

"Master Service Agreement"	the master service agreement dated 21 June 2023 and entered into between the Acquisition Purchaser and Mr. Zhang in respect of the provision of the Services by the Acquisition Company to Mr. Zhang and his associates (save for the Company and its subsidiaries)
"Mr. Zhang"	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 Latest Practicable Date, and a connected person of the Company
"PRC"	the People's Republic of China, which for the purpose of this circular excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Proposed Annual Caps"	the maximum aggregate annual value for three years in respect of the provision of the Services by the Acquisition Company to Mr. Zhang and his associates (save for the Company and its subsidiaries) contemplated under the Master Service Agreement
"Reporting Accountant"	Elite Partners CPA Limited
"Services"	the property management and value-added services (including but not limited to the provision of intelligent management systems, hardware and charging platform software for the managed property, supervision of renovation projects and inspection of such projects) provided or to be provided by the Acquisition Company to Mr. Zhang and his associates (save for the Company and its subsidiaries) in the PRC
"SFO"	the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong

"Share(s)"	ordinary share(s) of HK$0.1 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s) from time to time
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Valuer"	International Valuation Limited, an independent valuer appointed by the Company
"HK$"	Hong Kong dollars, 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 circular, where indicated, is included for identification purpose only, and should not be regarded as the official English translation of such Chinese names.

In this circular, 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.

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)

Executive Directors:
Mr. Zhang Chunhua *(Chairman)*
Ms. Zhang Chunping *(Chief Executive Officer)*
Ms. Chung Elizabeth Ching Yee

Independent non-executive Directors:
Ms. Chan Mei Yan Hidy
Ms. Lee Kwun Ling, May Jean
Mr. Zhang Weidong

Registered office:
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Principal place of business:
Flat B, 9th Floor,
9 Des Voeux Road West
Hong Kong

12 September 2023

To the Shareholders

Dear Sir or Madam,

(I) MAJOR AND CONNECTED TRANSACTIONS:
(1) DISPOSAL OF 18.9% SHAREHOLDING IN A SUBSIDIARY; AND
(2) ACQUISITION OF A PROPERTY MANAGEMENT COMPANY; AND
(II) CONTINUING CONNECTED TRANSACTIONS UPON COMPLETION OF THE PROPOSED ACQUISITION OF THE ENTIRE EQUITY INTEREST OF A PROPERTY MANAGEMENT COMPANY

INTRODUCTION

Reference is made to the announcements of the Company dated 2 June 2023, 21 June 2023, 25 August 2023 and 4 September 2023.

On 2 June 2023, (a) the Disposal Vendor, being a wholly-owned subsidiary of the Company, and Mr. Zhang entered into the Disposal Agreement in relation to the Disposal, pursuant to which the Disposal Vendor has conditionally agreed to sell, and Mr. Zhang has conditionally agreed to purchase, the Disposal Shares at the cash consideration of HK$184.9 million; and (b) 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 RMB87.7 million (equivalent to approximately HK$100.86 million).

On 21 June 2023, the Acquisition Purchaser and Mr. Zhang, being the ultimate beneficial owner of the Acquisition Vendor, entered into the Master Service Agreement in relation to the provision of the Services by the Acquisition Company to Mr. Zhang and his associates (save for the Company and its subsidiaries) for a term up to 31 December 2025.

The purpose of this circular is to provide you with, among other things, (i) further details of the Disposal Agreement, the Acquisition Agreement, the Master Service Agreement (including the Proposed Annual Caps) and the transactions contemplated thereunder respectively; (ii) the recommendation of the Independent Board Committee to the Independent Shareholders in relation to the Disposal Agreement, the Acquisition Agreement, the Master Service Agreement and the transactions contemplated thereunder respectively; (iii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in the same regard; (iv) a summary of the valuation reports on the Disposal Shares and the Acquisition Company respectively; and (v) a notice of the EGM.

THE DISPOSAL AGREEMENT

Date 2 June 2023 (as supplemented by a supplemental agreement dated 4 September 2023)

Parties (1) The Disposal Vendor as vendor

(2) Mr. Zhang as purchaser

As at the Latest Practicable Date, Mr. Zhang 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 Mr. Zhang 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, Mr. Zhang, 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. As at the Latest Practicable Date, Mr. Zhang does not own any shareholding interest in the Disposal Company.

Subject matter

Pursuant to the Disposal Agreement, the Disposal Vendor has conditionally agreed to sell, and Mr. Zhang 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$100.86 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 Mr. Zhang, under the Acquisition Agreement; and (ii) as to HK$84.04 million by way of set-off against certain debts owed by the Company to Mr. Zhang.

The consideration was arrived at after arm's length negotiation between the Disposal Vendor and Mr. Zhang, 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 valuation of 18.9% equity interests of the Disposal Company of approximately HK$159.7 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, the Acquisition and the Master Service Agreement" below. Details on the independent valuation on the Disposal Shares are set out in Appendix VI to this circular.

The value of the Disposal Shares in the valuation derived from the adoption of discounted cash flow methodology represented a controlling basis. In view of the loss of control of the Group over the Disposal Company as a result of the Disposal, the valuation has considered and included a discount for lack of control (DLOC) of 18.5% (which was determined with reference to the information in the Mergerstat Control Premium Study published by FactSet Mergerstat, LLC, an internationally recognised source, details of which are disclosed in Appendix VI to this circular and which is considered by the Board as a standard and reasonable rate to be adopted in this regard) as a reasonable assumption for a private entity, as a non-controlling interest is worth less than a pro-rata interest in the total equity because the holder of a non-controlling interest has limited control of and influence over corporate affairs. The market value of the 18.5% equity interest in the Disposal Group represents the estimated amount for which such non-controlling equity interest should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction. The Board understands that DLOC is the reduction commonly applied to the valuation of a minority equity position in a company due to the absence of control as minority shareholders usually do not have the ability to dictate the future strategic direction of the company, the election of directors, the nature, quantum and timing of their return on investment, or even the sale of their own shares. Further details are disclosed in the letter from the Independent Financial Adviser and Appendix VI to this circular. Based on discussion with the Valuer and the assumptions and parameters adopted in the valuation, the Board considers that the DLOC rate applied is fair and reasonable and the consideration of the Disposal determined taking into account the above factors (including the loss of control of the Group over the Disposal Company as a result of the Disposal) is fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

Conditions precedent

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

(i) the passing of resolution by the Independent Shareholders at the EGM to approve the Disposal Agreement and the transactions contemplated thereunder;

(ii) a valuation report stating the valuation of the Disposal Shares to be not more than the consideration of the Disposal having been obtained;

(iii) the Acquisition Agreement having become unconditional in all respects except for the condition therein relating to the Disposal Agreement having become unconditional; and

(iv) 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 Mr. Zhang 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.

As at the Latest Practicable Date, condition (ii) above has been satisfied.

The Disposal and the Acquisition are inter-conditional.

Completion

Completion of the Disposal 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 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 valuation are deemed as profit forecast under Rule 19.61 of the GEM Listing Rules. Details of the major assumptions on which the profit forecast are made, are set out in the valuation report in Appendix VI to this circular and include the following:

(a) The unaudited consolidated financial statements of the Disposal Group provided by the management of the Company can reasonably represent its financial position and performance of the Disposal Group as of the valuation date;

(b) There will be no major changes in the current taxation laws in the territories in which the Disposal Group 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 Group operates or intends to operate, which would adversely affect the revenues attributable to and the profitability of the Disposal Group;

(d) The Disposal Group 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 Group operates or intends to operate has or would be officially obtained and renewable upon expiry;

(f) All information and representations provided by the management of the Company, for which they are solely and wholly responsible for are true, accurate and complete in all material respects;

(g) The accounting policies will not affect the discounted cash flow model adopted by the Disposal Group after the valuation date, and those adopted in the preparation of the valuation are consistent in material aspects;

(h) The Disposal Group will maintain the current operation scope and business pattern based on the existing management method and management level after the valuation date;

(i) There will be no material changes in the supply and cost of funding, labour expense, outsourcing expense, information technology expense and other operating expenses used by the Disposal Group in their operation, nor are there any unforeseeable material changes in the services and income streams of the Disposal Group;

(j) Brillink Bank Corporation Limited, a subsidiary of the Disposal Group, will get at least one correspondent bank of USD before 31 March 2024;

(k) The increase of capital of the Disposal Group will be in line with the increase of common loan to meet with the Basel Accords requirement; and

(l) Industry trends and the market conditions for related industries will not deviate significantly from economic forecasts.

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 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 is included in Appendix VIII to this circular.

Review by Financial Adviser

The Company's financial adviser, Neutral Financial Holding Company Limited, has reviewed the major assumptions upon which the profit forecast was based and is satisfied that the profit forecast has been made by the Directors after due and careful enquiry. The letter from Neutral Financial Holding Company Limited in compliance with Rule 19.62(3) of the GEM Listing Rules is included in Appendix IX to this circular.

THE PROPOSED ACQUISITION

The Board is pleased to announce that on 2 June 2023, 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 RMB87.7 million (equivalent to approximately HK$100.86 million).

Principal terms of the Acquisition Agreement are set out below:

THE ACQUISITION AGREEMENT

Date 2 June 2023 (as supplemented by a supplemental agreement dated 25 August 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 Latest Practicable Date, 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 Mr. Zhang, 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 Mr. Zhang 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 RMB87.7 million (equivalent to approximately HK$100.86 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 valuation of entire equity interests of the Acquisition Company of approximately RMB87.7 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, the Acquisition and the Master Service Agreement" below. Details on the independent valuation on the Acquisition Company are set out in Appendix VII to this circular.

Conditions precedent

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

(i) the results of the due diligence to be conducted by the Acquisition Purchaser on the Acquisition Company being satisfactory to the Acquisition Purchaser;

(ii) the passing of resolution by the Independent Shareholders at the EGM to approve the Acquisition Agreement and the transactions contemplated thereunder;

(iii) a PRC legal opinion issued by a PRC legal adviser on the Acquisition Company having been obtained;

(iv) a valuation report stating the valuation of the Acquisition Interest to be not less than the consideration of the Acquisition having been obtained;

(v) all representations and warranties provided by the Acquisition Vendor remaining true and correct;

(vi) the Disposal Agreement having become unconditional in all respects except for the condition therein relating to the Acquisition Agreement having become unconditional;

(vii) 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;

(viii) 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; and

(ix) the declaration and payment of dividend in the amount of RMB11,000,000 having been completed.

The Acquisition Purchaser may at its absolute discretion at any time waive in writing the conditions set out in (i), (iii), (v) or (viii) 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.

As at the Latest Practicable Date, conditions (iv) and (ix) above have been satisfied.

The Disposal and the Acquisition are inter-conditional.

Completion

Completion shall take place on the third business day after the fulfillment or waiver (as the case may be) of all conditions precedent set out in the Acquisition Agreement.

MASTER SERVICE AGREEMENT

On 21 June 2023, the Acquisition Purchaser and Mr. Zhang, being the ultimate beneficial owner of the Acquisition Vendor, entered into the Master Service Agreement in relation to the provision of the Services by the Acquisition Company to Mr. Zhang and his associates (save for the Company and its subsidiaries) for a term up to 31 December 2025.

A summary of the salient terms of the Master Service Agreement is set out below:

Date:	21 June 2023
Parties:	(i) The Acquisition Purchaser (ii) Mr. Zhang
Term:	From the date of the Completion to 31 December 2025
Subject matter:	The Acquisition Company shall provide the Services to Mr. Zhang and his associates (save for the Company and its subsidiaries)
Payment and pricing policy:	Mr. Zhang and/or his associates shall pay property management and value-added service fees per month or per agreed period to the Acquisition Company which comprises labour costs, other staff costs and outsourcing service fees (if any) and property management remuneration after receiving the relevant invoice issued by the Acquisition Company. The property management and value-added service fees are determined after arm's length negotiations between the relevant parties after taking into account (i) the area of the relevant premises; (ii) the type of the property projects; (iii) the contracted scope of services and standards; (iv) the number of staff required for the provision of services; (v) the labour costs including wages, overtime payment and welfare expenses; (vi) other staff costs, outsourcing service fees, one-off material input fees, cleaning fees and property management remuneration; (vii) the prevailing market rates and market prices for the provision of the Services of comparable quality and scope and in comparable areas for comparable types of properties; and (viii) the guidance price of such services for similar types of property projects issued by the local government (if any).

Government guidance prices are available only for residential property projects. Currently, none of the property projects under the management of the Acquisition Company is of a residential nature and as such, market-based prices of 1 to 3 other similar property projects managed by independent property management companies are primarily used for pricing reference for the property management and value-added service fees charged by the Acquisition Company.

For the year ended 31 December 2022, the average service fee charged to Mr. Zhang and his associates under the Acquisition Company's management was in the range of RMB2.0 and RMB8.0 per square metre per month varying from property to property depending on their location and type, which are generally in line with the average service fee charged to other customers by the Acquisition Company for similar types of properties and service standards with slight adjustments depending on factors as mentioned above.

In determining the reasonableness of the service fees charged, the Group will obtain and assess, among other things, (a) the prices charged by other independent property management companies of similar sizes for property management services with similar scope for 1 to 3 comparable properties obtained through property agencies and publicly available market research; and (b) the level of fees charged by the Group for other projects in the same region of similar scale.

Based on the foregoing assessment, the relevant personnel will proceed to plan and prepare budget for a particular subsidiary service agreement and then come up with a fee proposal in accordance with the applicable pricing policies for approval.

As confirmed by the Directors, the terms offered by the Acquisition Company to Mr. Zhang and/or his associates (save for the Company and its subsidiaries) should not be more favourable than those offered to other customers for similar services.

In respect of each of the three years ended 31 December 2022, the historical figures for the service fees in respect of the Services provided by the Acquisition Company to Mr. Zhang and/or his associates (save for the Company and its subsidiaries) are as follows:

Nature of transaction	**Historical figures (million) for the year ended 31 December (unaudited)**		
	2020	**2021**	**2022**
Provision of the Services by the Acquisition Company to Mr. Zhang and/or his associates (save for the Company and its subsidiaries)	RMB0.02 (equivalent to about HK$0.02)	RMB1.47 (equivalent to about HK$1.69)	RMB9.38 (equivalent to about HK$10.78)

The proposed maximum aggregate annual amount of service fees for the Services to be provided by the Acquisition Company to Mr. Zhang and/or his associates (save for the Company and its subsidiaries) for each of the three years ending 31 December 2025 shall be as follows:

Nature of transaction	**Proposed Annual Caps (million)**		
	2023	**2024**	**2025**
Provision of the Services by the Acquisition Company to Mr. Zhang and/or his associates (save for the Company and its subsidiaries)	RMB15.57 (equivalent to about HK$17.90)	RMB18.76 (equivalent to about HK$21.57)	RMB18.95 (equivalent to about HK$21.79)

In determining the Proposed Annual Caps, the Board has taken into account: (i) the historical figures and the trend for the same transactions in the past few years; (ii) the gross floor area of different types of properties owned by Mr. Zhang and/or his associates requiring the Services; (iii) the rates chargeable by the Acquisition Company per square metre of each type of the properties owned by Mr. Zhang and his associates requiring the Services; (iv) the anticipated growth of the property management industry in the PRC in the coming three years which is expected to lead to an increase in demand for the property management and value-added service business as currently carried out by the Acquisition Company; (v) the historical and anticipated growth of the property management portfolio of the Acquisition Company, which included prospective new property acquisition or development projects of Mr. Zhang, who intends to enter into further property management agreements with the Acquisition Company in relation thereto on terms similar to existing property management arrangements between the parties; (vi) a reasonable buffer of 2% to cater for any temporary and unexpected property management work and inflation rate fluctuations; and (vii) the prevailing market rates offered by independent third-party owners or service providers for comparable types of properties in the surrounding area having been obtained. The aforementioned buffer rate is not significant and serves to act as a buffer for any increase in property management and value-added service fees due to temporary and unexpected property management work and/or inflation rate fluctuations, which are not expected to be material. As such, the buffer rate is considered reasonable. In the event of any proposed major increase in the property management and value-added service fees, approval for an increase of annual caps would be sought as and when appropriate.

According to market research, the property management industry in the PRC is expected to continue to grow 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., providing 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. According to Savills, it is estimated that the city public services sector could be worth RMB304.4 billion to third-party managers by 2024, generating an additional 10–20% in additional revenue. The level of growth of the property management industry in the PRC will depend primarily on further improvement in policy environment to stimulate growth potential of the industry, improvement in urbanisation and personal income, providing immense room for industry development, and increase in real estate investment and saleable area, providing full support for market demand.

Conditions precedent

The Master Service Agreement is conditional upon:

(i) the Completion having taken place;

(ii) the approval of the Independent Shareholders at the EGM having been obtained;

(iii) all necessary approvals required to be obtained by the Acquisition Purchaser in respect of the Master Service Agreement and the transactions contemplated thereunder having been obtained; and

(iv) all necessary approvals required to be obtained by Mr. Zhang in respect of the Master Service Agreement and the transactions contemplated thereunder having been obtained.

As at the Latest Practicable Date, none of the above conditions is satisfied.

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 Latest Practicable Date, the Disposal Company is indirectly owned by the Company as to approximately 66.07% with the remaining 33.93% owned by Independent Third Parties.

The financial information of the Disposal Group for the relevant periods is set out below:

	For the year ended 31 March 2022 (unaudited) *(approximately HK$ million)*	**For the year ended 31 March 2023 (unaudited)** *(approximately HK$ million)*
Loss before taxation	27.5	31.7
Loss after taxation	27.5	31.7

	As at 31 March 2022 (unaudited) *(approximately HK$ million)*	As at 31 March 2023 (unaudited) *(approximately HK$ million)*
Total assets	110.1	107.2
Total liabilities	67.2	95.4
Net assets	42.9	11.8

INFORMATION ON THE ACQUISITION COMPANY

To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, 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 Latest Practicable Date, 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 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) *(approximately HK$ million)*	For the year ended 31 December 2022 (unaudited) *(approximately HK$ million)*
Profit before taxation	2.1	8.3
Profit after taxation	1.9	7.1

	As at 31 December 2021 (unaudited) *(approximately HK$ million)*	As at 31 December 2022 (unaudited) *(approximately HK$ million)*
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.

FINANCIAL EFFECT OF THE DISPOSAL AND THE ACQUISITION

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 financial assets at fair value through profit or loss of the Company.

It is estimated that, upon completion of the Disposal, the Company will record an unaudited gain on disposal of approximately HK$485.6 million, recognised in reserves 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 Group from subsidiaries to financial assets at fair value through profit or loss 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 of the Disposal would be set off against the consideration of the Acquisition, and certain debts owed by the Company to Mr. Zhang. In this regard, the Disposal will help increase the liquidity and improve the gearing ratio of the Company by reducing the liabilities and interest expenses of the Group as a whole.

Before the set off, the Company owed to Mr. Zhang the promissory note in the principal amount of HK$78 million and accumulated interest in amounting to HK$5.09 million up to 31 August 2023, and a loan in the principal amount of HK$19.6 million. After the set off, the principal amount of the promissory note and all outstanding interests accrued thereon will be paid off in full, with only the loan amounting to HK$18.8 million remaining owed by the Company to Mr. Zhang.

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

The financial effect of the Disposal and the Acquisition is expected to be as follows:

Assets and Liabilities

As set out in the unaudited pro forma financial information of the Enlarged Group in Appendix IV to this circular, assuming the Acquisition and the Disposal had been completed on 31 March 2023, the Group's total assets would increase from approximately HK$168.8 million to approximately HK$555.2 million and total liabilities would decrease from HK$119.7 million to HK$49.1 million, resulting in an overall increase in total consolidated net assets from approximately HK$49.1 million as at 31 March 2023 to approximately HK$506.1 million upon Completion.

Earnings

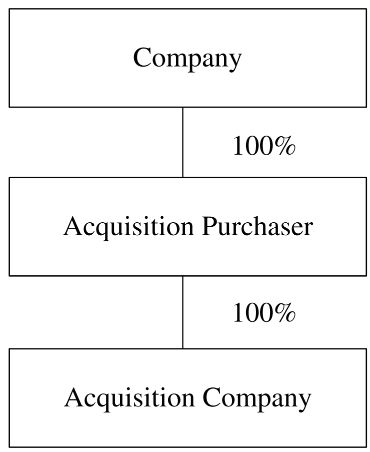
For the year ended 31 March 2023, the consolidated net loss of the Group was approximately HK$51.4 million. Loss after tax of the Disposal Group was approximately HK$31.7 million for the year ended 31 March 2023. Upon the Completion, the results of the Acquisition Company would be consolidated into the books of the Company and the Disposal Group would be de-consolidated from the books of the Company. As set out in the accountants' report of the Acquisition Company in Appendix II to this circular, the Acquisition Company recorded a net profit after tax of approximately HK$7.1 million for the year ended 31 December 2022. The Directors are of the opinion that the Acquisition and the Disposal would have a positive impact on the Enlarged Group's long-term financial performance.

Liquidity

As set out in this letter from the Board, the consideration of the Disposal of HK$184.9 million shall be settled as to HK$100.86 million by way of set-off against the consideration of the Acquisition and as to HK$84.04 million by way of set-off against certain debts owed by the

Company to Mr. Zhang. As set out in the unaudited pro forma financial information of the Enlarged Group in Appendix IV to this circular, the Enlarged Group's net current assets would increase from approximately HK$92.9 million to approximately HK$99.2 million. The current ratio (being current assets over current liabilities) would also improve from approximately 2.5 times to approximately 3.0 times.

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



REASONS FOR AND BENEFITS OF THE DISPOSAL, THE ACQUISITION AND THE MASTER SERVICE AGREEMENT

The Group is principally engaged in gold and jewellery trading and retailing, 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 investments with more promising prospects, 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., providing 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. As the economy in the PRC is expected to further recover from the pandemic gradually, it is expected that the businesses of the Acquisition Company would maintain consistent performance in the near future, allowing the Group to reap the returns for the Company and its Shareholders as a whole.

Further, Mr. Zhang, being the ultimate beneficial owner of the Acquisition Vendor as well as a Director, has been engaged in the provision of property management services for over 7 years and has extensive experience and expertise in this area. He has a strong understanding of the customers' needs and the property management market. Besides, the Acquisition Company currently has a team of 6 members, all of whom have substantial experience in property management industry and are responsible for overseeing the operation of subsidiaries and branch offices in different cities in the PRC. Through Mr. Zhang and the experienced team, the Enlarged Group is expected to possess the relevant expertise, skills and experience to operate in the property management industry.

Having considered the above factors, the Directors (including the independent non-executive Directors whose opinions are set out in the letter from the Independent Board Committee included in this circular after taking into account the advice of the Independent Financial Adviser) 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.

As a result of the Acquisition, the Acquisition Company will become an indirect wholly-owned subsidiary of the Company. The Acquisition Company has been providing property management services to Mr. Zhang and/or his associates (save for the Company and its subsidiaries) for over 3 years and such transactions constituted approximately 0.42%, 18.28% and 55.11% of the total turnover of Acquisition Company for each of the three years ended 31 December 2022 respectively. Accordingly, the Master Service Agreement will allow the Enlarged Group to have a stable turnover with respect of its provision of property management services business in the PRC.

In view of the foregoing, the Directors consider that the entering into of the Master Service Agreement will be in the ordinary course of business of the Enlarged Group and that the terms of thereof are determined on an arm's length basis with the counterparty. Accordingly, the Directors (including the independent non-executive Directors whose opinions are set out in the letter from the Independent Board Committee in this circular after taking into account the advice of the Independent Financial Adviser) are of the view that the terms and conditions of the Master Service Agreement (including the Proposed Annual Caps) are fair and reasonable, on normal commercial terms and in the interests of the Enlarged Group and the Shareholders as a whole.

Save for Mr. Zhang, who has abstained from voting at the Board meeting to approve the Master Service Agreement and the transactions contemplated thereunder (including the Proposed Annual Caps), none of the Directors has a material interest in the transactions contemplated under the Master Service Agreement and the transactions contemplated thereunder (including the Proposed Annual Caps) and none of them was required to abstain, or has abstained, from voting on the relevant board resolutions approving the Master Service Agreement and the transactions contemplated thereunder (including the Proposed Annual Caps).

INTERNAL CONTROL

The following internal control measures have been implemented in order to ensure that the transactions contemplated under the Master Service Agreement are conducted on normal commercial terms and will not be prejudicial to the interests of the Company and the Shareholders as a whole:

(1) The Group has established a series of measures to ensure that the transactions contemplated under the Master Service Agreement will be conducted in accordance with the principal terms of the Master Service Agreement, such as a designated staff of the finance department would compare the fees and terms and check that they are no more favourable than those offered by the Group to independent third parties for the same or similar services on the same or similar conditions and carry out regular assessments on the pricing and fairness of the terms every year and such price comparisons will be used as reference and basis for determining the prices offered by the Group to property developers and property owners (regardless of the method of sourcing contracts) which would not deviate materially from the market rates; and the implementation of separate agreements governing each particular transaction must be approved by, depending on size of the transaction, the business department, the sourcing department, the legal department, the finance department and/or the management to ensure that it is in accordance with the pricing policy.

(2) In addition, the finance department will keep proper documentation of the agreements governing each particular transaction entered into between the Group and Mr. Zhang and/or his associates (save for the Company and its subsidiaries) pursuant to the Master Service Agreement, and the compliance department will report to the audit committee on a yearly basis whether the internal control measures in respect of the transactions contemplated under the Master Service Agreement remain complete and effective.

(3) The finance department and compliance department shall be jointly responsible for monitoring the transaction amounts under the Master Service Agreement on a quarterly basis to ensure they do not exceed the annual caps.

(4) The independent non-executive Directors will review the transactions contemplated under the Master Service Agreement, at least annually, to ensure, among other matters, that such transactions are entered into in the ordinary and usual course of business of the Group, on normal commercial terms, and the terms of the Master Service Agreement are fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

(5) The external auditors of the Company will conduct an annual review on the transactions contemplated under the Master Service Agreement, including the annual caps and their actual utilisation, and confirm, among other matters, whether anything has come to their attention that causes them to believe such transactions were not entered into, in all material respects, in accordance with the relevant agreements governing the transaction.

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.

The Acquisition Vendor is indirectly wholly-owned by Mr. Zhang, 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 Mr. Zhang 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, Mr. Zhang 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. Mr. Zhang shall abstain from voting at the Board meeting to approve the Disposal Agreement and the Acquisition Agreement and save for Mr. Zhang 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. As disclosed above, Mr. Zhang owns 57,098,000 Shares, representing approximately 3.92% of the entire issued share capital of the Company as at the Latest Practicable Date, and he 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 at the Latest Practicable Date. As such, Mr. Zhang and his associates 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, save for Mr. Zhang and his associates, 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.

Immediately upon Completion, the Acquisition Company will become an indirect wholly-owned subsidiary of the Company. To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, the Acquisition Vendor is indirectly wholly-owned by Mr. Zhang, 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 Mr. Zhang 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, and Mr. Zhang and his associates are accordingly connected persons of the Company under the GEM Listing Rules.

As the Proposed Annual Caps exceed HK$10,000,000 per annum and the applicable percentage ratios calculated with reference to which exceeds 5%, the provision of the Services by the Acquisition Company to Mr. Zhang and his associates (save for the Company and its subsidiaries) after the Completion contemplated under the Master Service Agreement would constitute non-exempt continuing connected transactions of the Company subject to the reporting, announcement and Independent Shareholders' approval requirements under the GEM Listing Rules.

As for the leasing of office premises by the Acquisition Company from the Acquisition Vendor and/or its associates (save for the Company and its subsidiaries), as all the applicable percentage ratios calculated in respect of such transactions are less than 5% and the total consideration is less than HK$3,000,000, the transactions are de minimis transactions and therefore are fully exempted pursuant to Rule 20.74(1)(a) of the GEM Listing Rules.

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 circular. Therefore, the Disposal and the Acquisition may or may not proceed. Shareholders and potential investors of the Company should note that the Master Service Agreement is subject to fulfillment of certain conditions precedent (including but not limited to the Completion). As the Acquisition may or may not proceed, the Master Service Agreement may or may not become unconditional. Shareholders and potential investors are therefore advised to exercise caution when dealing in the Shares.

INDEPENDENT BOARD COMMITTEE

The Independent Board Committee has been formed to advise the Independent Shareholders in respect of the Disposal Agreement, the Acquisition Agreement, the terms of the Master Service Agreement (including the Proposed Annual Caps) and the transactions contemplated thereunder respectively. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 32 to 33 of this circular.

INDEPENDENT FINANCIAL ADVISER

Red Sun Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Disposal Agreement, the Acquisition Agreement, the Master Service Agreement (including the Proposed Annual Caps) and the transactions contemplated thereunder respectively. A letter from the Independent Financial Adviser containing its recommendation to the Independent Board Committee and the Independent Shareholders is set out on pages 34 to 79 of this circular.

EGM

The EGM will be held at Flat B, 9th Floor, 9 Des Voeux Road West, Hong Kong, on Friday, 29 September 2023 at 11:10 a.m. or immediately after the conclusion of the annual general meeting of the Company to be held on the same day, whichever is later for the Independent Shareholders to consider and, if thought fit, to approve the Disposal Agreement, the Acquisition Agreement, the Master Service Agreement (including the Proposed Annual Caps) and the transactions contemplated thereunder by way of poll.

For determining the entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Tuesday, 26 September 2023 to Friday, 29 September 2023 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the EGM, all transfer of shares of the Company accompanied by the relevant share certificates and appropriate transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Monday, 25 September 2023.

The notice of the EGM is set out on pages EGM-1 to EGM-4 of this circular.

A form of proxy for use at the EGM is enclosed herewith. Whether or not you are able to attend the EGM, you are requested to complete, sign and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, there is (i) no voting trust or other agreement or arrangement or understanding entered into by or binding upon its ultimate beneficial owners and their respective associates; and (ii) no obligation or entitlement of its ultimate beneficial owners and their respective associates as at the Latest Practicable Date, whereby it or he has or may have temporarily or permanently passed control over the exercise of the voting right in respect of its or his Shares to a third party, either generally or on a case-by-case basis.

RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee set out on pages 32 to 33 of this circular which contains its recommendation to the Independent Shareholders in relation to the Disposal Agreement, the Acquisition Agreement, the Master Service Agreement and the transactions contemplated thereunder respectively, and the letter from the Independent Financial Adviser set out on pages 34 to 79 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders in this regard.

The Directors (including the independent non-executive Directors whose views are set out in the letter from the Independent Board Committee in this circular after taking into account the advice of the Independent Financial Adviser) consider that the terms of the Disposal Agreement, the Acquisition Agreement, the Master Service Agreement (including the Proposed Annual Caps) and the transactions contemplated thereunder respectively are on normal commercial terms, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the proposed resolutions in relation to the Disposal Agreement, the Acquisition Agreement, the Master Service Agreement and transactions contemplated thereunder respectively at the EGM.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
For and on behalf of the Board of
China Brilliant Global Limited
Zhang Chunhua
Chairman and Executive Director

The following is the text of the letter form the Independent Board Committee setting out its recommendations to the Independent Shareholders in relation to the Disposal Agreement, the Acquisition Agreement, the Master Service Agreement and the transactions contemplated thereunder respectively.

CBG
CHINA BRILLIANT GLOBAL
朗華國際

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)

12 September 2023

To the Independent Shareholders,

Dear Sir or Madam,

(I) MAJOR AND CONNECTED TRANSACTIONS:
(1) DISPOSAL OF 18.9% SHAREHOLDING IN A SUBSIDIARY; AND
(2) ACQUISITION OF A PROPERTY MANAGEMENT COMPANY; AND
(II) CONTINUING CONNECTED TRANSACTIONS UPON COMPLETION OF THE PROPOSED ACQUISITION OF THE ENTIRE EQUITY INTEREST OF A PROPERTY MANAGEMENT COMPANY

We refer to the circular of the Company dated 12 September 2023 (the "**Circular**"), of which this letter forms part. Capitalised terms defined in the Circular shall have the same meanings when used herein unless the context otherwise requires.

We have been appointed by the Board to form the Independent Board Committee to advise the Independent Shareholders as to whether the Disposal Agreement, the Acquisition Agreement, the Master Service Agreement (including the Proposed Annual Caps) and the transactions contemplated thereunder respectively are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders how to vote in relation to the ordinary resolution to approve the Disposal Agreement, the Acquisition Agreement, the Master Service Agreement (including the Proposed Annual Caps) and the transactions contemplated thereunder respectively to be proposed at the EGM. Details of the Disposal Agreement, the Acquisition Agreement, the Master Service Agreement (including the Proposed Annual Caps) and the transactions contemplated thereunder respectively are set out in the "Letter from the Board" contained in the Circular. The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard. Details of its advice, together with the principal factors and reasons it has taken into consideration in arriving such advice, are contained in its letter set out on pages 34 to 79 of the Circular. Your attention is also drawn to the letter from the Board.

RECOMMENDATION

Having considered the terms of the Disposal Agreement, the Acquisition Agreement, the Master Service Agreement (including the Proposed Annual Caps) and the transactions contemplated thereunder respectively and the advice and recommendation of Independent Financial Adviser as contained in its letter set out on pages 78 to 79 of the Circular, we consider that the Disposal Agreement, the Acquisition Agreement and the Master Service Agreement (including the Proposed Annual Caps) are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned. Although the Disposal Agreement and the Acquisition Agreement are not in the ordinary and usual course of business of the Group, the transactions contemplated under the Master Service Agreement will be conducted in the ordinary and usual course of business of the Enlarged Group upon Completion. As such, the transactions contemplated under each of the Disposal Agreement, the Acquisition Agreement and the Master Service Agreement (including the Proposed Annual Caps) are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the relevant resolution to approve the Disposal Agreement, the Acquisition Agreement, the Master Service Agreement and the transactions contemplated thereunder respectively to be proposed at the EGM.

Yours faithfully,
For and on behalf of
the Independent Board Committee

Ms. Chan Mei Yan Hidy	**Ms. Lee Kwun Ling, May Jean**	**Mr. Zhang Weidong**
Independent non-executive Director	*Independent non-executive Director*	*Independent non-executive Director*

The following is the full text of the letter of advice from the Independent Financial Adviser setting out the advice to the Independent Board Committee and the Independent Shareholders in respect of the Disposal Agreement, the Acquisition Agreement and the Master Service Agreement (including the Proposed Annual Caps) and the transactions contemplated thereunder respectively, which has been prepared for the purpose of inclusion in this circular.

红日资本有限公司
RED SUN CAPITAL LIMITED

Room 310, 3/F.,
China Insurance Group Building,
141 Des Voeux Road Central,
Hong Kong

Tel: (852) 2857 9208
Fax: (852) 2857 9100

12 September 2023

To: The independent board of committee and the independent shareholders of
China Brilliant Global Limited

(I) MAJOR AND CONNECTED TRANSACTIONS:
(1) DISPOSAL OF 18.9% SHAREHOLDING IN A SUBSIDIARY; AND
(2) ACQUISITION OF A PROPERTY MANAGEMENT COMPANY; AND
(II) CONTINUING CONNECTED TRANSACTIONS UPON COMPLETION OF THE PROPOSED ACQUISITION OF THE ENTIRE EQUITY INTEREST OF A PROPERTY MANAGEMENT COMPANY

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of Disposal Agreement, the Acquisition Agreement and the Master Service Agreement (including the Proposed Annual Caps) (the "**Transactions**"), details of which are set out in the letter from the Board (the "**Letter from the Board**") contained in the circular dated 12 September 2023 issued by the Company to the Shareholders (the "**Circular**"), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

Reference is made to the announcements of the Company dated 2 June 2023, 21 June 2023, 25 August 2023 and 4 September 2023.

On 2 June 2023, (a) the Disposal Vendor, being a wholly-owned subsidiary of the Company, and Mr. Zhang entered into the Disposal Agreement in relation to the Disposal, pursuant to which the Disposal Vendor has conditionally agreed to sell and Mr. Zhang has conditionally agreed to purchase the Disposal Shares at the cash consideration of HK$184.9 million; and (b) 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 RMB87.7 million (equivalent to approximately HK$100.86 million).

On 21 June 2023, the Acquisition Purchaser and Mr. Zhang, being the ultimate beneficial owner of the Acquisition Vendor, entered into the Master Service Agreement in relation to the provision of the Services by the Acquisition Company to Mr. Zhang and his associates (save for the Company and its subsidiaries) for a term up to 31 December 2025.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all of the independent non-executive Directors, namely Ms. Chan Mei Yan Hidy, Ms. Lee Kwun Ling, May Jean and Mr. Zhang Weidong, has been established to advise the Independent Shareholders as to whether the Disposal Agreement, the Acquisition Agreement and the Master Service Agreement (including the Proposed Annual Caps) are fair and reasonable and making recommendation as to voting. We have been appointed as the independent financial adviser and approved by the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders in this regard.

OUR INDEPENDENCE

As at the Latest Practicable Date, we did not have any relationship with or interest in the Company or any other parties that could reasonably be regarded as relevant in assessing our independence. In the previous two years from the Latest Practicable Date, Red Sun Capital Limited has not acted as an independent financial adviser to the Independent Board Committee and the Independent Shareholders of the Company for any transaction. Apart from normal professional fees paid or payable to us in connection with this appointment and the engagement as stated above as the Independent Financial Adviser, no arrangements exist whereby we had received or will receive any fees or benefits from the Company or any other parties that could reasonably be regarded as relevant in assessing our independence. Accordingly, we consider that we are independent pursuant to Rule 13.84 of the Listing Rules.

BASIS OF OUR ADVICE

In order to formulate our advice, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations provided to us by the Group, the Directors and/or senior management of the Company (the "**Management**"). We have reviewed, among other things, (i) the Acquisition Agreement and its supplemental agreement dated 25 August 2023; (ii) the Disposal Agreement and its supplemental agreement dated 4 September 2023; (iii) the Master Service Agreement; (iv) the valuation report prepared by the Valuer in relation to the market value of Disposal Shares as of 31 March 2023; (v) the valuation report prepared by the Valuer in relation to market value of the Acquisition Interest as of 31 December 2022; and (vi) the annual report of the Company for the year ended 31 March 2023 (the "**Annual Report 2022/23**"). We have assumed that all information, representations and opinions contained or referred to in the Circular or made, given or provided to us by the Company, the Directors and the Management, for which they are solely and wholly responsible, were true and accurate and complete in all material respects at the time when they were made and continue to be so as at the Latest Practicable Date. We have assumed that all the opinions and representations made by the Directors in the Circular have been reasonably made after due and careful enquiry. The Directors and the Management confirmed that no material facts have been omitted from the information provided and referred to in the Circular, nor statements, information, opinions or representation provided to us to be untrue, inaccurate or misleading.

However, we have not, carried out any independent verification of the information provided, nor have we conducted any independent investigation into the financial position, business and affairs of the Group or its respective history, experience and track records, or the prospects of the markets in which it operates. We consider that we have been provided with sufficient information to enable us to reach an informed view and to provide a reasonable basis for our advice. We have no reason to doubt the truth, accuracy and completeness of the statements, information, opinions and representations provided to us by the Group, the Directors and/or the Management and their respective advisers or to believe that material information has been withheld or omitted from the information provided to us or referred to in the aforesaid documents.

This letter is issued to the Independent Board Committee and the Independent Shareholders solely for their consideration of Disposal Agreement, the Acquisition Agreement and the Master Service Agreement (including the Proposed Annual Caps).

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendation, we have taken into consideration the following principal factors and reasons:

Background

Information of the Group

As set out in the Letter from the Board, the Group is principally engaged in gold and jewellery trading and retailing, money lending and related business and fintech business.

Summary of the Group's operating results extracted from the Annual Report 2022/23

Summary of the Group's audited consolidated statement of profit or loss and other comprehensive income

	For the year ended 31 March	
	2023	**2022**
	HK$'000	*HK$'000*
	(audited)	*(audited)*
Revenue	93,930	77,806
Cost of sales	(87,916)	(72,786)
Gross profit	6,014	5,020
Loss before tax	(51,378)	(46,154)
Loss for the year attributable to owners of the Company	(40,784)	(37,322)
Loss for the year attributable to non-controlling interests	(10,594)	(8,832)

Financial performance for the year ended 31 March 2023

As set out in the Annual Report 2022/23, the Group recorded revenue of approximately HK$93.9 million for the year ended 31 March 2023, representing an increase of approximately 20.7% as compared to approximately HK$77.8 million for the year ended 31 March 2022. Such increase was mainly from the gold and jewellery business because of the increase in trading of golden jewellery products in the PRC. The gross profit of the Group amounted to approximately HK$5.0 million and HK$6.0 million for the year ended 31 March 2022 and 2023, respectively.

Based on the Annual Report 2022/23, the Group recorded loss before tax of approximately HK$51.4 million for the year ended 31 March 2023 as compared to approximately HK$46.2 million for the year ended 31 March 2022 and a loss attributable to owners of the Company of approximately HK$40.8 million for the year ended 31 March 2023 as compared to a loss attributable to owners of the Company of approximately HK$37.3 million for the year ended 31 March 2022, mainly due to (i) loss arising on fair value change of financial liabilities at fair value through profit or loss in amounting to approximately HK$9.6 million; (ii) loss on fintech business on development stage in amounting to approximately HK$31.3 million and (iii) other administrative expenses in amounting to approximately HK$18.4 million.

Summary of the Group's audited consolidated statement of financial position

	As at 31 March	
	2023	**2022**
	HK$'000	*HK$'000*
	(audited)	*(audited)*
Non-current assets	14,415	15,930
— Intangible assets	12,397	14,375
— Right-of-use assets	999	170
— Property, plant and equipment	808	1,385
Current assets	154,349	152,871
— Loan receivables	71,898	42,005
— Cash and cash equivalents	45,089	92,144
— Inventories	16,816	634
— Prepayment, deposits and other receivables	11,694	6,495
Current liabilities	61,491	93,662
— Deposits from customers	31,539	7,272
— Contract liabilities	18,700	2,495
— Other payables and accruals	10,216	7,844
— Promissory note	—	75,947
Non-current liabilities	58,214	—
— Promissory note	58,149	—
Equity attributable to owners of the Company	18,279	26,230
Equity attributable to non-controlling interests	30,780	48,909

Note: For the avoidance of doubt, only selected major asset and liability components are disclosed in the table above.

Financial position as at 31 March 2023

As at 31 March 2023, the Group's total assets amounted to approximately HK$168.8 million, representing a decrease of less than 1% as compared to approximately HK$168.8 million as at 31 March 2022, which mainly comprised (i) loan receivables of approximately HK$71.9 million as compared to approximately HK$42.0 million as at 31 March 2022; (ii) cash and cash equivalents of approximately HK$45.1 million as compared to approximately HK$92.1 million as at 31 March 2022; (iii) inventories of approximately HK$16.8 million as compared to approximately HK$0.6 million as at 31 March 2022; (iv) intangible assets of approximately HK$12.4 million as compared to approximately HK$14.4 million as at 31 March 2022; and (v) prepayment, deposits and other receivables of approximately HK$11.7 million as compared to approximately HK$6.5 million as at 31 March 2022.

As at 31 March 2023, the Group's total liabilities amounted to approximately HK$119.7 million, as compared to approximately HK$93.7 million as at 31 March 2022, which mainly comprised (i) promissory note of approximately HK$58.1 million as compared to approximately HK$75.9 million as at 31 March 2022; (ii) deposits from customers of approximately HK$31.5 million as compared to approximately HK$7.3 million as at 31 March 2022; (iii) contract liabilities of approximately HK$18.7 million as compared to approximately HK$2.5 million as at 31 March 2022; and (iv) other payables and accruals of approximately HK$10.2 million as compared to approximately HK$7.8 million as at 31 March 2022.

As at 31 March 2023, total equity attributable to owners of the Company amounted to approximately HK$18.3 million, as compared to approximately HK$26.2 million at 31 March 2022.

1. THE DISPOSAL

On 2 June 2023 (after trading hours), the Disposal Vendor, being a wholly-owned subsidiary of the Company, and Mr. Zhang entered into the Disposal Agreement, pursuant to which the Disposal Vendor has conditionally agreed to sell and Mr. Zhang has conditionally agreed to purchase the Disposal Shares at the cash consideration of HK$184.9 million. 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.

1.1 Information on 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 Latest Practicable Date, the Disposal Company is indirectly owned by the Company as to approximately 66.07%.

The financial information extracted from the unaudited 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 2022 *(unaudited)* *(approximately HK$ million)*	**For the year ended 31 March 2023** *(unaudited)* *(approximately HK$ million)*
Loss before taxation	27.5	31.7
Loss after taxation	27.5	31.7

	As at 31 March 2022 *(unaudited) (approximately HK$ million)*	**As at 31 March 2023** *(unaudited) (approximately HK$ million)*
Total assets	110.1	107.2
Total liabilities	67.2	95.4
Net assets	42.9	11.8

1.2 The Disposal Agreement

Date: 2 June 2023 (as supplemented by a supplemental agreement dated 4 September 2023)

Parties: The Disposal Vendor as vendor

Mr. Zhang as purchaser

As at the date of the Circular, Mr. Zhang 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 Mr. Zhang 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, Mr. Zhang, 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.

1.3 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$100.86 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 Mr. Zhang, under the Acquisition Agreement; and (ii) as to HK$84.04 million by way of set-off against certain debts owed by the Company to Mr. Zhang.

The consideration was arrived at after arm's length negotiation between the Disposal Vendor and Mr. Zhang, 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 valuation of 18.9% equity interests of the Disposal Company of approximately

HK$159.7 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, the Acquisition and the Master Service Agreement" in the Letter from the Board. Details on the valuation on the Disposal Shares are set out in Appendix VI in the Circular.

1.4 Conditions precedent

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

(i) the passing of resolutions by the Independent Shareholders at the EGM to approve the Disposal Agreement and the transactions contemplated thereunder;

(ii) a valuation report stating the valuation of the Disposal Shares to be not more than the consideration of the Disposal having been obtained;

(iii) the Acquisition Agreement having become unconditional in all respects except for the condition therein relating to the Disposal Agreement having become unconditional; and

(iv) 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 Mr. Zhang 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.

As at the Latest Practicable Date, condition (ii) above has been satisfied. The Disposal and the Acquisition are inter-conditional.

1.5 Completion

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

1.6 Reasons for and the benefits of the Disposal

The Group is principally engaged in gold and jewellery trading and retailing, money lending and related business and fintech business.

The Disposal Company, together with its subsidiaries, are principally engaged in regulated banking activities, including taking deposits, granting credits, advising on credit financing, arranging credit financing, and providing money services.

As set out in the Letter from the Board and the reference to the announcements of the Company dated 3 January 2020 and 8 June 2020, the acquisition of the Disposal Group 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 of the Disposal Group, 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 investments with more promising prospects, 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.

Having considered that (i) the performance of the Disposal Group has been loss making for the since incorporation and has not been able to meet the initial expectations of the Company; (ii) the Disposal Group has not been performing up to the standards and initial expectations of the Company; (iii) there is expected gain from the Disposal to be recognized by the Company; (iv) 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 investment in the Acquisition Company, the Directors are of the view and we concur that the Disposal is in the interests of the Company and the Independent Shareholders as a whole.

1.7 Our analysis on the Disposal

As set out in the Letter from the Board, the consideration of the Disposal is HK$184.9 million, which was arrived at after arm's length negotiation between the Disposal Vendor and Mr. Zhang, 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 valuation of 18.9% equity interests of the Disposal Company of approximately HK$159.7 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, the Acquisition and the Master Service Agreement" in the Letter from the Board.

1.7.1 Valuation of the Disposal Company

With a view to assess the fairness and reasonableness of the consideration of the Disposal Shares, we have performed the following procedures, including but not limited to, (i) reviewed the valuation report dated 12 September 2023 (the "**Disposal Valuation Report**") prepared by the Valuer in respect of the market value of the 18.9% equity interest of the Disposal Group (the "**Disposal Valuation**"); and (ii) discussed with the Valuer in relation to (a) their methodology and assumptions used in performing the Disposal Valuation; (b) their scope of work for conducting the Disposal Valuation; and (c) their relevant professional qualifications and experience.

1.7.2 Background of the Valuer

We have reviewed the website of the Valuer and noted that the Valuer is specialised in the provision of independent comprehensive corporate consultancy and valuation services and the Valuer has abundant experience in providing services to Hong Kong listed companies and multi-national companies.

We have also discussed the Disposal Valuation with the engagement team of the Valuer, namely Ms. Winnie Lam, who is the managing director of the Valuer, a charter holder of Chartered Financial Analyst with more than ten years of experience in valuation and financial analyses, including business valuation, valuation of intangible assets, financial instruments, natural resources projects and purchase price allocation in relation to their expertise, valuation experience, their scope of work and valuation procedures conducted in relation to the Disposal Valuation.

We also noted that as part of its work performed, the Valuer has reviewed the relevant financial information and other relevant data concerning the Disposal Group. Based on the above, we are satisfied that the Valuer is qualified to give their opinion as set out in the Disposal Valuation Report taking into account their relevant experience and expertise, their independence, and their scope of work and valuation procedures conducted. Besides, we have reviewed the terms of engagement between the Valuer the Company in relation to the Disposal Valuation Report and having particular regards to the scope of work, the steps and due diligence measures in conducting the Disposal Valuation, and we are considered that the scope of work is appropriate to the opinion required to be given and there is no limitation on the scope of work which might adversely impact on the degree of assurance given by the Valuer in the Disposal Valuation Report.

Besides, we have enquired whether the Valuer has any current or prior relationships with the Company, Mr. Zhang, and connected persons of either the Company or Mr. Zhang. The Valuer confirmed that it is independent of and not connected with the Group, Mr. Zhang and their respective associates.

For our due diligence purpose, we have reviewed and enquired into the methodology used and principal bases and assumptions adopted in the Disposal Valuation Report. We noted that the Disposal Valuation Report was prepared in accordance with International Valuation Standards 2022. The Disposal Valuation is determined on minority shares and going concern bases.

1.7.3 Valuation methodology

According to the Disposal Valuation Report and based on our discussion with the Valuer for the methodologies, basis and assumptions adopted by the Valuer, we understood that the Valuer has considered three generally accepted approaches, namely the income approach, the market approach, and the cost approach in the Disposal Valuation. The Valuer advised that in determining the selection of valuation approach used, it has considered the merits and limitations of each of the aforesaid valuation methodologies, as well as the business nature, the financial performance and position of the Disposal Group, its future prospects as well as relevant publicly available information.

Based on our discussion with the Valuer, the market approach benchmarks the Disposal Group's equity value to that of the publicly trading comparable companies based on the similarity and comparability on their financial performances and business nature. However, the current scale of the business and financial performance of the Disposal Group as of the valuation date has not yet reached the expected and normalized level for direct comparison with public comparable companies. The market approach was therefore not considered as appropriate to adopt for the Disposal Valuation. Besides, the cost approach was also not applied for the Disposal Valuation as it tends to understate the value of an income-generating business of the Disposal Group.

The Valuer has primarily adopted the income approach in the form of a discounted cash flow ("**DCF**") methodology which the Valuer considered to be appropriate having considered that (i) the income approach could take into consideration the specific business development and capital injection schedule of the Disposal Group; and (ii) it could capture the future earning potential of the Disposal Group. Hence, the Valuer considered and we concurred that it is fair and reasonable to adopt the income-based approach in arriving at the market value of the Disposal Group.

The appraised values of the equity interest of the market value of the 18.9% equity interest in the Disposal Group as of 31 March 2023 is HK$159.7 million. Details of the valuation model are set out in Appendix VI to the Circular.

1.7.4 Review of the Disposal Valuation Report

We noted that the Valuer relied primarily on the income approach in the form of a DCF methodology. The DCF methodology views a company as an operating entity, with the principal focus of the analysis on the operating entity's ability to generate free cash flow in the future. Free cash flow to equity ("**FCFE**") is a measure of how much cash can be paid to the equity shareholders of a company after all expenses, reinvestment and debt were paid. Reasonable projections of operating income, expenses, and reinvestment requirements (i.e. net working capital and capital expenditures) form the basis for estimating the future FCFE that a company will likely generate from its business. The management of the Disposal Group has provided the financial projections of the Disposal Group, which formed the basis of DCF analysis for the Disposal Valuation.

The DCF analysis was based on key qualitative factors applicable to the Disposal Valuation, outlook for the general economy of the territory in which it operates, and discussions with and projections prepared by the Disposal Group. FCFE for each year of the projection period was calculated by adding back other items affecting cash flows to net profit. Non-cash expenses, such as depreciation and amortization, were added, incremental investments in net working capital and capital expenditures were deducted, and net borrowing (if any) was added, all of which are provided by the Disposal Group.

We have reviewed and discussed with the Valuer the key bases and assumptions adopted for the Disposal Valuation. A list of key information reviewed, major assumptions and considerations made by the Valuer are set out in the Disposal Valuation Report set out in the Appendix VI. Moreover, we have reviewed the letters from Elite Partners CPA Limited ("**Elite Partners CPA**") and Neutral Financial Holding Company Limited relating to the profit forecast as set out in Appendix VIII and Appendix IX in the Circular and discussed with the Management regarding the bases and assumptions as well as the parameters applied in the profit forecast and understood that the financial projections used represent the best estimate of economic conditions and Disposal Group's operations.

As set out in Appendix VIII to the Circular, Elite Partners CPA are of the view that so far as the arithmetical accuracy of the calculations of the cashflow forecast is concerned, the cash flow forecast has been properly compiled in all material respects in accordance with the assumptions adopted by the directors of the Disposal Company.

Independent Shareholders should note that the bases and assumptions adopted by the executive Directors in the cash flow forecast are primarily based on current view with respect to business, financial, economic, market and other conditions, and circumstances may develop or change in the future which may affect these projections underlying the valuation.

1.7.5 Overview of the Kazakhstan economy and banking industry in Kazakhstan

According to "The Republic of Kazakhstan: 2022 Article IV Consultation — Press Release; and Staff Report" published by the International Monetary Fund (**https://www.elibrary.imf.org/view/journals/002/2022/367/article-A001-en.xml**), the gross domestic product ("**GDP**") growth of Kazakhstan is projected at 2.7% in 2022 and 4.2% in 2023. In the medium-term, non-oil GDP growth would stabilize around 3.5%.

According to the bank ratings in Kazakhstan 2023 of financial indicators published by the World Bank (**https://bakertilly-ca.com/en/insights/rejting-bankov-kazahstana-2023-finansovye-pokazateli/**), the banking sector in Kazakhstan in 2022 showed a fairly rapid growth compared to the previous year. At the beginning of 2023, Kazakhstan banks demonstrated (i) an increase in assets by 18.4%; (ii) an increase in capital by 15.3%; (iii) an increase in loan portfolio by 20.1%; (iv) an increase in deposits by 18.9%; and (v) an increase in total net profit of the sector by 13.7%. At the beginning of 2023, the total assets of the banking sector amounted to 44.6 trillion tenge, which is 18.4% more as compared to the previous year. The net profit of the banking sector in 2022 amounted to KZT (the lawful currency of Kazakhstan) 1,461 billion showing a growth of 13.7% compared to 2021. Positive dynamics of net profit are a good indicator not only for the banking sector but for the economy as a whole.

1.7.6 Projections

In preparing the valuation, the Valuer relied on the future free cash flows generated from the expected operation of the Disposal Group. The projected operating income includes the interest and non-interest income generated by the Disposal Group. As advised by the management of Disposal Group, the number of customers are expected to increase based on its existing client base as well as potential strategic cooperation with other banks and joint venture with potential investors. The projected total operating income of the Disposal Group is expected to increase from HK$18.6 million for the year ending 31 March 2024 to HK$806 million for the year ending 31 March 2030. In this regard, we have performed review for the overview of the Kazakhstan economy and banking industry, details of which please refer to section headed "1.7.5 Overview of the Kazakhstan economy and banking industry in Kazakhstan" in this letter and discussed with the Management to note that (i) there is expected growth of the overall economy and in Kazakhstan; (ii) the records of growing in banking industry in Kazakhstan in 2022; (iii) Brillink Bank Corporation Limited has been granted a FinTech Lab Participant License by the Astana Financial Services Authority of the Republic of Kazakhstan; and (iv) there are more than one correspondent bank of USD in Kazakhstan available in the market for Brillink Bank Corporation Limited to seek for the cooperation. Also, we obtained and reviewed the calculation spreadsheet of the projections prepared by the Valuer and discussed with the Valuer and the Management respectively on the key assumptions as adopted in the valuation and we are of the view that the assumptions are fair and reasonable.

1.7.7 Discount Rate

Given the income approach measures the value of an asset as the present value of its future economic benefits, application of income approach necessitates the development of an appropriate discount rate.

As discussed with the Valuer, they adopted consistent methodologies in determining the discount rate as those adopted in the Disposal Valuation, details of which are discussed in the Disposal Valuation Report set out in Appendix VI, and has taken into account the market risk factors and economic factors of the Disposal Group.

We have also discussed with the Valuer, obtained and reviewed underlying supporting information, calculations and basis adopted by the Valuer in deriving the discount rate. We also searched public information to verify the basis adopted by the Valuer in its calculations (including (a) the risk-free rate of return with cross reference from public data for 10-year government bond yield of the United States of 3.47% as of 31 March 2023 from Bloomberg and sovereign credit default swap spread of Kazakhstan relative to that of the United States of 2.38% based on Damodaran Online; (b) "beta" of the comparable companies adopted with cross reference calculation data from Bloomberg; (c) market risk premium with cross reference of the country risk premium of Kazakhstan relative to that of the United States of 3.29% based on Damodaran Online; (d) small size risk premium with cross reference of the size premium of the micro-cap decile from Kroll Cost of Capital Navigator) and note that the basis adopted by the Valuer is generally in line with the data obtained from public information. Based on the above, we concur with the Valuer's view that it is appropriate to adopt the income approach for the Disposal Group and the discount rate adopted throughout the forecast period are reasonable for the purpose of the valuation.

1.7.8 Discount for lack of marketability ("DLOM")

Marketability is defined as the ability to convert an investment into cash quickly at a known price with minimal transaction costs. DLOM is a downward adjustment to the value of an investment to reflect its reduced level of marketability and is the valuation adjustment with the largest monetary impact on the final determination of value. It is noted from the Valuer that the Valuer adopted a DLOM of 20.5% to adjust the equity value of the Disposal Company based on their understanding of the liquidity of the stock with reference to the range indicated in related research regarding marketability discount across different industries. In this regard, we have searched public information in relation to the DLOM and compare the similar valuation of corporations which shares are not publicly traded as well as the Disposal Group. As a result, we are of the view that the adoption of DLOM in the valuation of the Disposal Group is fair and reasonable.

1.7.9 Discount for Lack of Control ("DLOC")

A control premium is the premium an investor is willing to pay in addition to a marketable controlling equity value to obtain controlling interest in a business subject; whilst a discount for lack of control refers to the discount of value due to lack of management control power over a company for minority shareholders. The value derived from the DCF methodology represents a controlling basis, therefore adjustment has been made to reflect the degree of control associated with 18.9% equity interest in the Disposal Group.

In this regard, we have searched public information in relation to the DLOC and compare the similar valuation of shares of corporation which are lack of management control power as well as the Disposal Shares. As a result, we are of the view that the adoption of DLOC in the Disposal Valuation is fair and reasonable.

1.7.10 Conclusion on the Disposal Valuation Report

As per our discussions with the Valuer, the documents we have obtained and reviewed from the Valuer and our consideration of their work done, we confirmed that we had complied with the requirements under Rule 17.92(2)(b) note 1(d) of the GEM Listing Rules.

According to our aforementioned works on the Disposal Valuation, we are of the view that (i) the methodology applied and principal bases and assumptions adopted in the Disposal Valuation Report are fair and reasonable; (ii) the scope of work of the Valuer for the relevant engagement is considered as appropriate (iii) the Valuer has adequate qualifications, experience and expertise, and hence is competent to issue the Disposal Valuation Report and is independent from the Company, Mr. Zhang, and the Disposal Group; and (iv) the consideration of the Disposal was determined after negotiations between the parties on an arm's length basis and taking into account various factors, including, among other things, the market value of the 18.9% equity interest in the Disposal Group as at 31 March 2023 of HK$159.7 million as assessed by the Valuer under the income approach. We are not aware of any factor that would cause us to doubt the fairness and reasonableness of the Disposal Valuation Report, and hence the concluded value of the 18.9% equity interest of the Disposal Group of HK$159.7 million is indicative to the consideration of the Disposal. Therefore, we consider that the Disposal Valuation Report is a fair reference for determination of the consideration of the Disposal and the consideration of the Disposal is fair and reasonable.

1.8 Possible financial effect of the Disposal

As set out in the Letter from the Board, it is estimated that, upon completion of the Disposal, the Company will record an unaudited gain on disposal of approximately HK$485.6 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 Group from subsidiaries to financial asset measured at fair value and the dividend declared by the Disposal Company on 30 July 2023 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 of the Disposal would be set off against the consideration of the Acquisition, and certain debts owed by the Company to Mr. Zhang. In this regard, the Disposal will help increase the liquidity and improve the gearing ratio of the Company by reducing the liabilities and interest expenses of the Group as a whole.

Before the set off, the Company owed to Mr. Zhang the promissory note in the principal amount of HK$78 million and accumulated interest in amounting to HK$5.09 million up to 31 August 2023, and a loan in the principal amount of HK$19.6 million. After the set off, the principal amount of the promissory note and all outstanding interests accrued thereon will be paid off in full, with only the loan amounting to HK$18.8 million remaining owed by the Company to Mr. Zhang.

For further details of possible financial effect of the Disposal, please refer to the section headed "Financial effect of the disposal and the acquisition" set out in the Letter from the Board.

1.9 Discussion

Having considered the aforementioned factors and reasons, in particular that (i) the information and our analysis as set out under the section headed "1.6 Reasons for and the benefits of the Disposal" in this letter; (ii) the Disposal Valuation was fairly and reasonably determined by the Valuer; (iii) the consideration of the Disposal represents a premium over the fair value of the Disposal Shares as at 31 March 2023 based on the Disposal Valuation; and (iv) the expected financial effect of the Disposal as set out under the section headed "1.8 Possible financial effect of the Disposal" in this letter; we are of the view that (a) the Disposal is in the interests of the Company and the Independent Shareholders as a whole; and (b) the terms of the Disposal Agreement are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned.

2. THE ACQUISITION

On 2 June 2023, 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 RMB87.7 million (equivalent to approximately HK$100.86 million).

2.1 Information on 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 Latest Practicable Date, 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 commercial plazas and other types of properties.

As set out in the Letter from the Board, to the best knowledge, information and belief of the Directors, having made all reasonable enquiries, as at the Latest Practicable Date, 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 Mr. Zhang, 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 Mr. Zhang 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 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)* *(approximately HK$ million)*	**For the year ended 31 December 2022** *(unaudited)* *(approximately HK$ million)*
Profit before taxation	2.1	8.3
Profit after taxation	1.9	7.1

	As at 31 December 2021 *(unaudited)* *(approximately HK$ million)*	**As at 31 December 2022** *(unaudited)* *(approximately HK$ million)*
Total assets	8.4	24.5
Total liabilities	0.3	9.4
Net assets	8.1	15.1

2.2 The Acquisition Agreement

Date: 2 June 2023 (as supplemented by a supplemental agreement on 25 August 2023)

Parties: The Acquisition Vendor as vendor

The Acquisition Purchaser as purchaser

2.3 Consideration

The consideration of the Acquisition is RMB87.7 million (equivalent to approximately HK$100.86 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 valuation of entire equity interests of the Acquisition Company of approximately RMB87.7 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, the Acquisition and the Master Service Agreement" in the Letter from the Board. Details on the independent valuation on the Acquisition Company are set out in Appendix VII to the Circular.

2.4 Conditions precedent

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

(i) the results of the due diligence to be conducted by the Acquisition Purchaser on the Acquisition Company being satisfactory to the Acquisition Purchaser;

(ii) the passing of resolutions by the Independent Shareholders at the EGM to approve the Acquisition Agreement and the transactions contemplated thereunder;

(iii) a PRC legal opinion issued by a PRC legal adviser on the Acquisition Company having been obtained;

(iv) a valuation report stating the valuation of the Acquisition Interest to be not less than the consideration of the Acquisition having been obtained;

(v) all representations and warranties provided by the Acquisition Vendor remaining true and correct;

(vi) the Disposal Agreement having become unconditional in all respects except for the condition therein relating to the Acquisition Agreement having become unconditional;

(vii) 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;

(viii) 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; and

(ix) the declaration and payment of dividend in the amount of RMB11,000,000 having been completed.

The Acquisition Purchaser may at its absolute discretion at any time waive in writing the conditions set out in (i), (iii), (v) or (viii) 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.

As at the Latest Practicable Date, condition (iv) and (ix) above has been satisfied. The Disposal and the Acquisition are inter-conditional.

2.5 Completion

Completion shall take place on the third business day after the fulfillment or waiver (as the case may be) of all conditions precedent set out in the Acquisition Agreement.

2.6 Background information on the PRC property management industry

According to the PRC 2021 Gross Domestic Product Final Results* (國家統計局關於2021年國內生產總值最終核實的公告) (**http://www.stats.gov.cn/sj/zxfb/202302/t20230203_1901693.html**) and the PRC Fourth Quarter 2022 Gross Domestic Product Preliminary Results* (2022年四季度和全年國內生產總值初步核算結果) (**http://www.stats.gov.cn/xxgk/sjfb/zxfb2020/202301/t20230118_1892208.html**) by the National Bureau of Statistics of the PRC (國家統計局), the PRC recorded year-on-year growth in gross domestic product ("**GDP**") in 2021 of approximately 8.4% based on published final figures for the twelve months ended 31 December 2021, and the PRC recorded a year-on-year growth on the GDP of approximately 3.0% based on published preliminary figures for the twelve months ended 31 December 2022. Such relatively moderate GDP growth for the 2022 was partly attributable to the re-emergence of

COVID-19 cases in various regions or cities of the PRC from time to time. In this connection, the PRC government has introduced various regulations and measures to manage and contain the re-emergence of these COVID-19 cases, some of which may have temporarily affected the level of business activities.

The year of 2021 is the first year of "14th Five-Year" Plan promulgated by the PRC government. According to the 14th Five Year Plan (the "**14th FYP**")* (十四五規劃) announced by the PRC government in March 2021, the target urbanization rate of the resident population* (常住人口城鎮化率) is set at 65.0% by 2025. In this connection, the PRC government had implemented policies to promote urbanization in the PRC through to, among others, (i) accelerate the agricultural population urbanization* (加快農業轉移人口市民化) by implementing three main strategies, namely further reform of the household registration system* (深化戶籍制度改革), implementation of the residence permit system* (實施居住證制度) and improvement on the system for promoting urbanisation of agricultural population* (健全促進農業轉移人口市民化的機制); and (ii) optimise urbanization layout* (優化城鎮化布局和形態) by implementing three main strategies, namely the acceleration of the construction and advancement of urban agglomeration* (加快城市群建設發展), enhancement of the drive of activities by central cities* (增強中心城市輻射帶動功能) and speeding up of the development of small and medium-sized cities and characteristical towns* (加快發展中小城市和特色鎮).

In addition, based on publication by the PRC government in relation to the 14th FYP, the PRC government will focus on enhancing the quality and efficacy of the overall economy with a view to attaining sustainable and healthy development through, among others, (i) the improvement of supply chain modernisation* (提升產業鏈供應鏈現代化水平); (ii) the development of strategical new industries* (發展戰略性新興產業); (iii) the acceleration of modern service industries development* (加快發展現代服務業); (iv) the coordination of infrastructure construction advancement* (統籌推進基礎設施建設); and (v) the acceleration of the development of digitalisation* (加快數位化發展).

The development of the PRC property market will continue to be influenced by changes in PRC government policies at a national and regional level which is intended to promote sustainable long-term development of the industry, prevailing market conditions as well as the overall economic development of the PRC.

2.7 Reasons for and benefits of the Acquisition

The Group is principally engaged in gold and jewellery trading and retailing, money lending and related business and fintech business.

The Acquisition Company is principally engaged in the provision of property management services in the PRC.

As set out in the "2.6 Background information on the PRC property management industry" as above, it's expected that the development of the PRC property market will continue to be influenced by changes in PRC government policies at a national and regional level which is intended to promote sustainable long-term development of the industry, prevailing market conditions as well as the overall economic development of the PRC.

The Party Central Committee and the State Council issued the "Outline of Strategic Planning for Expanding Domestic Demand (2022–2035)" (《擴大內需戰略規劃綱要(2022–2035年)》), in which it is mentioned that the PRC government will improve the quality level of community public services; build a community service system that combines public services, convenience and benefit services, and voluntary mutual assistance services; enhance community service functions; guide social forces to participate in community services; induce the social power and social supply chain to continue to improve the quality of community services; improve the level of intelligence in community services; support the integration and innovation of housekeeping, elderly care, childcare, property and other business services and; improve the ability and level of community epidemic prevention and control.

As set out in the Letter from the Board, 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 is expected to continue to grow 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., providing 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. As the economy in the PRC is expected to further recover from the pandemic gradually, it is expected that the businesses of the Acquisition Company would maintain consistent performance in the near future, allowing the Group to reap the returns for the Company and its Shareholders as a whole.

Further, Mr. Zhang, being the ultimate beneficial owner of the Acquisition Vendor as well as the Director, has been engaged in the provision of property management services for over 7 years and has extensive experience and expertise in this area. He has a strong understanding of the customers' needs and the property management market. Besides, the Acquisition Company currently has a team of 6 members, all of whom have substantial experience in property management industry and are responsible for overseeing the operation of subsidiaries and branch offices in different cities in the PRC. Through Mr. Zhang and the experienced team, the Enlarged Group is expected to possess the relevant expertise, skills and experience to operate in the property management industry.

As set out in the section headed "Information on the Acquisition Company" in the Letter from the Board, the Acquisition Company recorded a profit after taxation in consecutive two years, with a growth from approximately HK1.9 million for the year ended 31 December 2021 to approximately HK7.1 million for the year ended 31 December 2022, and recorded net assets of approximately HK$17.1 million as at 31 March 2023 as set out in Appendix II in the Circular. The Directors are expected that the Acquisition Company would be able to sustain its working capital for its future development. Hence, there would be no additional pressure on the other main businesses of the Group and the Group can enjoy the earnings attributable from the Acquisition Company in future.

As set out in the Letter from the Board, the consideration of the Acquisition is RMB87.7 million (equivalent to approximately HK$100.86 million), which 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 valuation of entire equity interests of the Acquisition Company of approximately RMB87.7 million as at 31 December 2022 carried out by the Valuer, using market approach; and (iv) the information set out under the section headed "2.7 Reasons for and benefits of the Acquisition" above.

The consideration of the Acquisition 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. Therefore, there is no cash outflow pressure for the Group in settlement of the consideration of the Acquisition.

Having considered that (i) the Acquisition would provide the Company with an opportunity to develop property management in the PRC in efficiency manner with established brand; (ii) there is no adverse impact on the working capital position from the Acquisition and the Group has sufficient working capital to satisfy its working capital requirements for at least the next twelve months commencing from the Latest Practicable Date; (iii) the Group can make use of the experience and professional knowledge of the executive Director to expand relevant business; (iv) our review on the latest trend of the PRC property management industry and the support of the PRC government under the 14th FYP and the Outline of Strategic Planning for Expanding Domestic Demand (2022–2035) as abovementioned and the Acquisition Company would be benefit from the growth of the PRC property management market and align with the government's plan to promote urbanisation in the PRC; and (v) the solid and stable financial performance and position of the Acquisition Company, the Directors are of the view and we concur that the Acquisition is in the interest of the Company and the Independent Shareholders as a whole.

2.8 Our analysis on the valuation report

The consideration of the Acquisition is RMB87.7 million (equivalent to approximately HK$100.86 million) which was arrived at after arm's length negotiation between the Acquisition Vendor and the Acquisition Purchaser after taking into account various factors, among others, the valuation of entire equity interests of the Acquisition Company of approximately RMB87.7 million as at 31 December 2022 carried out by the Valuer, using market approach.

With a view to assess the fairness and reasonableness of the consideration of the market value of the Acquisition Interest, we have performed the following procedures, including but not limited to, (i) reviewed the valuation report dated 12 September 2023 (the "**Acquisition Valuation Report**") by the Valuer in respect of the Acquisition Interest (the "**Acquisition Valuation**"); (ii) discussed with the Valuer in relation to (a) their methodology and assumptions used in performing the Acquisition Valuation; (b) their scope of work for conducting the Acquisition Valuation; and (c) their relevant professional qualifications and experience.

2.8.1 Background of the Valuer

We have reviewed the website of the Valuer and noted that the Valuer is specialised in the provision of independent comprehensive corporate consultancy and valuation services and the Valuer has abundant experience in providing services to Hong Kong listed companies and multi-national companies.

We have also discussed the Acquisition Valuation with the engagement team of the Valuer, namely Ms. Winnie Lam, who is the managing director of the Valuer a charter holder of Chartered Financial Analyst with more than ten years of experience in valuation and financial analyses, including business valuation, valuation of intangible assets, financial instruments, natural resources projects and purchase price allocation in relation to their expertise, valuation experience, their scope of work and valuation procedures conducted in relation to the Acquisition Valuation.

We also noted that as part of its work performed, the Valuer has reviewed the relevant financial information and other relevant data concerning the Acquisition Company. Based on the above, we are satisfied that the Valuer is qualified to give their opinion as set out in the Acquisition Valuation Report taking into account their relevant experience and expertise, their independence, and their scope of work and valuation procedures conducted. Besides, we have reviewed the terms of engagement between the Valuer the Company in relation to the Acquisition

Valuation Report and having particular regards to the scope of work, the steps and due diligence measures in conducting the Acquisition Valuation, and we are considered that the scope of work is appropriate to the opinion required to be given and there is no limitation on the scope of work which might adversely impact on the degree of assurance given by the Valuer in the Acquisition Valuation Report.

Besides, we have enquired whether the Valuer has any current or prior relationships with the Company, the Acquisition Vendor, and connected persons of either the Company or the Acquisition Vendor. The Valuer confirmed that it is independent of and not connected with the Group, the Acquisition Vendor and their respective associates.

For our due diligence purpose, we have reviewed and enquired into the methodology used and principal bases and assumptions adopted in the Acquisition Valuation Report. We noted that the Acquisition Valuation Report was prepared in accordance with International Valuation Standards 2022. The Acquisition Valuation is based on controlling shares and going concern bases and also conducted on a market value basis.

2.8.2 Valuation methodology

According to the Acquisition Valuation Report and based on our discussion with the Valuer for the methodologies, basis and assumptions adopted by the Valuer, we understood that the Valuer has considered three generally accepted approaches, namely the income approach, the market approach, and the cost approach in the Acquisition Valuation.

The Valuer advised that in determining the selection of valuation approach used, it has considered the merits and limitations of each of the aforesaid valuation methodologies, as well as the business nature, the financial performance and position of the Acquisition Company, its future prospects as well as relevant publicly available information.

Based on our discussion with the Valuer, the cost approach was not adopted as it may not be able to reflect the expected future economic benefits of an income-generating business. Having considered that (i) the limitation of the income approach as the prospective financial projection at market participants' point of view is subject to a number of assumptions and contingent factors, was not reliably available; (ii) the Acquisition Company is well established with earnings in consecutive two years ended 31 December 2023 and there are sufficient numbers of market comparable companies available to assess the Acquisition Valuation; (iii) the market approach benchmarked the Acquisition Company's equity value to the publicly trading entities by looking into their financial performances; and (iv) the market approach not only could reflect the current market's investment preferences or investment habitat, but also provide up-to-date public market information allowing to make a more informative decision, the Valuer has adopted the market approach for the Acquisition Valuation Report.

The market approach uses direct comparisons to other enterprises and their equity securities to estimate the market value of the common shares of privately issued securities. The Market Approach bases the market value measurement on what other similar enterprises or comparable transactions indicate the value to be. Under this approach, investment by unrelated parties in comparable equity securities of the subject enterprise or transactions in comparable equity securities of comparable enterprises is examined. One commonly used "market comparables" method is the guideline public company method ("**GPC Method**"). To adopt the GPC Method under the Market Approach, the Valuer has to determine the appropriate valuation multiples of comparable companies, in which the Valuer has considered price-to-sales ("**P/S**"), price-to-earnings ("**P/E**") and price-to-book ("**P/B**") multiples.

As advised by the Valuer, P/B multiple was not adopted because book value does not necessarily reflect the profitability or the earning capability of the Acquisition Company. Also, the operations of the Acquisition Company do not require significant amount of tangible assets (i.e. asset-light), therefore, P/B multiple is not considered. P/E multiple was preferred over P/S multiple as P/E multiple could consider the cost structure and profitability of the Acquisition Company. P/E multiple is a commonly adopted multiple for estimating the market value of a profit-making company.

Therefore, the Valuer has employed P/E multiple in the valuation on for the Acquisition Interest. Having considered that (i) the principal activity of the Acquisition Company is the provision of property management services in the PRC; (ii) there was no material non-current assets noted in the statement of financial position of the Acquisition Company as at 31 December 2022; (iii) there was earnings recorded by the Acquisition Company for the year ended 31 December 2022; (iv) the limitation of the P/S multiple which does not consider the cost structure and profitability of the Acquisition Company; and (v) P/E multiple is a commonly adopted multiple for estimating the market value of a profit-making company, we concur with the Valuer to employ P/E multiple in the valuation for the Acquisition Interest as of the valuation date.

For the purpose of our assessment, we also reviewed (i) the selection criteria and information of comparable companies adopted; and (ii) the underlying calculations in the Acquisition Valuation Report. We noted from the Valuer that the selection of guideline companies is by understanding the principal business of the valuation target and search for public companies with businesses as similar with the valuation target as possible. The Valuer searched for listed companies with business scopes and operations similar to those of the Acquisition Company as comparable companies on best-effort basis with reference to the following selection criteria, including (a) the companies are principally engaged in property management in the PRC, which is close to the Acquisition Company's business; (b) over 50% of the total revenue of the companies were generated from property management in the PRC in its preceding financial year; (c) the companies have pertinent operating histories and are actively listed in Hong Kong with more than three years' listing history; and (d) the financial information and relevant market data of the companies are available to the public. Accordingly, the 15 comparable companies are considered to have a similar principal business with the Acquisition Company.

Having considered that the selected comparable companies are engaged in similar business to that of Acquisition Company and for our due diligence purpose, we have reviewed the recent financial statements of the selected comparable companies and noted that all the comparable companies fulfill the aforementioned selection criteria. We consider that the selected comparable companies are fair and representative samples based on the above selection criteria and hence are satisfied with the results of the Valuer in identifying the selected comparable companies that are sufficiently comparable to the Acquisition Company.

As noted from the Valuer, the Valuer multiplied the median P/E multiple of the comparable companies as of the valuation date by the latest 12-month normalized net profit of the Acquisition Company to arrive at the equity value of the Acquisition Company.

Having considered that (i) the P/E multiples of comparable companies ranged from approximately 4.7 times to approximately 29.0 times; (ii) the average of P/E multiples of approximately 15.6 times is closed to the median of the same of approximately 16.2 times; (iii) the median is considered to be a more reasonable approach to prevent the outliners from distorting the result; and (iv) the median is preferred over average as the median is less affected by outliers and skewed data, we concurred with the Valuer that median is considered as more appropriate to be adopted.

We noted that the latest 12-month normalized net profit was based on the unaudited management accounts of the Acquisition Company for the year ended 31 December 2022, excluding any non-recurring other income/expense and with statutory profit tax rate of China. After the then adjusted the derived equity value of the Acquisition Company with discount for lack of marketability and control premium to account for the fact that the Acquisition Company is a private company and the 100% equity interest in the Acquisition Company as of the valuation date is determined on a controlling basis.

Based on our discussions with the Valuer, we concur with the Valuer to adjust for non-recurring other income/expense to the net profit of the Acquisition Company for the year ended 31 December 2022 in order to (i) measure its normalized earnings; (ii) eliminate the effects from of non-recurring items; (iii) provide tax impact from statutory profit tax rate of PRC as 25%

which is in line with the relevant current tax policy of the PRC; and (iv) the normalised earnings could more appropriately reflect the financial performance of the Acquisition Company, and the adoption of which could accordingly better reflect the fair value of the Acquisition Company.

In addition, we have obtained and reviewed the income statement of the Acquisition Company and consider that the aforesaid adjustments represented all the material items on non-recurring other income/expense. As such, we consider the Valuer's adjustments for any non-recurring other income/expense and with statutory profit tax rate of China to arrive at the Acquisition Company's normalized earnings to be sufficient and fair and reasonable.

2.8.3 Control premium and lack of marketability

As advised by the Valuer, the value of privately held shares is not directly comparable to the value of publicly traded securities due to the fact that shareholders of privately held companies do not have the same access to trading markets that shareholders of publicly traded companies enjoy and the market value of the ordinary shares must be adjusted to reflect its lack of liquidity and ready market.

As advised by the Valuer, the adjustment of discount for lack of marketability of approximately 20.5%, based on Stout Restricted Stock Study Companion Guide 2022 published by Stout Risius Ross, LLC, has been adopted in the Acquisition Valuation Report after taking into account the shares of Acquisition Valuation limited liquidity not publicly traded. The control premium of approximately 22.6% was determined by the Valuer with reference to the Mergerstat Control Premium Study published by FactSet Mergerstat, LLC, having considered the Group will obtain the control of the Acquisition Company when the Acquisition completed.

Based on our discussion with the Valuer, we noted that it is common to use the abovementioned independent research study reports as reference to provide data and statistics on recent merger and acquisition transactions, accordingly we concur with the view of the Valuer to adopt DLOM and control premium as part of the valuation methodology to determine the value of the Acquisition Interest to be fair and reasonable.

Based on our discussion with the Valuer, we noted that it is common to use independent research study report, such as Stout Restricted Stock Study Companion Guide 2022 as reference, to provides data and statistics on recent merger and acquisition transactions, accordingly we concur with the view of the Valuer to adopt DLOM as part of the valuation methodology to determine the Acquisition Interest to be fair and reasonable.

Based on all of the above in assessing the valuation and having considered, in particular, (i) our assessment on the methodology of, and the basis and assumptions adopted for, the Acquisition Valuation Report; (ii) our review on the selection criteria and information of the selected comparable companies, which are considered as fair and representative samples; and (iii) the independence, qualification and experience of the Valuer, we consider that there is no substantial factors identified which may cause us to doubt the fairness and reasonableness of the methodology adopted and the basis used in arriving at the Acquisition Valuation.

As assessed by the Valuer, the market value of the 100% equity interest in the Acquisition Company as of 31 December 2022 was approximately RMB87.7 million (equivalent to approximately HK$100.86 million) which is same as the consideration of the Acquisition. As such, we are of the view that the consideration of the Acquisition is fair and reasonable so far as the Company and Independent Shareholders are concerned.

For further details of the basis and assumptions of the valuation, please refer to the Acquisition Valuation Report as set out in in Appendix VII to the Circular.

2.9 Comparable analysis

Having discussed above, the P/E ratio is the most appropriate trading multiple to assess the Acquisition Valuation and P/S ratio and P/B ratio are not considered as appropriate. As an alternative analysis, we also compared the P/E ratio of the Comparable Companies (defined hereafter). Considering the P/E ratio is commonly accepted benchmark in the comparison of valuation of companies against their industry peers, we have adopted the P/E ratio for the purpose of our analyses. On a best effort basis, we had conducted research on a non-exhaustive basis, with a review as at the date of the Acquisition Agreement, based on criteria (the "**Selection Criteria**") that the companies are (i) currently listed on the Stock Exchange; (ii) are principally engaged in property management in the PRC, which is close to the Acquisition Company's business; (iii) are over 50% of the total revenue of the companies were generated from property management in the PRC in its preceding financial year; and (iv) have pertinent operating histories and are actively listed in Hong Kong with more than three years' listing history, to provide a general reference for the recent market condition on the date of Acquisition Agreement. Accordingly, we have identified 15 comparable companies which fulfilled the Selection Criteria (the "**Comparable Companies**"). Kindly remind that the size, scale of the market capitalisation, profitability and financial positions of the Comparable Companies may be not same as the Acquisition Company and we have not conducted any in-depth investigation into the size, scale of the market capitalisation, profitability and financial positions of the Comparable Companies.

Set out below is our analysis on the Comparable Companies:

Company name (Stock code)	**Principal business**	**P/E Ratio on the date of Acquisition Agreement** *Approximately times*
GR Properties Ltd (108)	Investment and development of properties.	N/A *(Note 3)*
Riverine China Holdings Ltd. (1417)	The provision of property management services in the PRC.	14.5
Zhong Ao Home Group Ltd (1538)	The provision of management services to property developers and owners in the PRC.	3.6
S-Enjoy Service Group Co Ltd (1755)	The provision of property management services in the PRC.	8.2
Yincheng Life Service Co Ltd (1922)	The provision of property management services and life community value added services.	4.1
AUX International Holding Ltd (2080)	The provision of property management services and related value-added services in Mainland China.	8.1
China Overseas Property Holdings Ltd (2669)	The provision of property management services and value-added services to non-residents and residents; and the trading of car parking spaces.	20.6
Greentown Service Group Co Ltd (2869)	The provision of property services, community living services, consulting services and technology services.	23.7

Company name (Stock code)	**Principal business**	**P/E Ratio on the date of Acquisition Agreement** *Approximately times*
Binjiang Service Group Co Ltd (3316)	The provision of property management services and ancillary services to residential and non-residential properties in the PRC.	13.0
A-Living Smart City Services Co Ltd (3319)	The provision of parking management, home cleaning, Hydropower, maintenance, and other services.	3.8
Poly Property Services Co Ltd. (6049)	The provision of property management, property projects pre-consultation, post-delivery evaluation and analysis, professional equipment and facilities maintenance, and other services in the PRC.	18.4
Hevol Services Group Co Ltd (6093)	The provision of property management services and value-added services in the PRC.	25.9
Country Garden Services Holdings Co Ltd (6098)	The provision of property management services, community value-added services, value-added services to non-property owners, heat supply services, city services and commercial operational services in the PRC.	15.4
Times Neighborhood Holdings Ltd (9928)	The provision of property Management solutions such as cleaning, gardening, repairing, and maintenance activities in the PRC.	N/A *(Note 3)*

Company name (Stock code)	Principal business	P/E Ratio on the date of Acquisition Agreement *Approximately times*
Powerlong Commercial Management Holdings Ltd. (9909)	The provision of residential property and office, buildings and serviced apartments management, and other services in the PRC.	6.0
Maximum		25.9
Minimum		3.6
Average		12.7
Median		13.0
The Acquisition Company (based on the consideration of the Acquisition)		14.1 *(Note 1)*

Source: The website of Stock Exchange

Note 1: The implied P/E Ratio of the Acquisition Company on the date of Acquisition Agreement was calculated as the consideration of Acquisition of approximately RMB87.7 million (equivalent to approximately HK$100.86 million). Divided by the profit for the year ended 31 December 2022 of approximately HK$7.1 million.

Note 2: For the purpose of illustration in above table, the exchange rate between Renminbi and Hong Kong dollars provided in this circular is RMB1 = HK$1.07.

Note 3: The P/E Ratio is not applicable as the companies are loss making for the latest published financial year ended 31 December 2022.

We noticed from the above table that (i) the P/E Ratio of the Comparable Companies on the date of Acquisition Agreement ranged from approximately 3.6 times to approximately 25.9 times ("**Comparable P/E Ratio Range**"), with a median of approximately 13.0 times ("**Comparable P/E Ratio Median**") and an average of approximately 12.7 times.

Based on the consideration of the Acquisition of approximately HK$100.86 million, the implied P/E Ratio of the Acquisition on the date of Acquisition Agreement is approximately 14.1 times which is within the Comparable P/E Ratio Range and slightly higher than Comparable P/E Ratio Median of approximately 13.0 times.

Taking into the account that (i) the implied P/E Ratio of the Acquisition on the date of the Acquisition Agreement is within the Comparable P/E Ratio Range and close to Comparable P/E Ratio Median; (ii) there is the solid and stable financial performance and position of the Acquisition Company; (iii) there is no adverse impact on the working capital position of the Group from the Acquisition; and (iv) the Acquisition would provide the Company with an opportunity to its develop property management business in the PRC in an efficiency manner with an established brand, we are of the view that the consideration of the Acquisition is fair and reasonable and the Acquisition is in the interests of the Company and the Independent Shareholders as a whole.

2.9.1 Conclusion on the Valuation Report

As per our discussions with the Valuer, the documents we have obtained and reviewed from the Valuer and our consideration of their work done, we confirmed that we had complied with the requirements under Rule 17.92(2)(b) note 1(d) of the GEM Listing Rules.

According to our aforementioned works on the valuation of the Acquisition Interest, we are of the view that (i) the methodology applied and principal bases and assumptions adopted in the Acquisition Valuation Report are fair and reasonable; (ii) the scope of work of the Valuer for the relevant engagement is considered as appropriate; (iii) the Valuer has adequate qualifications, experience and expertise, and hence are competent to issue the Acquisition Valuation Report and is independent from the Company, Acquisition Vendor, and the Acquisition Company; and (iv) the consideration of the Acquisition was determined after negotiations between the parties on an arm's length basis and taking into account various factors, including, among other things, the market value of the Acquisition Interest as at 31 December 2022 amounted to RMB87.7 million (equivalent to HK$100.86 million) as assessed by the Valuer under the market approach. We are not aware of any factor that would causes us to doubt the fairness and reasonableness of the Acquisition Valuation Report, and hence the concluded value of the Acquisition Interest of RMB87.7 million is indicative to the consideration of the Acquisition. Therefore, we consider that the Acquisition Valuation Report is a fair reference for determination of the consideration of the Acquisition and the consideration of the Acquisition is fair and reasonable.

2.10 Possible financial effect of the Acquisition

Upon Completion, the Acquisition Company will become a wholly-owned subsidiary of the Company and thus the assets, liabilities and the financial results of the Acquisition Company and its respective subsidiaries will be consolidated into those of the Group. For details of the unaudited pro forma financial information of the Enlarged Group, please refer to Appendix IV to the Circular.

2.10.1 Assets and liabilities

Based on the unaudited pro forma financial information as set out in Appendix IV in the Circular, assuming that Completion had taken place on 31 March 2023, the total assets of the Enlarged Group would have increased from approximately HK$168.8 million to approximately HK$555.2 million on a pro forma basis, the total liabilities of the Enlarged Group would have decreased from approximately HK$119.7 million to approximately HK$49.1 million on a pro forma basis, and the net assets of the Enlarged Group would have increased from HK$49.1 million to HK$506.1 million on a pro forma basis.

2.10.2 Earnings

As set out in the accountants' report of the Acquisition Company in Appendix II in the Circular, the revenue and net profit attributable to shareholders of the Acquisition Company for the three months ended 31 March 2023 were approximately HK$4.1 million and HK$2.1 million, respectively.

It should be noted that the aforementioned analyses are for illustrative purpose only and do not purport to represent how the financial performance and position of the Group will be upon the completion of the Acquisition.

For the further details of possible financial effect of the Acquisition, please refer to the section headed "Financial effect of the disposal and the acquisition" set out in the Letter from the Board.

2.11 Discussion

Having considered the aforementioned factors and reasons, in particular that (i) the information and our analysis as set out under the section headed "2.7 Reasons for and benefits of the Acquisition " in this letter; (ii) the Acquisition Valuation was fairly and reasonably determined by the Valuer; (iii) the consideration of the Acquisition is same as the fair value of the Acquisition Interest as at 31 December 2022 based on the Acquisition Valuation; (iv) the expected financial effect of the Acquisition as set out under the section headed "2.10 Possible financial effects of the Acquisition" in this letter; (v) the implied P/E of the consideration of the Acquisition is slightly higher than the Comparable P/E Ratio Median and within Comparable P/E Ratio Range; (vi) there is the solid and stable financial performance and position of the Acquisition Company; (vii) there is no adverse impact on the working capital position of the Group from the Acquisition; and (viii) the Acquisition would provide the Company with an opportunity to develop its property management business in the PRC in an efficiency manner with an established brand, we are of the view that (a) the Acquisition is in the interests of the Company and the Independent Shareholders as a whole; and (b) the terms of the Acquisition Agreement are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned.

3. CONTINUING CONNECTED TRANSACTIONS

On 21 June 2023, the Acquisition Purchaser and Mr. Zhang, being the ultimate beneficial owner of the Acquisition Vendor, entered into the Master Service Agreement in relation to the provision of the Services by the Acquisition Company to Mr. Zhang and his associates (save for the Company and its subsidiaries) for a term up to 31 December 2025.

Immediately upon Completion, the Acquisition Company will become an indirect wholly-owned subsidiary of the Company. To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, the Acquisition Vendor is indirectly wholly-owned by Mr. Zhang, 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 Mr. Zhang 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, and Mr. Zhang and his associates are accordingly connected persons of the Company under the GEM Listing Rules.

As the Proposed Annual Caps exceed HK$10,000,000 per annum and the applicable percentage ratios calculated with reference to which exceeds 5%, the provision of the Services by the Acquisition Company to Mr. Zhang and his associates (save for the Company and its subsidiaries) after the Completion contemplated under the Master Service Agreement would constitute non-exempt continuing connected transactions of the Company subject to the reporting, announcement and Independent Shareholders' approval requirements under the GEM Listing Rules.

3.1 Background information on the property management industry in the PRC

Pursuant to the Fourteenth Five Year Plan, the PRC government has announced the target urbanisation rate of the resident population* (常住人口城鎮化) for the next five years from 2021 is approximately 65.0%. In this connection, the PRC government promoted urbanisation in the PRC through, among others, (i) accelerate the agricultural population urbanisation (加快農業轉移人口市民化) by implementing two main strategies, namely further reform of the household registration system* (深化戶籍制度改革) and improvement on the system for promoting urbanisation of agricultural population* (健全促進農業轉移人口市民化的機制); and (ii) improve urbanisation layout* (完善城鎮化空間布局) by implementing five strategies, namely promote integrated development of conurbations* (推動城市群一體化發展), construct modernised metropolitan areas* (建設現代化都市圈), optimise and enhance functions of central urban areas in mega-sized-cities* (優化提升超大特大城市中心城區功能), improve habitability and employability in large and medium-sized cities* (完善大中城市宜居宜業功能) and promote urbanisation construction with counties/cites as major carriers* (推進以縣城為重要載體的城鎮化建設). Accordingly, the development of the PRC commercial property market continues to be influenced by changes in the PRC government policies at a national and regional level, market environment as well as the overall economic development of the PRC. In view of the above, it is expected that the continuous increase in urbanisation rate in the PRC and the recovery of the PRC economy shall continue to drive the growth for the PRC property management industry.

3.2 Reasons for and benefits of the Master Service Agreement

The Group is principally engaged in gold and jewellery trading and retailing, money lending and related business and fintech business.

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 Latest Practicable Date, 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 commercial plazas and other types of properties.

As set out in the Letter from the Board, the Board considers that the Acquisition Company would be a good investment for the Company, details of which please refer to the section headed "2.7 Reasons for and benefits of the Acquisition" in this letter.

As a result of the Acquisition, the Acquisition Company will become an indirect wholly-owned subsidiary of the Company. The Acquisition Company has been providing property management services to Mr. Zhang and/or his associates (save for the Company and its subsidiaries) for over 3 years and such transactions constituted approximately 0.42%, 18.28% and 55.11% of the total turnover of Acquisition Company for each of the three years ended 31 December 2022, respectively. Accordingly, the Master Service Agreement will allow the Enlarged Group to have a stable turnover with respect of its provision of property management services business in the PRC.

In view of the foregoing, the Directors consider that the entering into of the Master Service Agreement will be in the ordinary course of business of the Enlarged Group and that the terms of thereof are determined on an arm's length basis with the counterparty. Accordingly, the Directors (including the independent non-executive Directors whose opinions are set out in the letter from the Independent Board Committee in the Circular after taking into account the advice of the

Independent Financial Adviser) are of the view that the terms and conditions of the Master Service Agreement (including the Proposed Annual Caps) are fair and reasonable, on normal commercial terms and in the interests of the Enlarged Group and the Shareholders as a whole.

Having considered that (i) the Acquisition Company has been providing Services to Mr. Zhang and/or his associates (save for the Company and its subsidiaries) for more than three years before the Acquisition and the Services were ordinary course of business of the Acquisition Company; (ii) the terms and price of the transactions contemplated under the Master Service Agreement would be determined after arm's length negotiations between the relevant parties; (iii) the Master Service Agreement (including the Proposed Annual Caps), if approved, would facilitate the transactions contemplated under the Master Service Agreement for the three years ending 31 December 2023, 2024 and 2025; and (iv) the Master Service Agreement (including the Proposed Annual Caps), if approved, would avoid to seek the approval from Independent Shareholders for each transaction which could reduce the administration costs of the Company, we concur with the Directors' view that Master Service Agreement (including the Proposed Annual Caps) are in the interests of the Company and Independent Shareholders as a whole.

3.3 The Master Service Agreement

Date:	21 June 2023
Parties:	The Acquisition Purchaser
	Mr. Zhang
Term:	From the date of the Completion to 31 December 2025
Subject matter:	The Acquisition Company shall provide the Services to Mr. Zhang and his associates (save for the Company and its subsidiaries)
Payment and pricing policy:	Mr. Zhang and/or his associates shall pay property management and value-added service fees per month or per agreed period to the Acquisition Company which comprises labour costs, other staff costs and outsourcing service fees (if any) and property management remuneration after receiving the relevant invoice issued by the Acquisition Company.

The property management and value-added service fees are determined after arm's length negotiations between the relevant parties after taking into account (i) the area of the relevant premises; (ii) the type of the property projects; (iii) the contracted scope of services and standards; (iv) the number of staff required for the provision of services; (v) the labour costs including wages, overtime payment and welfare expenses; (vi) other staff costs, outsourcing service fees, one-off material input fees, cleaning fees and property management remuneration; (vii) the prevailing market rates and market prices for the provision of the Services of comparable quality and scope and in comparable areas for comparable types of properties; and (viii) the guidance price of such services for similar types of property projects issued by the local government (if any).

Government guidance prices are available only for residential property projects. Currently, none of the property projects under the management of the Acquisition Company is of a residential nature and as such, market-based prices of 1 to 3 other similar property projects managed by independent property management companies are primarily used for pricing reference for the property management and value-added service fees charged by the Acquisition Company.

For the year ended 31 December 2022, the average service fee charged to Mr. Zhang and his associates under the Acquisition Company's management was in the range of RMB2.0 and RMB8.0 per square metre per month varying from property to property depending on their location and type, which are generally in line with the average service fee charged to other customers by the Acquisition Company for similar types of properties and service standards with slight adjustments depending on factors as mentioned above.

In determining the reasonableness of the service fees charged, the Group will obtain and assess, among other things, (a) the prices charged by other independent property management companies of similar sizes for 1 to 3 property management services with similar scope for comparable properties obtained through property agencies and publicly available market research; and (b) the level of fees charged by the Group for other projects in the same region of similar scale.

Based on the foregoing assessment, the relevant personnel will proceed to plan and prepare budget for a particular subsidiary service agreement and then come up with a fee proposal in accordance with the applicable pricing policies for approval.

As confirmed by the Directors, the terms offered by the Acquisition Company to Mr. Zhang and/or his associates (save for the Company and its subsidiaries) should not be more favourable than those offered to other customers for similar services.

Conditions precedent

The Master Service Agreement is conditional upon:

(i) the Completion having taken place;

(ii) the approval of the Independent Shareholders at the EGM having been obtained;

(iii) all necessary approvals required to be obtained by the Acquisition Purchaser in respect of the Master Service Agreement and the transactions contemplated thereunder having been obtained; and

(iv) all necessary approvals required to be obtained by Mr. Zhang in respect of the Master Service Agreement and the transactions contemplated thereunder having been obtained.

As at the Latest Practicable Date, none of the above conditions is satisfied.

In order to assess the reasonableness of the terms under the Master Service Agreement, we have obtained and reviewed a total of seven samples of the ongoing transactions of the Acquisition Company. Regarding the four out of seven samples for the Services provided by the Acquisition Company to Independent Third Parties or Mr. Zhang and/or his associates (save for the Company and its subsidiaries), we noted that the price charged by the Acquisition Company from Mr. Zhang and/or his associates (save for the Company and its subsidiaries) would be (i) no less favourable to the price charged by the Acquisition Company from Independent Third Parties under similar locations and similar types of properties; or (ii) no less favourable to the market price researched in the market under the situation that no transaction entered into with Independent Third Parties is with similar locations and types of properties available for comparison, as such, the Acquisition Company would conduct research for the market price; and the relevant payments from Mr. Zhang and/or his associates (save for the Company and its subsidiaries) were settled with the credit period shorter than/same as the Independent Third Parties. Regarding the three out of seven samples for the Services in relation to the provision of intelligent management systems, hardware and charging platform software for the managed property, supervision of renovation projects and inspection provided by the Acquisition Company to Mr. Zhang and/or his associates (save for the Company and its subsidiaries) were charged under a standard price list and the standard payment terms applicable to both Mr. Zhang and/or his associates (save for the Company and its subsidiaries) and Independent Third Parties. We have obtained and reviewed the standard pricing list from the Acquisition Company regarding the such Services consumed by Mr. Zhang and/or his associates (save for the Company and its subsidiaries). We noted from the Management that the Acquisition Company would apply the standard pricing list for both Independent Third Parties and with Mr. Zhang and/or his associates (save for the Company and its subsidiaries) for such Services. On this basis, the Directors is of the view and we concur that the terms of Master Service Agreement were conducted on normal commercial terms and considered to be fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

3.4 Internal Control

As set out in the Letter from the Board, the following internal control measures have been implemented in order to ensure that the transactions contemplated under the Master Service Agreement are conducted on normal commercial terms and will not be prejudicial to the interests of the Company and the Shareholders as a whole:

(i) The Group has established a series of measures to ensure that the transactions contemplated under the Master Service Agreement will be conducted in accordance with the principal terms of the Master Service Agreement, such as a designated staff of the finance department would compare the fees and terms and check that they are no more favourable than those offered by the Group to independent third parties for the same or similar services on the same or similar conditions and carry out regular assessments on the pricing and fairness of the terms every year and such price comparisons will be used as reference and basis for determining the prices offered by the Group to property developers and property owners (regardless of the method of sourcing contracts) which would not deviate materially from the market rates; and the implementation of separate agreements governing each particular transaction must be approved by, depending on size of the transaction, the business department, the sourcing department, the legal department, the finance department and/or the management to ensure that it is in accordance with the pricing policy.

(ii) In addition, the finance department will keep proper documentation of the agreements governing each particular transaction entered into between the Group and Mr. Zhang and/or his associates (save for the Company and its subsidiaries) pursuant to the Master Service Agreement, and the compliance department will report to the audit committee on a yearly basis whether the internal control measures in respect of the transactions contemplated under the Master Service Agreement remain complete and effective.

(iii) The finance department and compliance department shall be jointly responsible for monitoring the transaction amounts under the Master Service Agreement on a quarterly basis to ensure they do not exceed the annual caps.

(iv) The independent non-executive Directors will review the transactions contemplated under the Master Service Agreement, at least annually, to ensure, among other matters, that such transactions are entered into in the ordinary and usual course of business of the Group, on normal commercial terms, and the terms of the Master Service Agreement are fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

(v) The external auditors of the Company will conduct an annual review on the transactions contemplated under the Master Service Agreement, including the annual caps and their actual utilisation, and confirm, among other matters, whether anything has come to their attention that causes them to believe such transactions were not entered into, in all material respects, in accordance with the relevant agreements governing the transaction.

Apart from reviewing the abovementioned internal control measures, we have also obtained and reviewed the Connected Transactions and Continuing Connected Transactions Internal Control Management System* (關連交易及持續關連交易內控管理制度) of the Company. Having considered that (i) the finance department will review and confirm that the transactions contemplated under the Master Service Agreement are no more favourable than those offered by the Group to independent third parties for the same or similar services on the same or similar conditions; (ii) the finance department and compliance department will monitor the transaction amounts of the transactions contemplated under the Master Service Agreement quarterly to ensure that the annual caps will not be exceeded; (iii) the compliance department will report to the audit committee of the Company annually regarding the completeness and effectiveness of the internal control measures for the transactions contemplated under the Master Service Agreement; (iv) the independent non-executive Directors will review the transactions contemplated under the Master Service Agreement at least annually; and (v) the external auditors of the Company will conduct an annual review on the transactions contemplated under the Master Service Agreement, we are of the view that the implementation of the abovementioned internal control measures and the Connected Transactions and Continuing Connected Transactions Internal Control Management System can ensure that the terms offered by the Acquisition Company to Mr. Zhang and/or his associates (save for the Company and its subsidiaries) would not be more favourable than those offered to other customers for similar services.

Having discussed with the Management and considered the internal control procedures as set out above, we are of the view that the aforementioned internal control procedures adopted by the Company are adequate.

3.5 Basis for determining the Proposed Annual Caps

In respect of each of the three years ended 31 December 2022, the historical figures for the service fees in respect of the Services provided by the Acquisition Company to Mr. Zhang and/or his associates (save for the Company and its subsidiaries) are as follows:

Nature of transaction	Historical figures for the year ended 31 December 2020 *RMB' million (unaudited)*	2021 *RMB' million (unaudited)*	2022 *RMB' million (unaudited)*
Provision of the Services by the Acquisition Company to Mr. Zhang and/or his associates (save for the Company and its subsidiaries)	RMB0.02 (equivalent to about HK$0.02)	RMB1.47 (equivalent to about HK$1.69)	RMB9.38 (equivalent to about HK$10.78)

The proposed maximum aggregate annual amount of service fees for the Services to be provided by the Acquisition Company to Mr. Zhang and/or his associates (save for the Company and its subsidiaries) for each of the three years ending 31 December 2025 shall be as follows:

Nature of transaction	Proposed Annual Caps (million) for the year ending 31 December 2023	2024	2025
Provision of the Services by the Acquisition Company to Mr. Zhang and/or his associates (save for the Company and its subsidiaries)	RMB15.57 (equivalent to about HK$17.90)	RMB18.76 (equivalent to about HK$21.57)	RMB18.95 (equivalent to about HK$21.79)

As set out in the Letter from the Board, in determining the Proposed Annual Caps, the Board has taken into account: (i) the historical figures and the trend for the same transactions in the past few years; (ii) the gross floor area of different types of properties owned by Mr. Zhang and/or his associates requiring the Services; (iii) the rates chargeable by the Acquisition Company per square metre of each type of the properties owned by Mr. Zhang and his associates requiring the Services; (iv) the anticipated growth of the property management industry in the PRC in the coming three years which is expected to lead to an increase in demand for the property management and value-added service business as currently carried out by the Acquisition Company; (v) the historical and anticipated growth of the property management portfolio of the Acquisition Company, which included prospective new property acquisition or development projects of Mr.

Zhang, who intends to enter into further property management agreements with the Acquisition Company in relation thereto on terms similar to existing property management arrangements between the parties; (vi) a reasonable buffer of 2% to cater for any temporary and unexpected property management work and inflation rate fluctuations; and (vii) the prevailing market rates offered by independent third-party owners or service providers for comparable types of properties in the surrounding area having been obtained.

In order to assess the fairness and reasonableness of the Proposed Annual Caps under the Master Services Agreement, we have obtained and reviewed a schedule and documents prepared by the Management and discussed with the Management and noted that (i) Mr. Zhang and his associates (save for the Company and its subsidiaries) intend to continue to use the Services provided by the Acquisition Company; (ii) the additional potential properties for not less than one hundred thousand square metre of Mr. Zhang and/or his associates (save for the Company and its subsidiaries) that will be required the Services provided by the Acquisition Company starting from 2023; and (iv) the Management have been considered, including but not limited to, cost of labour, administrative expense and sundry expense, when estimating the expected service fee per square metre for the potential properties.

Having considered that (i) the historical figures for the fees in respect of the Services provided by the Acquisition Company to Mr. Zhang and his associates (save for the Company and its subsidiaries); (ii) Mr. Zhang and/or his associates (save for the Company and its subsidiaries) have no intention to change the service provider (i.e. the Acquisition Company) for providing the Services for the relevant properties; (iii) Mr. Zhang and/or his associates (save for the Company and its subsidiaries) expected to require the Services from the Acquisition Company with the additional properties for not less than one hundred thousand square metre starting from 2023; and (iv) the buffer of 2% which is in line with the five-year average consumer price index of the PRC of approximately 2.1% according to the National Bureau of Statistics of the PRC, the Directors are of the view and we concur that the Proposed Annual Caps under the Master Service Agreement is fair and reasonable so far as the Company and the Independent Shareholders are concerned.

RECOMMENDATION

Having considered the factors as set out in this letter above, we are of the view that

(i) although the Disposal is not conducted in the ordinary course of business of the Group, the Disposal is in the interests of the Company and the Shareholders as a whole, and the terms of the Disposal Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned;

(ii) although the Acquisition is not conducted in the ordinary course of business of the Group, the Acquisition is in the interests of the Company and the Shareholders as a whole, and the terms of the Acquisition Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned; and

(iii) the transactions contemplated under the Master Service Agreement are in the ordinary and usual course of business of the Acquisition Company and the Enlarged Group and on normal commercial terms and in the interests of the Company and the Independent Shareholders as a whole, and the terms of which, including the Proposed Annual Caps, are fair and reasonable so far as the Independent Shareholders are concerned.

Accordingly, we advise the Independent Board Committee to recommend, and we recommend, the Independent Shareholders to vote in favour of the resolutions to approve the Disposal Agreement, the Acquisition Agreement and the Master Service Agreement and the transactions contemplated thereunder, including the Proposed Annual Caps, at the EGM.

Yours faithfully,
For and on behalf of
Red Sun Capital Limited
Robert Siu
Managing Director

Mr. Robert Siu is a licensed person registered with the Securities and Futures Commission of Hong Kong and a responsible officer of Red Sun Capital Limited to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO and has over 25 years of experience in corporate finance industry.

I. FINANCIAL INFORMATION OF THE GROUP

Financial information on the Group for the three years ended 31 March 2023 are disclosed in the following documents which have been published on the websites of the Stock Exchange (**http://www.hkexnews.hk**) and the Company (**https://www.cbg.com.hk**):

- Annual report of the Company for the year ended 31 March 2021 published on 30 June 2021 (pages 90 to 232) (available at: **https://www1.hkexnews.hk/listedco/listconews/gem/2021/0630/2021063003533.pdf**);
- Annual report of the Company for the year ended 31 March 2022 published on 29 June 2022 (pages 89 to 228) (available at: **https://www1.hkexnews.hk/listedco/listconews/gem/2022/0629/2022062901464.pdf**); and
- Annual report of the Company for the year ended 31 March 2023 published on 30 June 2023 (pages 79 to 204) (available at: **https://www1.hkexnews.hk/listedco/listconews/gem/2023/0630/2023063002944.pdf**).

II. STATEMENT OF INDEBTEDNESS

As at the close of business on 31 July 2023, being the latest practicable date for the sole purpose of this statement of indebtedness prior to the date of this circular, the Enlarged Group had outstanding borrowings comprising the following:

Borrowings

As at the close of business on 31 July 2023, the borrowings of the Enlarged Group amounted to approximately HK$105,779,000, and comprised of (i) loan from a related company of approximately HK$2,181,000 which were unsecured, interest-free and repayable on demand; (ii) amounts due to related companies of approximately HK$5,998,000 which were unsecured, interest-free and repayable on demand; (iii) loan from a director of approximately HK$19,600,000 which were unsecured, interest bearing at 2.5% per annum and repayable on demand; and (iv) promissory note issued to Mr. Zhang with outstanding principal amounts of HK$78,000,000 which were unsecured, interest bearing at 2.5% per annum and repayable 6 months after the extension date of 18 July 2023, and the Company has the rights to extend the maturity date for three successive periods of six months.

Lease liabilities

The Group recognised right-of use assets and corresponding lease liabilities in respect of all leases unless they qualify for low value or short-term leases. The lease liabilities represent obligation to make lease payment for right of using underlying assets. As at the close of business on 31 July 2023, the Group had lease liabilities of approximately HK$762,000 which were secured by rental deposits and unguaranteed.

Save as disclosed in this circular and apart from intra-group liabilities, the Enlarged Group did not have debt securities issued and outstanding, and authorised or otherwise created but unissued, or term loans, or other borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits or hire purchase commitments, or mortgages and charges, or contingent liabilities or guarantees.

III. WORKING CAPITAL STATEMENT

The Directors are of the opinion that, after taking into account of the Enlarged Group's internal resources, cash flow from operations, the present facilities available and also the effect of the Disposal and the Acquisition, the Enlarged Group will have sufficient working capital to satisfy its present requirements, that is, for at least the next 12 months from the date of this circular in the absence of unforeseen circumstances.

IV. MATERIAL ADVERSE CHANGE

The Directors confirm that they are not aware of any material adverse change in the financial or trading position of the Group since 31 March 2023 (being the date to which the latest published audited accounts of the Group were made up), up to and including the Latest Practicable Date.

V. FINANCIAL AND TRADING PROSPECT OF THE ENLARGED GROUP

The Group is principally engaged in gold and jewellery trading and retailing ("**Gold and Jewellery Business**"), money lending and related business ("**Lending Business**") and fintech business ("**Fintech Business**").

The COVID-19 repeatedly hit the world, especially during the second half of 2022, China went through several rounds of COVID-19, inevitably impacted its economy. As the geopolitics tension grew and risks of economic downturn increased, material uncertainties existed across the operating environment. Thanks to the recovering from COVID-19 in the beginning of 2023, economic activities gradually restored.

The Group's Gold and Jewellery Business was benefited and driven by China's effective control of the epidemic and China's domestic economic recovery during the year ended 31 March 2023. The revenue from Gold and Jewellery Business for the year ended 31 March 2023 (HK$88,928,000) had been increased by 20.3% compared to HK$73,930,000 for the year ended 31 March 2022.

The management expects the sales will remain steady until third quarter of financial year ending 31 March 2024 and will increase in last quarter of financial year ending 31 March 2024 during the traditional festival peak season. The Gold and Jewellery Business is expected to remain a major part of the Group's total revenue, for which we will strive to promote revenue generation and review the feasibility of restructuring the existing business structure.

The Lending Business will continue be part of business of the Group after the Acquisition and the Disposal. The revenue from Lending Business for the year ended 31 March 2023 (HK$3,170,000) remained steady compared to the revenue for the year ended 31 March 2022 (HK$3,387,000).

The revenue from Lending Business for the four months ended 31 July 2023 had decreased due to the Group's fund had been used for developing of Fintech Business and reducing the loan principal for Lending Business. The management expects the cash flow can be improved after completion of the Disposal.

The revenue from Fintech Business for the year ended 31 March 2023 (HK$1,832,000) had been increased by 2.75 times compared to that of HK$489,000 for the year ended 31 March 2022. The increase in revenue was mainly due to Fintech Business is early stage with low base of comparison. The loss for the Group was mainly due to the operation loss on Fintech Business on development stage.

Upon completion of the Disposal, the Group will maintain 47.8% shareholding interest in the Disposal Company and the Disposal Company will cease to be a subsidiary of the Company and become classified as financial assets at fair value through profit or loss. Its financial result will not directly include in the financial statements of the Company.

Looking ahead, the Group will continue to strive for business growth and seize opportunities in order to bring greater returns to the Shareholders. On 2 June 2023, the Group entered into the Acquisition Agreement with the Acquisition Vendor 100% equity interest in the Acquisition Company. 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. Details of the acquisition are disclosed in the Letter from the Board in this circular.

For the three months ended 31 March 2023, the Acquisition Company's revenue is approximately HK$4,101,000 compared to approximately HK$3,519,000 for the three months ended 31 March 2022. For the three months ended to 31 March 2023, the Acquisition Company's profit before tax is approximately HK$2,452,000 compared to that of approximately HK$1,716,000 for the three months ended 31 March 2022. The increase was mainly due to the continuing increasing of property management fee income. The management expects the Acquisition Company will continuously expand its business by increasing the service area and exploiting different types of business such as Artificial Intelligence and Internet of Things in future.

The acquisition of the Acquisition Company is a good opportunity for the Group to tap into the property management business. Upon the Completion, after consolidating the financial results of the Acquisition Company, the Enlarged Group is able to enjoy both the high profit and cash inflow from the property management services. The Acquisition Company has a strong operating cash inflow before movements in working capital, it is expected that the Acquisition Company would be able to sustain its own cash sufficiency for its future development.

The following is the text of a report received from the reporting accountants of the Company, Elite Partners CPA Limited, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF SHENZHEN CHINA BRILLIANT PROPERTY SERVICES COMPANY LIMITED TO THE DIRECTORS OF CHINA BRILLIANT GLOBAL LIMITED

Introduction

We report on the historical financial information of Shenzhen China Brilliant Global Limited# (the "**Acquisition Company**") set out on pages II-5 to II-54, which comprises the statements of financial position of the Acquisition Company as at 31 December 2020, 2021 and 2022 and 31 March 2023 and the statements of profit or loss and other comprehensive income, the statements of changes in equity and statements of cash flows of the Acquisition Company for each of the years ended 31 December 2020, 2021 and 2022 and the three months ended 31 March 2023 (the "**Relevant Periods**"), and a summary of significant accounting policies and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information set out on pages II-5 to II-54 forms an integral part of this report, which has been prepared for inclusion in the circular of China Brilliant Global Limited (the "**Company**") dated 12 September 2023 (the "**Circular**") in connection with the acquisition of the entire equity interests of the Acquisition Company.

No statutory audited financial statements have been prepared by the Acquisition Company as there is no statutory requirement in its place of incorporation.

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2 to the Historical Financial Information.

Chinese official name of the Acquisition Company is "深圳朗華物業服務有限公司". The English name of the Acquisition Company is translation and for identification purposes only

The Historical Financial Information were prepared by the director of the Acquisition Company. The director of the Acquisition Company is responsible for the preparation of the Historical Financial Information that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"), and for such internal control as the director of the Acquisition Company determines is necessary to enable the preparation of the Historical Financial Information that are free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the HKICPA. This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgment, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purpose of the accountants' report, a true and fair view of the Acquisition Company's financial position as at 31 December 2020, 2021 and 2022 and 31 March 2023 and of the Acquisition Company's financial performance and cash flows for the Relevant Periods in accordance with the basis of preparation set out in note 2 to the Historical Financial Information.

Review of stub period corresponding financial information

We have reviewed the stub period corresponding financial information of the Acquisition Company which comprises the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the three months ended 31 March 2022 and other explanatory information (the "**Stub Period Corresponding Financial Information**"). The director of the Acquisition Company are responsible for the preparation and presentation of the Stub Period Corresponding Financial Information in accordance with the basis of preparation set out in note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Corresponding Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Corresponding Financial Information, for the purpose of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2 to the Historical Financial Information.

Report on Matters under the rules governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Historical Financial Information as defined on page II-5 have been made.

Dividends

No dividends have been paid by the Acquisition Company in respect of the Relevant Periods.

Elite Partners CPA Limited
Certified Public Accountants

Hong Kong, 12 September 2023

10/F,
8 Observatory Road
Tsim Sha Tsui
Kowloon
Hong Kong

I. HISTORICAL FINANCIAL INFORMATION OF THE ACQUISITION COMPANY

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Acquisition Company for the Relevant Periods, on which the Historical Financial Information is based, have been prepared in accordance with the accounting policies which conform with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the HKICPA and were audited by us in accordance with the Hong Kong Standards on Auditing issued by the HKICPA.

The Historical Financial Information is presented in Hong Kong dollar ("**HK$**") and all values are rounded to the nearest thousand (HK$'000) except when otherwise indicated.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December			Three months ended 31 March	
		2020	2021	2022	2022	2023
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
					(Unaudited)	
Revenue	*6*	5,336	6,991	15,137	3,519	4,101
Cost of services provided		(188)	(545)	(994)	(655)	(316)
Gross profit		5,148	6,446	14,143	2,864	3,785
Other revenue	*7*	12	61	180	15	36
Administrative expenses		(2,312)	(4,287)	(5,960)	(1,163)	(1,369)
Profit before tax	*8*	2,848	2,220	8,363	1,716	2,452
Income tax expense	*9*	(251)	(199)	(1,227)	(190)	(313)
Profit for the year attributable to owner of the Acquisition Company		2,597	2,021	7,136	1,526	2,139
Other comprehensive income/(expense) for the year/period		377	202	(874)	78	144
Total comprehensive income for the year/period attributable to owner of the Acquisition Company		2,974	2,223	6,262	1,604	2,283

STATEMENTS OF FINANCIAL POSITION

		As at 31 December			As at 31 March
		2020	2021	2022	2023
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Non-current assets					
Property, plant and equipment	*13*	4	3	512	687
Intangible assets	*14*	—	—	1,015	998
Prepayment for property, plant and equipment	*16*	—	—	128	—
		4	3	1,655	1,685
Current assets					
Trade receivables	*15*	218	1,050	199	1,320
Deposits and other receivables	*16*	21	126	6,774	6,888
Amounts due from related companies	*17*	4,529	7,102	12,284	15,242
Cash and cash equivalents	*18*	2,070	625	3,140	1,797
		6,838	8,903	22,397	25,247
Current liabilities					
Trade payables	*19*	—	—	1,214	1,382
Accruals and other payables	*20*	397	346	643	786
Contract liabilities	*21*	2	2	60	—
Amounts due to related companies	*22*	—	—	6,204	6,273
Tax payables		108	—	1,111	1,388
		507	348	9,232	9,829
Net current assets		6,331	8,555	13,165	15,418
Total assets less current liabilities		6,335	8,558	14,820	17,103
Net assets		6,335	8,558	14,820	17,103
Capital and reserves					
Paid-up capital	*23*	339	339	339	339
Reserve		5,996	8,219	14,481	16,764
Total equity		6,335	8,558	14,820	17,103

STATEMENTS OF CHANGE IN EQUITY

	Share capital *HK$'000*	**Statutory reserve** *HK$'000*	**Foreign Currency translation reserve** *HK$'000*	**Retained earnings** *HK$'000*	**Total** *HK$'000*
As at 1 January 2020	227	303	1	2,718	3,249
Profit for the year	—	—	—	2,597	2,597
Other comprehensive income	—	—	377	—	377
Total comprehensive income for the year	—	—	377	2,597	2,974
Capital injection	112	—	—	—	112
Transfer to statutory reserve	—	260	—	(260)	—
As at 31 December 2020 and as at 1 January 2021	339	563	378	5,055	6,335
Profit for the year	—	—	—	2,021	2,021
Other comprehensive income	—	—	202	—	202
Total comprehensive income for the year	—	—	202	2,021	2,223
Transfer to statutory reserve	—	202	—	(202)	—
As at 31 December 2021 and as at 1 January 2022	339	765	580	6,874	8,558
Profit for the year	—	—	—	7,136	7,136
Other comprehensive expense	—	—	(874)	—	(874)
Total comprehensive (expense)/ income for the year	—	—	(874)	7,136	6,262
Transfer to statutory reserve	—	385	—	(385)	—
As at 31 December 2022 and as at 1 January 2023	339	1,150	(294)	13,625	14,820
Profit for the period	—	—	—	2,139	2,139
Other comprehensive income	—	—	144	—	144
Total comprehensive income for the period	—	—	144	2,139	2,283
As at 31 March 2023	339	1,150	(150)	15,764	17,103

	Share capital *HK$'000*	**Statutory reserve** *HK$'000*	**Foreign Currency translation reserve** *HK$'000*	**Retained earnings** *HK$'000*	**Total** *HK$'000*
As at 1 January 2022 (audited)	339	765	580	6,874	8,558
Profit for the period	—	—	—	1,526	1,526
Other comprehensive income	—	—	78	—	78
Total comprehensive income for the period	—	—	78	1,526	1,604
As at 31 March 2022 (unaudited)	339	765	658	8,400	10,162

STATEMENTS OF CASH FLOWS

	Year ended 31 December			Three months ended 31 March	
	2020	2021	2022	2022	2023
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax	2,848	2,220	8,363	1,716	2,452
Adjustments for:					
Bank interest income	(3)	(7)	(22)	(1)	(2)
Amortisation of intangible assets	—	—	116	30	29
Depreciation of property, plant and equipment	—	1	49	—	28
Loss on disposal of property, plant and equipment	—	—	2	—	—
Operating cash flows before movements in working capital	2,845	2,214	8,508	1,745	2,507
Change in trade receivables	(202)	(803)	835	312	(1,106)
Change in deposits and other receivables	(20)	(102)	(7,181)	(65)	(38)
Change in amounts due from related companies	(1,992)	(2,379)	(6,149)	(1,253)	(2,789)
Change in trade payables	(18)	—	1,310	1,225	153
Change in accruals and other payables	267	(60)	348	364	134
Change in contract liabilities	1	—	63	(2)	(60)
Cash generated from/(used in) operations	881	(1,130)	(2,266)	2,326	(1,199)
Tax paid	(221)	(307)	(29)	—	(51)
Net cash generated from/(used in) operating activities	660	(1,437)	(2,295)	2,326	(1,250)

	Year ended 31 December			Three months ended 31 March	
	2020	2021	2022	2022	2023
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
CASH FLOWS FROM INVESTING ACTIVITIES					
Bank interest received	3	7	22	1	2
Purchase of intangible assets	—	—	(1,161)	(1,210)	—
Purchase of property, plant and equipment	(4)	—	(575)	—	(69)
Prepayment for property, plant and equipment	—	—	(131)	—	—
Net cash (used in)/generated from investing activities	(1)	7	(1,845)	(1,209)	(67)
CASH FLOWS FROM FINANCING ACTIVITIES					
Advance from related companies	—	—	6,692	495	—
Proceeds from capital injection	112	—	—	—	—
Net cash generated from financing activities	112	—	6,692	495	—
Net increase/(decrease) in cash and cash equivalents	771	(1,430)	2,552	1,612	(1,317)
Cash and cash equivalents at the beginning of the Relevant Periods	1,207	2,070	625	625	3,140
Effect of foreign exchange rate changes, net	92	(15)	(37)	20	(26)
Cash and cash equivalents at the end of the Relevant Periods	2,070	625	3,140	2,257	1,797

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

Shenzhen China Brilliant Global Limited (the "**Acquisition Company**") was incorporated in the People's Republic of China (the "**PRC**") as a limited liability company on 9 May 2019 under the Company Law of the PRC. Its immediate holding company is Shenzhen Pengyuan Smart Technology Company Limited ("**Shenzhen Pengyuan**"), a limited liability company incorporated in the PRC and ultimately controlled by Mr. Zhang Chunhua ("**Mr. Zhang**"), the executive director, chairman and controlling shareholder of the China Brilliant Global Limited. All the English names of above companies are translations and for identification purposes only. The Acquisition Company's registered office and principal address of business operation are Room 201, Unit 1, Building 1, Pengyuan, No.18 Li Lang Road, Li Lang Community, Nanwan Street, Longgang District, Shenzhen. The principal activity of the Acquisition Company is the provision of property management services in the PRC.

2. BASIS OF PREPARATION OF HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information has been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). Further details of the significant accounting policies adopted are set out in note 4.

The Historical Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The accounting policies set out below have been applied consistently to all periods presented in the Historical Financial Information.

The stub period corresponding financial information (the "**Stub Period Corresponding Financial Information**") has been prepared in accordance with the same basis of preparation and presentation adopted in respect of the Historical Financial Information.

As at the date of this report, no statutory audited financial statements have been prepared for the Acquisition Company.

3. APPLICATION OF AMENDMENTS TO HKFRSs

For the purpose of preparing and presenting the Historical Financial Information for the Relevant Periods, the Acquisition Company has consistently applied the accounting policies which conform with HKFRSs, which are effective for the accounting period beginning on 1 January 2023 throughout the Relevant Periods.

New and amendments to HKFRSs in issue but not yet effective:

The Acquisition Company has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[1]
Amendments to HKAS 1	Non-current Liabilities with Covenants[1]
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements[1]

1 Effective for annual periods beginning on or after 1 January 2024.

2 Effective for annual periods beginning on or after a date to be determined.

The director of the Acquisition Company anticipate that the application of the new and amendments to HKFRSs will have no material impact on the Historical Financial Information in the foreseeable future.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Historical Financial Information has been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Acquisition Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 "Share-based Payment", leasing transactions that are accounted for in accordance with HKFRS 16 "Leases" and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 "Inventories" or value in use in HKAS 36 "Impairment of Assets".

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability

The principal accounting policies are set out below.

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes. Property, plant and equipment are stated in the statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after the property, plant and equipment have been put into operation, such as repair and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the property, plant and equipment, the expenditure is capitalised as an additional cost of that asset.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold improvements	20%
Office equipment	20%

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each Relevant Periods, with the effect of any changes in estimate being accounted for on a prospective basis.

Impairment on property, plant and equipment and intangible assets

At the end of the reporting period, the Acquisition Company reviews the carrying amounts of its property, plant and equipment and intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property, plant and equipment and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Acquisition Company estimates the recoverable amount of the cash-generating unit (the "**CGU**") to which the asset belongs.

The recoverable amount of property, plant and equipment and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Acquisition Company estimates the recoverable amount of the CGU to which the asset belongs.

In testing a CGU for impairment, corporate assets are allocated to the relevant CGU when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the CGU or group of CGUs to which the corporate asset belongs, and is compared with the carrying amount of the relevant CGU or group of CGUs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a CGU) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a CGU, the Acquisition Company compares the carrying amount of a group of CGUs, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of CGUs, with the recoverable amount of the group of CGUs. In allocating the impairment loss, the impairment loss is allocated to reduce the carrying amount of the assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of CGUs. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU or a group of CGUs) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a CGU or a group of CGUs) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the Relevant Periods following the determination that the asset is no longer credit-impaired.

Impairment of financial assets

The Acquisition Company performs impairment assessment under expected credit loss ("**ECL**") model on financial assets (including trade receivables, deposits and other receivables, amounts due from related companies and bank balances). The amount of ECL is updated at the end of each Relevant Periods to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast 12-month ECL ("**12m ECL**") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the end of the Relevant Periods. Assessment are done based on the Acquisition Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the end of the reporting period as well as the forecast of future conditions.

The Acquisition Company always recognise lifetime ECL for trade receivables without significant financing component.

For all other instruments, the Acquisition Company measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Acquisition Company recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Acquisition Company compares the risk of a default occurring on the financial instrument as at the end of the Relevant Periods with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Acquisition Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; or
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Acquisition Company presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Acquisition Company has reasonable and supportable information that demonstrates otherwise.

The Acquisition Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Acquisition Company considers that default has occurred when a financial asset is more than 90 days past due unless the Acquisition Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

Write-off policy

The Acquisition Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over three years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Acquisition Company's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is estimated the difference between all contractual cash flows that are due to the Acquisition Company in accordance with the contract and the cash flows that the Acquisition Company expects to receive, discounted at the effective interest rate determined at initial recognition.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Acquisition Company recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables where the corresponding adjustment is recognised through a loss allowance account.

Derecognition of financial assets

The Acquisition Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Acquisition Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Acquisition Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Acquisition Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Acquisition Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Acquisition Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities at amortised cost

Financial liabilities (including trade payables, accruals and other payables (exclude accrued staff expenses and other tax payables) and amounts due to related companies) are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

The Acquisition Company derecognises financial liabilities when, and only when, the Acquisition Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the profit or loss.

Cash and cash equivalents

Cash and cash equivalents presented on the statement of financial position include cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Provisions

Provisions are recognised when the Acquisition Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Acquisition Company will be required to settle the obligations, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the Relevant Periods, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Contingent liabilities and contingent assets

Contingent assets

Contingent assets arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the Acquisition Company and they are not recognised in the Historical Financial Information. The Acquisition Company assesses continually the development of contingent assets. If it has become virtually certain that an inflow of economic benefits will arise, the Acquisition Company recognises the asset and the related income in the Historical Financial Information in the Relevant Periods in which the change occurs.

Contingent liabilities

A contingent liability is a present obligation arising from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Where the Acquisition Company is jointly and severally liable for an obligation, the part of the obligation that is expected to be met by other parties is treated as a contingent liability and it is not recognised in the Historical Financial Information.

The Acquisition Company assesses continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognised in the Historical Financial Information in the Relevant Periods in which the change in probability occurs, except in the extremely rare circumstances where no reliable estimate can be made.

Revenue from contracts with customers

The Acquisition Company recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a service (or a bundle of services) that is distinct or a series of distinct services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Acquisition Company's performance as the Acquisition Company performs;
- the Acquisition Company's performance creates or enhances an asset that the customer controls as the Acquisition Company performs; or
- the Acquisition Company's performance does not create an asset with an alternative use to the Acquisition Company and the Acquisition Company has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct service.

A contract liability represents the Acquisition Company's obligation to transfer services to a customer for which the Acquisition Company has received consideration (or an amount of consideration is due) from the customer.

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

Output method

The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the services transferred to the customer to date relative to the remaining services promised under the contract, that best depict the Acquisition Company's performance in transferring control of services.

Revenue from property management services

Revenue from property management services is recognised in which the services are rendered as the customers simultaneously receives and consumes the benefits provided by the Acquisition Company's performance when the Acquisition Company performs. The Acquisition Company bills a fixed amount for services provided on a monthly basis and recognises as revenue in the amount to which the Acquisition Company has a right to invoice and that corresponds directly with the value of performance completed. Accordingly, revenue is recognised on a straight-line basis over the specified period, and the cost of services is recognised as incurred in connection with performing such services.

Revenue from value-added services

Revenue from value-added services is recognised over time when the services are rendered and the Acquisition Company's performance provides all of the benefits received and consumed simultaneously by the customer.

Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into, the Acquisition Company assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Acquisition Company as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Acquisition Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components, including contract for acquisition of ownership interests of a property which includes both leasehold land and non-lease building components, unless such allocation cannot be made reliably. The Acquisition Company also applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

Short-term leases

The Acquisition Company applies the short-term lease recognition exemption to leases of office that have a lease term of 12 months or less from the commencement date and do not contain a purchase option.

The Acquisition Company as a lessor

Classification and measurement of leases

Leases for which the Acquisition Company is a lessor are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term.

Rental income which are derived from the Acquisition Company's ordinary course of business are presented as revenue.

Sublease

When the Acquisition Company is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as operating lease by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

Employee benefits

Short term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as salaries and bonus) after deducting any amount already paid.

Retirement benefit obligations

Employees of the Acquisition Company are required to participate in the employee retirement scheme operated by the relevant local government bureau in the PRC. The contributions to be borne by the Acquisition Company is calculated at a certain percentage of the salaries and wages for those eligible employees.

Government grants

Government grants are not recognised until there is reasonable assurance that the Acquisition Company will comply with the conditions attaching to them and that the grants will be received.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Acquisition Company with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under "other income".

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the Relevant Periods. Taxable profit differs from 'profit before tax' as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Acquisition Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the Relevant Periods.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amounts of deferred tax assets is reviewed at the end of each Relevant Periods and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the Relevant Periods.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Acquisition Company expects, at the end of the Relevant Periods, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the Relevant Periods

Current and deferred tax are recognised in profit or loss.

Foreign currencies

In preparing the financial statements of the Acquisition Company, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the Relevant Periods, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

For the purposes of presenting the Historical Financial Information, the assets and liabilities of the Acquisition Company's operations are translated into the presentation currency of the Acquisition Company (i.e. HK$) using exchange rates prevailing at the end of each Relevant Periods. Income and expenses items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of foreign currency translation reserve.

Related parties

A party is considered to be related to the Acquisition Company if:

(a) A person, or a close member of that person's family, is related to the Acquisition Company if that person:

  (i) has control or joint control over the Acquisition Company;

  (ii) has significant influence over the Acquisition Company; or

  (iii) is a member of the key management personnel of the Acquisition Company or the Acquisition Company's parent.

(b) An entity is related to the Acquisition Company if any of the following conditions applies:

  (i) The entity and the Acquisition Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

  (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

  (iii) Both entities are joint ventures of the same third party.

  (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

  (v) The entity is a post-employment benefit plan for the benefit of employees of either the Acquisition Company or an entity related to the Acquisition Company.

  (vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a company of which it is a part, provides key management personnel services to the Acquisition Company or to the Acquisition Company's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Acquisition Company's accounting policies, which are described in note 4 to the Historical Financial Information, the director is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following is the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of Relevant Periods that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Provision of ECL for financial assets measured at amortised cost

Trade receivables and all other financial assets measured at amortised cost are assessed for ECL individually.

At the end of each Relevant Periods, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. The information about the ECL are disclosed in note 26.

6. REVENUE

	Year ended 31 December			Three months ended 31 March	
	2020	2021	2022	2022	2023
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Revenue from contract with customers with HKFRS 15					
Recognised over time					
Revenue from property management services	3,220	5,137	8,814	1,905	2,863
Revenue from value-added services	1,608	465	5,010	1,299	929
Revenue from contracts with customers	4,828	5,602	13,824	3,204	3,792
Revenue arising from leases					
For operating lease					
Lease payments that are fixed for carparking operation	508	1,389	1,313	315	309
Total revenue	5,336	6,991	15,137	3,519	4,101

Transaction allocated to the remaining performance obligation for contracts with customers

The Acquisition Company has applied the practical expedient in paragraph 121 of HKFRS 15 to its sales contract that the Acquisition Company does not disclose information about revenue that the Acquisition Company will be entitled to when it satisfies the remaining performance obligations under the sales contract that had an original expected duration of one year or less.

7. OTHER INCOME

	Year ended 31 December			Three months ended 31 March	
	2020	2021	2022	2022	2023
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Bank interest income	3	7	22	1	2
Government grants	—	44	134	—	—
Others	9	10	24	14	34
	12	61	180	15	36

During the Relevant Periods, the Acquisition Company recognised government grants in respect of subsidies provide by the PRC local government as a support. There were no unfulfilled conditions or contingencies relating to these government grants.

8. PROFIT BEFORE TAX

The Acquisition Company's profit before tax is arrived at after charging:

	Year ended 31 December			Three months ended 31 March	
	2020	**2021**	**2022**	**2022**	**2023**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Amortisation of intangible assets	—	—	116	30	29
Depreciation of property, plant and equipment	—	1	49	—	28
Expenses relating to short-term leases	—	—	1,878	—	—
Loss on disposal of property, plant and equipment	—	—	2	—	—
Employee benefits expense (including director's remuneration):					
— Wages, salaries, allowances and benefits	1,481	2,758	3,180	708	1,084
— Retirement benefits scheme contributions	39	168	183	34	67
	1,520	2,926	3,363	742	1,151
Total cash outflow for leases	—	—	1,878	—	—

9. INCOME TAX EXPENSES

	Year ended 31 December			Three months ended 31 March	
	2020	**2021**	**2022**	**2022**	**2023**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Current tax:					
PRC enterprise income tax — charge for the Relevant Periods	251	199	1,227	190	313

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for the Relevant Periods.

As the Acquisition Company qualified as Small Low-Profit Enterprises during the Relevant Periods, the portion of annual taxable income amount of a small low-profit enterprise which does not exceed RMB1 million shall be computed at a reduced rate of 25% as taxable income amount, and be subject to enterprise income tax at 20% tax rate; the portion of annual taxable income amount which exceeds RMB1 million but does not exceed RMB3 million shall be computed at a reduced rate of 50% as taxable income amount, and be subject to enterprise income tax at 20% tax rate.

The income tax expenses for the Relevant Periods can be reconciled to the profit per the statements of profit or loss and other comprehensive income as follows:

	Year ended 31 December			Three months ended 31 March	
	2020	**2021**	**2022**	**2022**	**2023**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Profit before tax	2,848	2,220	8,363	1,716	2,452
Tax at PRC EIT rate	712	555	2,091	429	613
Tax effect of:					
Expenses not deductible for tax purpose	55	147	6	—	7
Tax concession	(516)	(503)	(870)	(239)	(307)
Income tax expenses for the Relevant Periods	251	199	1,227	190	313

10. DIRECTOR'S EMOLUMENTS

The emoluments of the director, on a named basis for the Relevant Periods are set out below:

For the year ended 31 December 2020

	Fees	Salaries and other allowance	Retirement benefit scheme contribution	Discretionary bonus	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Zhang Zhaoyang	—	82	3	7	92

For the year ended 31 December 2021

	Fees	Salaries and other allowance	Retirement benefit scheme contribution	Discretionary bonus	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Zhang Zhaoyang	—	94	7	8	109

For the year ended 31 December 2022

	Fees	Salaries and other allowance	Retirement benefit scheme contribution	Discretionary Bonus	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Zhang Zhaoyang	—	111	8	9	128

For the three months ended 31 March 2022 (unaudited)

	Fees	Salaries and other allowance	Retirement benefit scheme contribution	Discretionary bonus	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Zhang Zhaoyang	—	25	2	—	27

For the three months ended 31 March 2023

	Fees	Salaries and other allowance	Retirement benefit scheme contribution	Discretionary bonus	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Zhang Zhaoyang	—	29	2	—	31

During the Relevant Periods, no emolument was paid by the Acquisition Company to the director of the Acquisition Company as an inducement to join or upon joining the Acquisition Company or as compensation for loss of office. None of the director of the Acquisition Company has waived any emoluments during the Relevant Periods.

11. DIVIDENDS

The director of the Acquisition Company does not recommend the payment of any dividend for the Relevant Periods.

On 30 July 2023, the Acquisition Company declared a dividend of RMB11,000,000 (equivalent to approximately HK$12,650,000) to its owner of the Acquisition Company. The dividend distribution is subject to the approval of the Acquisition Company's shareholder.

12. EARNINGS PER SHARE

Earnings per share information is not presented as its inclusion, for the purpose of this report, is not considered meaningful.

13. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvement *HK$'000*	Office equipment *HK$'000*	Total *HK$'000*
Cost			
As at 1 January 2020	—	—	—
Additions	—	4	4
As at 31 December 2020, 1 January 2021, 31 December 2021 and 1 January 2022	—	4	4
Additions	575	—	575
Disposal	—	(4)	(4)
Exchange realignment	(16)	—	(16)
As at 31 December 2022 and 1 January 2023	559	—	559
Additions	199	—	199
Exchange realignment	4	—	4
As at 31 March 2023	762	—	762
Accumulated losses			
As at 1 January 2020, 31 December 2020 and 1 January 2021	—	—	—
Charge for the year	—	1	1
As at 31 December 2021 and 1 January 2022	—	1	1
Charge for the year	48	1	49
Written back upon disposal	—	(2)	(2)
Exchange realignment	(1)	—	(1)
As at 31 December 2022 and 1 January 2023	47	—	47
Charge for the period	28	—	28
As at 31 March 2023	75	—	75
Carrying amounts			
As at 31 December 2020	—	4	4
As at 31 December 2021	—	3	3
As at 31 December 2022	512	—	512
As at 31 March 2023	687	—	687

14. INTANGIBLE ASSETS

	Software
	HK$'000
Cost	
As at 1 January 2020, 31 December 2020, 1 January 2021, 31 December 2021 and 1 January 2022	—
Additions	1,161
Exchange realignment	(33)
As at 31 December 2022 and 1 January 2023	1,128
Exchange realignment	13
As at 31 March 2023	1,141
Accumulated losses	
As at 1 January 2020, 31 December 2020, 1 January 2021, 31 December 2021 and 1 January 2022	—
Charge for the year	116
Exchange realignment	(3)
As at 31 December 2022 and 1 January 2023	113
Charge for the period	29
Exchange realignment	1
As at 31 March 2023	143
Carrying amounts	
As at 31 December 2022	1,015
As at 31 March 2023	998

15. TRADE RECEIVABLES

	As at 31 December			As at 31 March
	2020	2021	2022	2023
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade receivables arising from contracts with customers	218	1,050	199	1,320

As at 1 January 2020, trade receivables from contracts with customers (before allowance for credit losses) amounted to approximately HK$1,000.

Except for certain customers that the Acquisition Company granted a credit term up to 3 months, normally the Acquisition Company have not grant any credit terms to its customers.

Trade receivables are denominated in RMB for the Relevant Periods.

An aging analysis of the Acquisition Company, net of allowance for credit losses, based on earlier of the invoice date or revenue recognition date is as follows:

	As at 31 December			As at 31 March
	2020	2021	2022	2023
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
0–30 days	32	—	182	456
31–60 days	5	453	17	385
61–90 days	93	597	—	462
Over 90 days	88	—	—	17
	218	1,050	199	1,320

As at 31 December 2020, as at 31 December 2021, as at 31 December 2022 and as at 31 March 2023, included in the Acquisition Company's trade receivables balance (net of allowance for credit losses) are debtors with aggregate carrying amounts of approximately HK$88,000, nil, nil and HK$17,000 which are past due as at the Relevant Periods.

As at 31 December 2020, as at 31 December 2021, as at 31 December 2022 and as at 31 March 2023, included in the Acquisition Company's trade receivables balance (net of allowance for credit losses) are debtors with aggregate carrying amounts of approximately HK$65,000, nil, nil and nil respectively which are past due more than 90 days at the end of the Relevant Periods and are not considered as credit-impaired due to good track record of the debtors with the Acquisition Company. The Acquisition Company does not hold any collateral over these balances.

16. DEPOSITS, PREPAYMENT AND OTHER RECEIVABLES

	As at 31 December			As at 31 March
	2020	**2021**	**2022**	**2023**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Deposits paid	—	—	5,641	5,702
Amount due from a director	6	9	6	6
Prepayment for property, plant and equipment	—	—	128	—
Other receivables	15	117	1,127	1,180
	21	126	6,902	6,888
Less: non-current portion	—	—	(128)	—
	21	126	6,774	6,888

Deposits paid and other receivables are denominated in RMB for the Relevant Periods.

17. AMOUNTS DUE FROM RELATED COMPANIES

	As at 31 December			As at 31 March
	2020	2021	2022	2023
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
China Brilliant Supply Chain Service Co.,Ltd. *(note i)*	—	—	1,878	448
Huizhou China Brilliant Supply Chain Service Co., Ltd. *(note i)*	—	—	1,739	440
Wellside International Limited *(note i)*	—	—	398	503
Foshan China Brilliant Supply Chain Service Co., Ltd. *(note i)*	—	—	598	—
Shenzhen Pengyuan *(note ii)*	4,529	7,102	7,671	13,851
	4,529	7,102	12,284	15,242

Amounts due from related companies are denominated in RMB for the Relevant Periods.

Notes:

(i) Those related companies are companies ultimately controlled by Mr. Zhang. The amounts due are trade nature unsecured, interest- free and repayable within 3 days after the date of issuance of invoice.

(ii) Shenzhen Pengyuan is immediate holding company of the Acquisition Company. The amount due is non-trade nature, unsecured, interest-free and repayable on demand.

18. CASH AND CASH EQUIVALENTS

	As at 31 December			As at 31 March
	2020	2021	2022	2023
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Cash at bank and cash on hand	2,070	625	3,140	1,797

Bank balances earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

Cash and cash equivalents are denominated in RMB for the Relevant Periods.

RMB is not freely convertible into other currencies, however, under the PRC Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Acquisition Company is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

For the Relevant Periods, the Acquisition Company performed impairment assessment on bank balances and concluded that the probability of defaults of the counterparty banks are insignificant, no allowance for ECL is provided for the Acquisition Company.

19. TRADE PAYABLES

An aging analysis of the Acquisition Company is as follows:

	As at 31 December			As at 31 March
	2020	**2021**	**2022**	**2023**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
0–30 days	—	—	1,182	1,349
31–60 days	—	—	32	1
61–90 days	—	—	—	32
	—	—	1,214	1,382

Trade payables are denominated in RMB for the Relevant Periods.

The credit periods normally granted by suppliers up to 30 days.

20. ACCRUALS AND OTHER PAYABLES

	As at 31 December			As at 31 March
	2020	2021	2022	2023
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Other payables	205	124	274	256
Other tax payables	32	6	157	294
Accrued staff expenses	160	216	212	236
	397	346	643	786

Accruals and other payables are denominated in RMB for the Relevant Periods.

21. CONTRACT LIABILITIES

	As at 31 December			As at 31 March
	2020	2021	2022	2023
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Advance from customers	2	2	60	—

As at 1 January 2020, contract liabilities amounted to approximately HK$1,000.

Contract liabilities represented advance payments received from customers for valued-added services pursuant to the respective services before the services rendered to the customers.

The Acquisition Company classifies these contract liabilities as current because the Acquisition Company expects these balances to be settled in its normal operating cycle which is within 12 months after the end of the reporting period.

Contract liabilities are denominated in RMB for the Relevant Periods.

22. AMOUNTS DUE TO RELATED COMPANIES

	As at 31 December			As at 31 March
	2020	2021	2022	2023
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Shenzhen China Brilliant Investment Holdings Co., Ltd. *(note i)*	—	—	5,302	5,361
Shenzhen China Brilliant Intelligent Technology Co., Ltd. *(note i)*	—	—	902	912
	—	—	6,204	6,273

Amounts due to related companies are denominated in RMB for the Relevant Periods.

Note:

(i) Those related companies are companies ultimately controlled by Mr. Zhang. The amounts due are non-trade nature, unsecured, interest-free and repayable on demand.

23. PAID-UP CAPITAL

	As at 31 December			As at 31 March
	2020	2021	2022	2023
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At the beginning of Relevant Periods	227	339	339	339
Capital injection	112	—	—	—
At the end of Relevant Periods	339	339	339	339

24. RELATED PARTY TRANSACTIONS

In addition to the related party transactions and balances disclosed elsewhere in these Historical Financial Information, the Acquisition Company had the following transactions with a related company at the end of the reporting period:

	Year ended 31 December			Three months ended 31 March	
	2020	**2021**	**2022**	**2022**	**2023**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Revenue from property management services derived from:					
China Brilliant Supply Chain Service Co., Ltd.	—	1,527	1,432	373	417
Huizhou China Brilliant Supply Chain Service Co., Ltd.	—	—	62	—	16
Huizhou China Brilliant Properties Co., Ltd.	—	—	3,496	663	1,172
Revenue from valued-added services derived from:					
China Brilliant Supply Chain Service Co., Ltd.	—	42	1,876	480	426
Huizhou China Brilliant Supply Chain Service Co., Ltd.	—	—	1,713	440	393
Shenzhen China Brilliant Logistics Co., Ltd.	22	—	14	14	—
Huizhou China Brilliant Properties Co., Ltd.	—	—	1	—	—
Wellside International limited	—	—	409	107	102
Foshan China Brilliant Supply Chain Service Co., Ltd.	—	—	584	151	—
Lease payments that are fixed for carparking operation derived from:					
Shenzhen China Brilliant Micro Loan Co., Ltd.	—	24	12	7	—
China Brilliant Supply China Service Co., Ltd	—	183	241	65	—
Expenses related to short-term leases paid/payable to Shenzhen China Brilliant Investment Holdings Co., Ltd.	—	—	1,878	—	—
Other administrative expenses paid/payable to China Brilliant Supply Chain Service Co.,Ltd.	—	—	—	—	27

During the Relevant Periods, Shenzhen Pengyuan provided carpark to the Acquisition Company for carparking operation of which no charge was made by Shenzhen Pengyuan.

25. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

Financial assets

	As at 31 December			As at 31 March
	2020	**2021**	**2022**	**2023**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Amortised cost:				
Trade receivables	218	1,050	199	1,320
Deposits and other receivables	21	126	6,774	6,888
Amounts due from related companies	4,529	7,102	12,284	15,242
Cash and cash equivalents	2,070	625	3,140	1,797
	6,838	8,903	22,397	25,247

Financial liabilities

	As at 31 December			As at 31 March
	2020	**2021**	**2022**	**2023**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Amortised cost:				
Trade payables	—	—	1,214	1,382
Other payables	205	124	274	256
Amounts due to related companies	—	—	6,204	6,273
	205	124	7,692	7,911

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The major financial instruments of the Acquisition Company included trade receivables, deposits and other receivables, amounts due from related companies, cash and cash equivalents, trade payables, accruals and other payables (exclude accrued staff expenses and other tax payables) and amounts due to related companies. Details of the financial instruments for the Acquisition Company are disclosed in respective notes to the Historical Financial Information.

The principal risk management objective of the Acquisition Company is to manage the risks associated to the unpredictability of financial markets in a prudent manner. They are measured by degree of such risks and their effects to the financial performance and financial positions of the Acquisition Company.

It is, and has been, throughout the year under review, the Acquisition Company's policy that no trading in financial instruments shall be undertaken. The management seeks to minimise the adverse effects of such risks to the Acquisition Company by closely monitoring individual exposure.

The main risks arising from the financial instruments are credit risk and impairment assessment, liquidity risk, interest rate risk and foreign currency risk. The management reviews and agrees policies for managing each of these risks and they are summarised below. No changes were made in the risk management objectives, policies, processes and the methods used to measure the risks during each of the Relevant Periods.

(a) Credit risk and impairment assessment

The Acquisition Company's credit risk is primarily attributable to financial assets at amortised cost (including trade receivables, deposits and other receivables, amounts due from related companies and bank balances) as at the Relevant Periods.

As at the Relevant Periods, the maximum exposure to credit risk of the Acquisition Company which will cause a financial loss to the Acquisition Company due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the statement of financial position.

In order to minimise the credit risk, the director has delegated a team responsible for determination of credit limits and credit approvals. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts.

The Acquisition Company's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables	Other financial assets
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL — (not credit-impaired)	12m ECL
Watch list	Debtor frequently repays after due dates but usually settle in full	Lifetime ECL — (not credit-impaired)	12m ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL — (not credit-impaired)	Lifetime ECL — (not credit-impaired)
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL — (credit-impaired)	Lifetime ECL — (credit-impaired)
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

The Acquisition Company deposited bank balances with approved and reputable banks. Bankruptcy or insolvency of banks may cause the Acquisition Company's right with respect to bank balances held to be delayed or limited. The director monitors the credit rating of these banks on an ongoing basis, and considered that the Acquisition Company's exposure to credit risk as at the Relevant Periods were minimal.

The Acquisition Company is exposed to concentration of credit risk as at the Relevant Periods on trade receivables from the Acquisition Company's top trade debtor and top five trade debtors approximately to 80% and 100% as at 31 December 2020, 100% and 100% as at 31 December 2021, 91% and 100% as at 31 December 2022 and 64% and 100% as at 31 March 2023 of the Acquisition Company's trade receivables respectively.

The Acquisition Company performs impairment assessment under ECL model on trade receivables by using individual basis as appropriate. In this regard, the director considers that the Acquisition Company's credit risk is significantly reduced. Based on ECL assessment, the credit exposures for trade receivables are considered as performing under the Acquisition Company's current credit risk grading framework because the counterparties have a low risk of defaults and does not have material past due amounts and no impairment loss was recognised during the Relevant Periods.

For deposits, other receivables and amounts due from related companies, the management makes periodic individual assessment on the recoverability of deposits and other receivables based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information.

Based on ECL assessment, the credit exposures for refundable deposits, other receivables and amounts due from related companies are considered as performing under the Acquisition Company's current credit risk grading framework because the counterparties have a low risk of default and does not have material past-due amounts. During the Relevant Periods, no impairment loss was recognised.

(b) Liquidity risk

Liquidity risk is the risk of non-availability of funds to meet all contractual financial commitments as they fall due. The objective of the Acquisition Company is to apply prudent treasury policy to monitor liquidity ratios against risk limits with a contingency plan for funding, to ensure the Acquisition Company has sufficient funding for operation needs. The management manages liquidity risk by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The maturity profile of the Acquisition Company's financial liabilities at the end of the Relevant Periods based on the contractual undiscounted payments is as follows:

		As at 31 December 2020				
	Effective interest rate	**On demand or within 1 year**	**Within 2–5 years**	**Over 5 years**	**Total undiscounted cash flows**	**Total carrying amount**
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Non-derivative financial liabilities						
Other payables	—	205	—	—	205	205

As at 31 December 2021

	Effective interest rate	On demand or within 1 year	Within 2–5 years	Over 5 years	Total undiscounted cash flows	Total carrying amount
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Non-derivative financial liabilities						
Other payables	—	124	—	—	124	124

As at 31 December 2022

	Effective interest rate	On demand or within 1 year	Within 2–5 years	Over 5 years	Total undiscounted cash flows	Total carrying amount
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Non-derivative financial liabilities						
Trade payables	—	1,214	—	—	1,214	1,214
Other payables	—	274	—	—	274	274
Amounts due to related companies	—	6,204	—	—	6,204	6,204
Total		7,692	—	—	7,692	7,692

As at 31 March 2023

	Effective interest rate	On demand or within 1 year	Within 2–5 years	Over 5 years	Total undiscounted cash flows	Total carrying amount
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Non-derivative financial liabilities						
Trade payables	—	1,382	—	—	1,382	1,382
Other payables	—	256	—	—	256	256
Amounts due to related companies	—	6,273	—	—	6,273	6,273
Total		7,911	—	—	7,911	7,911

(c) Interest rate risk

The Acquisition Company is exposed to cash flow interest rate risk in relation to variable-rate bank balances. The Acquisition Company cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on bank balances The Acquisition Company manages its interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook.

Bank balances are excluded from sensitivity analysis as the management considers that the exposure of cash flow interest rate arising from variable-rate bank balances is insignificant. The Acquisition Company has no significant exposure to interest rate fluctuations.

(d) Foreign currency risk

The Acquisition Company operates in the PRC and all transactions are denominated in RMB. The Acquisition Company has minimal exposure to foreign exchange risk as all of its business transactions, assets and liabilities are principally denominated in the functional currencies of the Acquisition Company. The Acquisition Company manages its foreign exchange risk by closely monitoring the movement of the foreign currency rates and also by way of forward contracts when necessary.

The Acquisition Company has no significant exposure to foreign exchange rate fluctuations.

27. CAPITAL MANAGEMENT

The primary objectives of capital management are to safeguard the Acquisition Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the management may make adjustments on the dividend policy or capital structure policy in light of changes in conditions and the risk characteristics of the underlying assets. No changes were made in the objectives, policies or processes for managing capital during each of the Relevant Periods.

The Acquisition Company is not subject to any externally imposed capital requirements.

Gearing ratio

The director reviews the capital structure regularly. As part of this review, the director considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the director, the Acquisition Company will balance its overall capital structure through payment of dividends, issue of new share and redemption of existing shares as well as the issue of new debt or the redemption of existing debts.

The gearing ratio at the end of the Relevant Periods was as follows:

	As at 31 December			As at 31 March
	2020	**2021**	**2022**	**2023**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Total debts *(note i)*	—	—	6,204	6,273
Less: Cash and cash equivalents	(2,070)	(625)	(3,140)	(1,797)
Net (cash)/debt	(2,070)	(625)	3,064	4,476
Equity attributable to owner of the Acquisition Company	6,335	8,558	14,820	17,103
Total debts to equity ratio	N/A	N/A	42%	37%

Notes:

(i) Debts comprises amounts due to related companies as detailed in note 22.

(ii) Equity attributable to owner of the Acquisition Company includes paid-up capital and reserves.

28. RETIREMENT BENEFITS SCHEME

The employees of the Acquisition Company in the PRC are members of a state-managed retirement benefit scheme operated by the government of the PRC. The Acquisition Company is required to contribute certain percentage of its payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Acquisition Company with respect to the retirement benefit scheme is to make the specified contribution.

There was no forfeiture of retirement benefits scheme contributions for the Relevant Periods.

The contributions arising from the above retirement benefits scheme are charged to profit or loss.

29. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Acquisition Company's liability arising from financing activity, including both cash and non-cash changes. Liability arising from financing activity is those for which cash flows were, or future cash flows will be, classified in the Acquisition Company's statement of cash flows as cash flows from financing activity.

	Amounts due to related companies
	HK$'000
As at 1 January 2020, 31 December 2020, 1 January 2021, 31 December 2021 and 1 January 2022	—
Non-cash changes:	
Exchange realignment	(488)
Cash flows:	
Inflow from financing activity	6,692
As at 31 December 2022 and 1 January 2023	6,204
Non-cash changes:	
Exchange realignment	69
As at 31 March 2023	6,273

30. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Acquisition Company have been prepared in respect of any period subsequent to 31 March 2023.

Set out below is the management discussion and analysis on the Acquisition Company for the three years ended 31 December 2020, 2021 and 2022 and for the three months ended 31 March 2022 and 2023, which is prepared based on the financial information of the Acquisition Company as set out in Appendix II to this circular.

Management Discussion and Analysis

Overview

Shenzhen China Brilliant Property Services Company Limited ("**Acquisition Company**") engages in the provision of property management services that spans across different cities and regions of the PRC, with a total of 22 property management projects, involving large-scale industrial warehouses, residential quarters, industrial parks, commercial plazas, and other types of properties and IoT technology application platforms.

Results

	Year ended 31 December			Three months ended 31 March	
	2020	**2021**	**2022**	**2022**	**2023**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Revenue	**5,336**	**6,991**	**15,137**	**3,519**	**4,101**
Cost of services provided	(188)	(545)	(994)	(655)	(316)
Gross profit	**5,148**	**6,446**	**14,143**	**2,864**	**3,785**
Profit before tax	**2,848**	**2,220**	**8,363**	**1,716**	**2,452**

Revenue

Acquisition Company engages in the provision of property management services mainly including, property management fee income, parking fee income, value-added income, and service fee income.

The revenue for the year ended 31 December 2021 amounted to approximately HK$6,991,000, representing an increase of approximately 31.0% from approximately HK$5,336,000 for the year ended 31 December 2020 and the revenue for the year ended 31 December 2022 amounted to approximately HK$15,137,000, representing an increase of approximately 116.5% compare with the year ended 31 December 2021.

The above increases were mainly due to increase in (i) property management fee income from approximately HK$3,220,000 for the year ended 31 December 2020 to HK$5,137,000 for the year ended 31 December 2021, representing an increase of approximately 59.5%, and the same for the year ended 31 December 2022 amounted to approximately HK$8,814,000, representing an increase of approximately 71.6% compare with the year ended 31 December 2021; (ii) value-added services income from the new nature of Artificial Intelligence and Internet of Things ("**AIoT**") and decoration income amounting to HK$4,130,000 and HK$615,000, respectively, for the year ended 31 December 2022.

The revenue for three months ended 31 March 2023 amounted to approximately HK$4,101,000, representing an increase of approximately 16.5% from approximately HK$3,519,000 for the three months ended 31 March 2022. The increase is due to increase of property management services income increase from approximately HK$1,905,000 for the three months ended 31 March 2022 to approximately HK$2,863,000 for the three months ended 31 March 2023 net off with decrease of valued-added services from approximately HK$1,299,000 for the three months ended 31 March 2022 to approximately HK$929,000 for the three months ended 31 March 2023.

Cost of services provided and gross profit margin

Cost of services provided of the Acquisition Company increased from approximately HK$188,000 for the year ended 31 December 2020 to approximately HK$545,000, for the year ended 31 December 2021, representing an increase of approximately 1.90 times. The reason of increase is that cleaning fee is approximately HK$350,000 for the year ended 31 December 2021. And such cost of services provided for the year ended 31 December 2022 amounted to approximately HK$994,000, including the IoT amortized cost in amounting to HK$100,000, representing an increase of approximately 82.4% compare with the year ended 31 December 2021, which were in line with the increase in revenue for both years.

The decrease of gross profit margin was mainly due to an increase in cleaning fee and repair and maintenance fee, the overall gross profit margin decreased from approximately 96.5% for the year ended 31 December 2020 to 92.2% for the year ended 31 December 2021. However, the increase of gross profit margin was mainly due to an increase in value-added services, which had a higher gross profit margin, the overall gross profit margin increased approximately to 93.4% for the year ended 31 December 2022.

Administrative expenses

Administrative expenses experienced an increase of approximately HK$1,975,000 from approximately HK$2,312,000 for the year ended 31 December 2020 to approximately HK$4,287,000 for the year ended 31 December 2021 which was mainly due to an increase in staff cost in amounting to HK$1,278,000 for the year ended 31 December 2021. And such administrative expenses experienced an increase of approximately HK$1,673,000 from approximately HK$4,287,000 for the year ended 31 December 2021 to approximately HK$5,960,000 for the year ended 31 December 2022 which was mainly due to an increase in expenses relating to short-term leases in amounting HK$1,878,000 for the year ended 31 December 2022.

Income tax expenses

Income tax expenses increase significantly for the year ended 31 December 2022 amounted to approximately HK$1,227,000, representing an increase of approximately 5.2 times from approximately HK$199,000 for the year ended 31 December 2021. The reason is the increase in profit before tax 2.8 times and the tax concession had met the cap of the Policy on Inclusive Tax Reliefs for qualified Small Low-Profit Enterprises for the year ended 31 December 2022.

Earnings

The Acquisition Company recorded a net profit of approximately HK$7,136,000 for the year ended 31 December 2022, compared to a profit of approximately HK$2,021,000 for the year ended 31 December 2021. The increase in profit for the year mainly due to increase in revenue and gross profit. The Acquisition Company recorded a net profit of approximately HK$2,021,000 for the year ended 31 December 2021, compared to a profit of approximately HK$2,597,000 for the year ended 31 December 2020. The decrease in profit for the year mainly due to increase in revenue and gross profit net off with the increase in administrative expenses.

Liquidity and financial resources

The Acquisition Company had net current assets of approximately HK$6,331,000, HK$8,555,000, HK$13,165,000 and HK$15,418,000 as at 31 December 2020, 2021, 2022 and 31 March 2023 respectively. The net assets of the Acquisition Company were approximately

HK$6,335,000, HK$8,558,000, HK$14,820,000 and HK$17,103,000 as at 31 December 2020, 2021, 2022 and 31 March 2023 respectively. During the years ended 31 December 2020, 2021, 2022 and three months ended 31 March 2023, the Acquisition Company funded its working capital and capital expenditures mainly through the operating activities as per "statement of cash flows" of the accountants' report of the Acquisition Company in Appendix II. The operating cash flows before movements in working capital during the years ended 31 December 2020, 2021, 2022 and three months ended 31 March 2023 are approximately HK$2,845,000, HK$2,214,000, HK$8,508,000 and HK$2,507,000 respectively. Also, since the cashflow of the Acquisition Company was very stable, there was net outflow of cash to fund the related companies, resulting in net cash used in the operating activities being negative during the years ended 31 December 2021 and 2022 and three months ended 31 March 2023.

As at 31 December 2020, 2021, 2022 and 31 March 2023, the cash and cash equivalents of the Acquisition Company were approximately HK$2,070,000, HK$625,000, HK$3,140,000 and HK$1,797,000 respectively. The cash and cash equivalents of the Acquisition Company were denominated in RMB.

Employees

The Acquisition Company had 16, 19, 27 and 26 employees as at 31 December 2020, 2021, 2022 and 31 March 2023 respectively. The Acquisition Company recruited, employed, promoted and remunerated its employees based on their qualifications, experiences, skills, performances and contributions. The remuneration was also determined with reference to, among others, the market trend. The Acquisition Company had implemented various programs for staff training and development.

Foreign currency exposure

During the years ended 31 December 2020, 2021, 2022 and three months ended 31 March 2023, the income and operating costs of the Acquisition Company were mainly denominated in RMB. The Acquisition Company did not have a foreign currency hedging policy. The management will closely monitor foreign exchange exposure and will consider hedging significant currency risk should need arise.

Charges of assets

As at 31 December 2020, 2021, 2022 and 31 March 2023, the Acquisition Company had no charge of assets.

Contingent liabilities

As at 31 December 2020, 2021, 2022 and 31 March 2023, the Acquisition Company had no material contingent liabilities.

Significant investments

As at 31 December 2020, 2021, 2022 and 31 March 2023, the Acquisition Company had no significant investments.

Material acquisitions and disposals

During the years ended 31 December 2020, 2021, 2022 and three months ended 31 March 2023, the Acquisition Company had no material acquisitions and disposals.

Gearing ratio

As at 31 December 2022 and 31 March 2023, the gearing ratio of the Acquisition Company were approximately 42% and 37% respectively. As at 31 December 2021 and 2022, the Acquisition Company had no debts and therefore, its gearing ratio was 0%, measured on the basis of total borrowings divided by total equity.

Future plan for material investments or capital assets

As at 31 December 2020, 2021, 2022 and 31 March 2023, the Acquisition Company had no future plans for material investments or capital assets.

The information set forth in this appendix does not form part of the accountants' report received from Elite Partners CPA Limited, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, as set forth in Appendix II to this circular, and is included herein for illustrative purposes only.

The Unaudited Pro Forma Financial Information should be read in conjunction with the financial information of the Group set forth in Appendix I and the accountants' report set forth in Appendix II to this circular.

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The following is a summary of the illustrative unaudited pro forma consolidated statement of assets and liabilities as at 31 March 2023 of China Brilliant Global Limited (the "**Company**") and its subsidiaries (together referred to as the "**Group**") including Shenzhen China Brilliant Property Services Company Limited (the "**Acquisition Company**") and excluding Brilliant Holdings Limited (the "**Disposal Company**") and its subsidiaries (together referred to as the "**Disposal Group**") upon the completion of the proposed acquisition (the "**Acquisition**") and the proposed disposal (the "**Disposal**") (hereinafter referred to as the "**Enlarged Group**") (the "**Unaudited Pro Forma Financial Information**") which has been prepared on the basis of the notes set out below for the purpose of illustrating the effect of the Acquisition and the Disposal as if the Acquisition and the Disposal had been completed on 31 March 2023 for the unaudited pro forma consolidated statement of assets and liabilities.

The Unaudited Pro Forma Financial Information is based on (i) the consolidated statement of financial position of the Group as at 31 March 2023, which has been extracted from the published annual report for the year ended 31 March 2023; (ii) the audited statement of assets and liabilities of the Acquisition Company as at 31 March 2023, which has been extracted from the accountants' report of the Acquisition Company as set out in Appendix II to this circular, and (iii) the statement of assets and liabilities of the Disposal Group as at 31 March 2023, which has been extracted from unaudited consolidated financial statements as at 31 March 2023, after making pro forma adjustments as summarised in the accompanying notes that are directly attributable to the Acquisition and the Disposal factually supportable as if the Acquisition and the Disposal had been undertaken as at 31 March 2023.

The Unaudited Pro Forma Financial Information has been prepared by the directors of the Company in accordance with paragraph 7.31 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the "**GEM Listing Rules**") for illustrative purposes only and is based on a number of assumptions, estimates, uncertainties. Because of its hypothetical nature, the Unaudited Pro Forma Financial Information may not give a true picture of the assets and liabilities of the Enlarged Group had the Acquisition and the Disposal been completed as of the specified dates or any future dates.

The Unaudited Pro Forma Financial Information had been prepared using the accounting policies consistent with those of the Group as set out in the published annual report of the Group for the year ended 31 March 2023.

The Unaudited Pro Forma Financial Information should be read in conjunction with the consolidated financial statements of the Group as set out in the published annual report of the Company for the year ended 31 March 2023 and other financial information included elsewhere in this circular.

Unaudited Pro Forma Consolidated Statement of Assets and Liabilities of the Enlarged Group

	The Group as at 31 March 2023	The Acquisition Company as at 31 March 2023	Sub-total	Pro forma adjustments	Notes	Unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*Notes*	*HK$'000*
	(Note 1)	*(Note 2)*				
Non-current assets						
Property, plant and equipment	808	687	1,495	(553)	*3*	942
Right-of-use assets	999	—	999			999
Intangible assets	12,397	998	13,395	(12,397)	*3*	998
Prepayment	211	—	211	(211)	*3*	—
Financial assets at fair value through profit or loss	—	—	—	403,958	*4*	403,958
	14,415	1,685	16,100			406,897
Current assets						
Inventories	16,816	—	16,816			16,816
Trade receivables	4,239	1,320	5,559			5,559
Loan receivables	71,898	—	71,898	(49,200)	*3*	22,698
Prepayment, deposits and other receivables	11,694	6,888	18,582	(5,655)	*3*	12,927
Amount due from an associate	4,583	—	4,583			4,583
Prepaid tax	30	—	30			30
Amounts due from related companies	—	15,242	15,242	(12,650)	*11*	2,592
Amount due from the Disposal Group				59,549	*8*	
	—	—	—	(1,315)	*9*	58,234
Cash and cash equivalents	45,089	1,797	46,886	(39,214)	*3*	
				19,600	*6*	
				(2,400)	*10*	24,872
	154,349	25,247	179,596			148,311

	The Group as at 31 March 2023	The Acquisition Company as at 31 March 2023	Sub-total	Pro forma adjustments		Unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*Notes*	*HK$'000*
	(Note 1)	*(Note 2)*				
Current liabilities						
Trade payables	4	1,382	1,386			1,386
Other payables and accruals	10,216	786	11,002	(4,239)	*3*	
				(4,285)	*5*	2,478
Contract liabilities	18,700	—	18,700	(75)	*3*	18,625
Deposits from customers	31,539	—	31,539	(31,539)	*3*	—
Lease liabilities	1,032	—	1,032			1,032
Amounts due to related companies	—	6,273	6,273			6,273
Tax payables	—	1,388	1,388			1,388
Loan from a director				19,600	*6*	
	—	—	—	(1,725)	*7*	17,875
Amount due to the Disposal Group	—	—	—	16	*8*	16
	61,491	9,829	71,320			49,073
Net current assets	92,858	15,418	108,276			99,238
Total assets less current liabilities	107,273	17,103	124,376			506,135
Non-current liabilities						
Lease liabilities	65	—	65			65
Promissory note	58,149	—	58,149	(58,149)	*5*	—
	58,214	—	58,214			65
Net assets	49,059	17,103	66,162			506,070

Notes to the Unaudited Pro Forma Financial Information of the Enlarged Group

1. The balances of the Group were extracted from the audited consolidated statement of financial position of the Group as at 31 March 2023 which formed part of the audited annual financial information of the Group for the year ended 31 March 2023, as set out in the Company's published annual report for the year ended 31 March 2023.

2. The amounts are extracted from the accountants' report on the Acquisition Company as set out in Appendix II in this circular.

3. The exclusion of assets and liabilities of the Disposal Group as if the Disposal had taken place on 31 March 2023 for the unaudited pro forma consolidated statement of assets and liabilities.

4. On 2 June 2023, CBG Financial Services Group Limited (the "**Vendor**"), a wholly-owned subsidiary of the Company, and Mr. Zhang Chunhua ("**Mr. Zhang**"), entered into a disposal agreement (the "**Disposal Agreement**") pursuant to which the Vendor has conditionally agreed to dispose and Mr. Zhang has conditionally agreed to acquire 18.9% of the equity interest in the Disposal Company at the cash consideration of approximately HK$184,900,000. The consideration will be settled by way of set-off against (i) the consideration of the Acquisition of the Acquisition Company of approximately RMB87,700,000 (equivalent to HK$100,855,000); (ii) the unsecured promissory note issued to Mr. Zhang with the outstanding principal amounts of US$10,000,000 (equivalent to HK$78,000,000) (the "**Promissory Note**") and relevant interest payables due by the Company; and (iii) the remaining balances of the cash consideration will be set-off against loan from Mr. Zhang which advanced by Mr. Zhang on 17 May 2023.

   Upon completion of the Disposal, the Disposal Group's ownership interests attributable to the Group will be decreased from 66.7% to 47.8%. Upon completion, the board of directors of the Disposal Company will be increased from 3 directors to 6 directors and 1 out of 6 directors of the Disposal Company will be appointed by the Company.

   Upon completion of the Disposal, the Disposal Group is not regarded as associates of the Enlarged Group because after the change of board composition, the Group has less than one-fifth of the voting power of the Disposal Company under arrangement with other shareholders and the Group has no right to appoint more than one sixth in the Disposal Company.

The initial measurement of the estimated fair value with the amounts of approximately HK$403,958,000 of equity interest in the Disposal Group which classified as financial assets at fair value through profit or loss. These fair values have been arrived on the basis of valuation carried out on 12 September 2023 by International Valuation Limited, an independent qualified professional valuer as if the Disposal had been completed on 31 March 2023.

For the purpose of the Unaudited Pro Forma Financial Information, the assumed fair value of the equity interest in the Disposal Group is estimated to be approximately HK$403,958,000 which has been arrived by using the discounting the estimated contractual cash flows at pre-tax discount rate of 15%, discount for lack of control of 18.5% and discount for lack of marketability of 20.5%. On the date of completion of the Disposal, the fair value of the equity interest in the Disposal Group will be reassessed and is therefore subject to change.

5. The pro forma adjustment represents settlement of the consideration of the Disposal by way of set-off against the Promissory Note and relevant interest payables due by the Company as if the Disposal had been completed on 31 March 2023. The Promissory Note is classified as financial liabilities at fair value through profit or loss upon its initial recognition and subsequently measured at fair value. The fair value of the Promissory Note of approximately HK$58,149,000 as at 31 March 2023 have been arrived by reference to the valuation performed by International Valuation Limited, an independent qualified external valuer, taking into account yield of maturity rate of 21.73% for the future value of the Promissory Note, i.e. the principal amount of HK$78,000,000.

6. On 17 May 2023, the Company advanced a loan from Mr. Zhang with the amounts of approximately HK$19,600,000. The loan is unsecured, interest-bearing at 2.5% per annum and repayable on demand. The pro forma adjustment represents the loan advanced from Mr. Zhang, assuming loan from Mr. Zhang had been completed on 31 March 2023.

7. The pro forma adjustment represents settlement of the consideration of the Disposal by way of partially set-off against loan from Mr. Zhang with the amounts of approximately HK$1,725,000, assuming the loan from Mr. Zhang and the Disposal had been completed on 31 March 2023.

8. The pro forma adjustment represents the reinstatement of intra-group balances between the Group excluding the Disposal Group upon completion of the Disposal, which were eliminated when preparing the consolidated financial statements of the Group as at 31 March 2023.

9. The pro forma adjustment represents recognition of impairment loss on expected credit loss ("**ECL**") in respect of amount due from the Disposal Group upon reinstatement of intra-group balances between the Group excluding the Disposal Group as if the Disposal had been completed as at 31 March 2023. The ECL had been recognised based on 12-month ECL.

10. The adjustment represents estimated professional fee and other transaction costs of approximately HK$2,400,000 paid by the Group in connection with the Acquisition and the Disposal. This adjustment does not have continuing effect on the Enlarged Group.

11. On 30 July 2023, the Acquisition Company declared a dividend of RMB11,000,000 (equivalent to approximately HK$12,650,000) to its owner of the Acquisition Company, all of which will be settled by offsetting with the amount due from Shenzhen Pengyuan Smart Technology Company Limited as part of conditions precedent to the Acquisition.

12. The Company and the Acquisition Company are under the common control of Mr. Zhang (the "**Controlling Shareholder**") before and after the Acquisition and the control is not transitory. There has been a continuation of risks and benefits to the Controlling Shareholder that exists prior to the Acquisition. Consequently, the Acquisition is considered to be a business combination involving entities under common control. The directors of the Company elect to account for the Acquisition in the Company's annual financial statements for the year ending 31 March 2024 using the merger accounting principle in accordance with Accounting Guideline 5 *Merger Accounting for Common Control Combinations* issued by the Hong Kong Institute of Certified Public Accountants. As a result, the assets and liabilities of the Acquisition Company will be recorded using the existing book values in the Acquisition Company's financial statements and will not be revaluated to their respective fair values. Furthermore, no goodwill will arise from the Acquisition.

13. The actual carrying amounts of the assets and liabilities of the Acquisition Company and the Disposal Group, the actual carrying amounts of promissory note and relevant interest payables and the actual carrying amounts of loan from a director and relevant interest payables are subject to change on the date of completion of the Acquisition and the Disposal. Accordingly, the actual assets and liabilities of the Enlarged Group are likely to be different from those illustrated in the Unaudited Pro Forma Financial Information of the Enlarged Group above.

14. No adjustment has been made to reflect any trading results or other transactions of the Group, the Acquisition Company and the Disposal Group entered into subsequent to 31 March 2023.

The following is the text of a report received from the reporting accountants of the Company, Elite Partners CPA Limited, Certified Public Accountants, Hong Kong, in respect of the Group's unaudited pro forma financial information for the purpose of incorporation in this Circular.

elite partners
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

TO THE BOARD OF DIRECTORS OF CHINA BRILLIANT GLOBAL LIMITED

We have completed our assurance engagement to report on the compilation of pro forma financial information of China Brilliant Global Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") by the directors of the Company (the "**Directors**") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of assets and liabilities as at 31 March 2023 and related notes as set out in Appendix IV to the circular dated Circular Date (the "**Circular**") issued by the Company. The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described in Appendix IV to the Circular.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed acquisition of 100% equity interests in Shenzhen China Brilliant Property Services Company Limited (the "**Acquisition Company**") (the "**Acquisition**") and the proposed disposal of 18.9% equity interest in Brilliant Holdings Limited (the "**Disposal Company**") and its subsidiaries (together referred to as the "**Disposal Group**") (the "**Disposal**") on the Group's assets and liabilities as at 31 March 2023 as if the Acquisition and the Disposal had taken place as at 31 March 2023. As part of this process, information about the Group's assets and liabilities as at 31 March 2023 has been extracted by the Directors from the consolidated financial statements of the Company for the year ended 31 March 2023, on which an audit report has been published.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 7.31 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the "**GEM Listing Rules**") and with reference to

Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("**AG 7**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

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 HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The 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" issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 7.31(7) of the GEM Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements ("**HKSAE**") 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the pro forma financial information in accordance with paragraph 7.31 of the GEM Listing Rules, and with reference to AG 7 issued by the HKICPA.

For purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on the unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions as at 31 March 2023 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

— the related pro forma adjustments give appropriate effect to those criteria; and

— the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the unaudited pro forma financial information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 7.31(1) of the GEM Listing Rules.

Yours faithfully,
Elite Partners CPA Limited
Certified Public Accountants

Hong Kong, 12 September 2023

1. RESPONSIBILITY STATEMENT

This circular, 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 circular 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 circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Director

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO); or which were required pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein; or which were required pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Long position in the ordinary shares of the Company

Name of Director	*Note*	Capacity/nature	No. of Shares or underlying shares held	% of shareholding in the Company's issued share capital
Mr. Zhang Chunhua	*(1)*	Interest in a controlled corporation	834,851,294	57.29%
Mr. Zhang Chunhua		Beneficial owner	57,098,000	3.92%
Ms. Chung Elizabeth Ching Yee		Beneficial owner	16,609,000	1.14%
Ms. Zhang Chunping		Beneficial owner	13,800,000	0.95%

Name of Director	*Note*	Capacity/nature	No. of Shares or underlying shares held	% of shareholding in the Company's issued share capital
Ms. Chan Mei Yan Hidy		Beneficial owner	500,000	0.03%
Ms. Lee Kwun Ling, May Jean		Beneficial owner	500,000	0.03%

Note: (1) These Shares are beneficially owned by Brilliant Chapter Limited, a limited liability company incorporated in the Republic of Seychelles and its issued share capital is beneficially owned as to 80% by Mr. Zhang Chunhua and as to 20% by Source Mega Limited, a company incorporated in the Republic of Seychelles (as a nominee of Ms. Zhang Chunping). Ms. Zhang Chunping is the sister of Mr. Zhang Chunhua.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executives of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors to be notified to the Company and the Stock Exchange.

(b) Substantial Shareholders

As at the Latest Practicable Date, the following persons/entities (other than the Directors and chief executive of the Company) had or were deemed to have an interest or a short position in the Shares or the underlying Shares of the Company which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under section 336 of the SFO, or who were directly or indirectly, to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other member of the Group:

Long positions in the Shares

Name	Capacity/nature	No. of Shares held	Approximate % of the Company's issued share capital
Brilliant Chapter Limited *(Note)*	Beneficial owner	834,851,294	57.29%
Mr. Zhang Chunhua	Interest in a controlled corporation	834,851,294	57.29%
Mr. Zhang Chunhua	Beneficial owner	57,098,000	3.92%

Note: Brilliant Chapter Limited, being a substantial shareholder of the Company, is owned as to 80% by Mr. Zhang (who is also a director of Brilliant Chapter Limited) and as to 20% by Source Mega Limited, a company incorporated in the Republic of Seychelles (as a nominee of Ms. Zhang Chunping). Ms. Zhang Chunping is the sister of Mr. Zhang. Save for Mr. Zhang, no other Director is also a director or employee of any substantial shareholders (as defined in the Listing Rules) of the Company.

Save as disclosed above, as at the Latest Practicable Date, none of the substantial or significant shareholders or other persons, other than the Directors and chief executive of the Company whose interests are set out in the section "Interests of Directors and chief executive and short positions in shares, underlying shares and debentures" above, had or were deemed to have an interest or a short position in the Shares or the underlying Shares of the Company which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under section 336 of the SFO, or who were directly or indirectly, to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other member of the Group.

3. DIRECTORS' INTERESTS IN ASSETS

As at the Latest Practicable Date, Mr. Zhang is a Director and the controlling shareholder of the Company, and he is also the ultimate controlling shareholder of the Acquisition Vendor. Save as disclosed, as at the Latest Practicable Date, none of the Directors had any interest, either directly or indirectly, in any assets which has since 31 March 2023 (being the date to which the latest published audited consolidated financial statements of the Group were made up) and up to the Latest Practicable Date, been acquired or disposed of by, or leased to, any member of the Group or were proposed to be acquired or disposed of by, or leased to, any member of the Group.

4. DIRECTORS' INTERESTS IN CONTRACT OR ARRANGEMENT OF SIGNIFICANCE

As at the Latest Practicable Date, save for the interest of Mr. Zhang, being the purchaser to the Disposal and the ultimate controlling shareholder of the Acquisition Vendor, in the Disposal Agreement, the Acquisition Agreement, and the Master Service Agreement, none of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Enlarged Group subsisting at the Latest Practicable Date and which was significant in relation to the business of the Group.

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered or was proposing to enter into any service contract with any member of the Enlarged Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

6. COMPETING INTERESTS

As at the Latest Practicable Date, Mr. Zhang is a Director and the controlling shareholder of the Company, and he is also the ultimate controlling shareholder of the Acquisition Vendor, who is involved in the business of property management. These competing businesses are operated and managed by companies with independent management and administration. In addition, the Board is independent of the boards of directors of the above-mentioned companies carrying on the competing businesses. Accordingly, the Group is capable of carrying on its businesses independent of the competing businesses mentioned above.

Save as disclosed above, none of the Directors, controlling shareholders of the Company and their respective close associates (as defined under the GEM Listing Rules), was interested in any business which competes or is likely to compete either directly or indirectly with the business of the Group (as would be required to be disclosed under the GEM Listing Rules if each of them were a controlling shareholder).

7. LITIGATION

As at the Latest Practicable Date, there were no litigation or claims of material importance, known to the Directors, pending or threatened against any member of the Group.

8. EXPERTS' CONSENTS AND QUALIFICATIONS

The following is the qualifications of the experts who have given opinion or advice which is contained in this circular:

Name	Qualification
Red Sun Capital Limited	A corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
Neutral Financial Holding Company Limited	A corporation licensed to carry out Type 1 (dealing in securities), Type 4 (advising in securities), Type 6 (advising on corporate finance) and Type 9 (asset management), regulated activities under the SFO
Elite Partners CPA Limited	Certified Public Accountants
International Valuation Limited	Independent valuer

Each of the above experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter or advice, and references to its name in the forms and context in which they respectively appear.

As at the Latest Practicable Date, each of the above experts did not have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, each of the above experts did not have any direct or indirect interest in any assets which had been, since 31 March 2023 (being the date to which the latest published audited consolidated accounts of the Group were made up), acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

9. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by members of the Enlarged Group within the two years immediately preceding and including the Latest Practicable Date and were or might be material:

(a) the unsecured promissory note dated 18 July 2022 issued by the Company to Mr. Zhang in the principal amount of US$10,000,000 at the interest of 2.5% per annum and payable on the maturity date in arrears and repayable on the date falling six months after 18 July 2022;

(b) the loan agreement dated 17 May 2023 and entered into between the Company as borrower and Mr. Zhang as lender in relation to a loan facility in the principal amount of HK$19,600,000 which is unsecured, interest-bearing at 2.5% per annum and repayable on demand;

(c) the Acquisition Agreement;

(d) the supplemental agreement to the Acquisition Agreement dated 25 August 2023 and entered into between the Acquisition Vendor and the Acquisition Purchaser to amend, among other matters, the consideration of the Acquisition;

(e) the Disposal Agreement;

(f) the supplemental agreement to the Disposal Agreement dated 4 September 2023 and entered into between the Disposal Vendor and Mr. Zhang to amend, among other matters, the method of settlement of the consideration of the Disposal; and

(g) the Master Service Agreement.

10. GENERAL

(a) The registered office of the Company is situated at Century Yard, Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

(b) The principal place of business of the Company is situated at Flat B, 9th Floor, 9 Des Voeux Road West, Hong Kong.

(c) The Hong Kong branch share registrar and transfer office of the Company is Tricor Tengis Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

(d) The secretary of the Company is Mr. Chan Koon Fat. He is a fellow and practicing member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants.

(e) Since 17 January 2020, the compliance officer of the Company has been Ms. Chung Elizabeth Ching Yee, who is an executive Director.

(f) The Company established an audit committee ("**Audit Committee**") on 7 March 2000 and has formulated and from time to time amended its written terms of reference in accordance with the provisions set out in the Corporate Governance Code (the "**CG Code**"). The primary duties of the Audit Committee include review and supervision of the Group's financial reporting system and risk management and internal control procedures, review of the Group's financial information and review of the Group's relationship with its auditors. The Audit Committee comprises three independent non-executive Directors, namely Ms. Chan Mei Yan Hidy (Chairman of the Audit Committee), Ms. Lee Kwun Ling, May Jean and Mr. Zhang Weidong.

Ms. Chan Mei Yan Hidy ("**Ms. Chan**"), was appointed as an independent non-executive Director on 12 February 2018. Ms. Chan is also the Chairman of the Audit Committee of the Company and a member of the nomination committee of the Company ("**Nomination Committee**"). Ms. Chan is a finance expert with more than 20 years professional and commercial exposure in international accounting firm, multinational corporations and Hong Kong listed companies. She served as a Principal of Crowe Horwath (HK) CPA Limited. Ms. Chan graduated from the University of Hong Kong with a bachelor degree in accounting. She also holds a master degree in business administration from the University of Manchester. Ms. Chan is the member of certain professional associations. Ms. Chan was Committee member and Chairman, SME Sub-committee of the Association of Chartered Certified Accountants ("**ACCA**") for 8 years. She is elected in the ACCA Global Council Election in December 2017. She was a member of ACCA Resource Oversight Committee and International Assembly. She is a member of ACCA's Governance, Risk and Performance Global Forum.

Ms. Lee Kwun Ling, May Jean ("**Ms. Lee**"), was appointed as an independent non-executive Director on 12 February 2018. Ms. Lee is also the Chairman of the Nomination Committee and a member of both the Audit Committee and remuneration committee of the Company ("**Remuneration Committee**"). Ms. Lee was appointed as an independent non-executive Director of Finsoft Financial Investment Holdings Limited (stock code: 08018) on September 2013. Prior to that Ms. Lee obtained a degree of Master of Business Administration (Executive) at City U in October 2014. Ms. Lee also obtained her Doctor of Business Administration from the City University of Hong Kong in November 2018. Ms. Lee is currently Wealth Management Director at AIA International Ltd Hong Kong. Before that Ms. Lee run her own business in luxury fur retail. From 2006-2012 Ms. Lee worked for King Fook Holdings Limited and her last position was director of sales and brand development, Greater China. From October 2012 to January 2015, Ms. Lee worked for Boucheron Hong Kong Limited as a retail director. Ms. Lee was a director of Yan Oi Tong, a registered non-profit charitable organisation, from 2010 to 2014 and 2017, 2019, 2020.

Mr. Zhang Weidong, joined the Group in 31 May 2021 as an independent non-executive director of Brillink Bank Corporation Limited and appointed as an independent non-executive Director, a member of the Audit Committee and the chairman of the Remuneration Committee of the Group on 12 November 2021. Mr. Zhang Weidong was the founding partner and president of Alpha Win Capital Limited. He was an executive director of OP Financial Investments Limited (stock code: 1140) and a partner of Oriental Patron Financial Group primarily responsible for private equity investments. Mr. Zhang Weidong has over 15 years of experience in the operation and management of commercial banking, during which he worked in the International Business Department of ICBC with his final position as deputy general manager grade of the department. During his tenor with ICBC, Mr. Zhang Weidong spent 3 years in ICBC Almaty Branch, where he was in charge of treasury, credit lending and office operations. Moreover, Mr. Zhang Weidong has 12 years of investment banking experience, served as an executive director of ICEA Finance Group (the investment banking arm of ICBC) and managing director of Alpha Alliance Finance Holdings Limited, responsible for corporate finance and sales department respectively. He is also an independent non-executive Director of Tianjin Port Development Holdings Limited (stock code: 3382) and ZZ Technology Group Company Limited (formerly: Zhongjin Technology Service Group Company Limited, stock code: 8295). Mr. Zhang Weidong holds a master degree from Renmin University of China in Economics, a diploma of Programme for Management Development of Harvard Business School and held a fellowship from Columbia University in New York.

(g) In the event of inconsistency, the English text of this circular and the accompanying forms of proxies shall prevail over their respective Chinese texts.

11. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (**http://www.hkexnews.hk**) and the Company (**https://www.cbg.com.hk**) for 14 days from the date of this circular:

(i) the letter from the Board, the text of which is set out on pages 6 to 31 of this circular;

(ii) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out on pages 32 to 33 of this circular;

(iii) the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 34 to 79 of this circular;

(iv) the material contracts disclosed in the section headed "Material contracts" in this Appendix V;

(v) the written consents referred to in the section headed "Experts' consents and qualifications" in this Appendix V;

(vi) the accountants' report of the Acquisition Company as set out in Appendix II to this circular; and

(vii) the report on the unaudited pro forma financial information of the Enlarged Group as set out in Appendix IV to this circular;

(viii) the valuation report on the Disposal Shares set out in Appendix VI to this circular;

(ix) the valuation report on the Acquisition Company set out in Appendix VII to this circular;

(x) the report from Reporting Accountant on the calculation of discounted future estimated cash flows in the valuation report set out in Appendix VIII to this circular;

(xi) the letter from Neutral Financial Holding Company Limited in relation to the project forecast in connection with the valuation report on the Disposal Shares set out in Appendix IX to this circular; and

(xii) this circular.

INTERNATIONAL VALUATION LIMITED
國 際 評 估 有 限 公 司

September 12, 2023

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

Ref: 20232172(b)

Dear Sir and Madam,

International Valuation Limited ("**IVL**") has concluded its analysis on the market value of 18.9% equity interest in Brillink Holdings Limited (the "**Disposal Company**") and its subsidiaries (collectively the "**Disposal Group**") as of March 31, 2023 (the "**Valuation Date**").

This valuation was performed for major and connected transaction reference purpose. Our work is designed solely to assist China Brilliant Global Limited (the "**Company**") and the management (the "**Management**") with the determination of the market value of the 18.9% equity interest in the Disposal Group as of the Valuation Date.

This report states the scope of our work and purpose of appraisal, identifies the business appraised, economic and industry overview, describes the basis and methodology of our appraisal, investigation and analysis, major assumptions and limiting conditions, and presents our opinion of value.

PURPOSE OF APPRAISAL

IVL acknowledges that this report is prepared solely to assist the Management to determine the market value of the 18.9% equity interest in the Disposal Group as of the Valuation Date. We understand that this report would be made available for major and connected transaction reference purpose only. No other use of our valuation report is intended or should be inferred.

We assume no responsibility whatsoever to any person other than the Company in respect of, or arising out of, the contents of this report. If others chose to rely in any way on the contents of this report they do so entirely on their own risk.

DEFINITION OF VALUE

The report was prepared in accordance with International Valuation Standards 2022. In estimating the market value of the equity interest appraised under this engagement, our efforts will be based on the following description of market value: "*Market Value is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.*" Unless otherwise noted, the market value of the 18.9% equity interest in the Disposal Group is determined on minority shares and going concern bases.

SCOPE OF THE ENGAGEMENT

Our services included performing a market value estimation of 18.9% equity interest in the Disposal Group as of the Valuation Date for major and connected transaction reference purpose.

In the process of the valuation under this engagement, we relied on the business and financial information of the Disposal Group provided by the Management or obtained from public sources, if any. The procedures used in our analysis included such substantive steps, as we considered necessary, including, but not necessarily limited to, the following:

- Discussions with the Management concerning the history and future operations of the Disposal Group;
- Discussions with the Management to obtain an explanation and clarification of data provided;
- Development of valuation model to value the equity interest of the Disposal Group, including gathering market and industry information in support of various assumptions;
- Discussions with the Management to:
  - Understand in more detail of the Disposal Group; and

   – Gain a more thorough understanding of the nature and operations of the Disposal Group including the estimated market trends and the projected financial information ("**PFI**") of the Disposal Group;

- Analysis of conditions in, and the economic outlook for, the industry in the territory in which the Disposal Group operates; and

- Analysis of other facts and data considered pertinent to this valuation to arrive at a conclusion of the market value of the Disposal Group.

In the course of our valuation, we used financial and other information provided by the Management. We also used financial and other information obtained from private and public sources we considered reliable, and our conclusions are dependent on such information as being complete and accurate in all material respects.

We do not express an opinion as to whether the actual results of the operation of the Disposal Group will approximate those projected because assumptions regarding future events by their nature are not capable of independent substantiation. In applying these projections to the appraisal of the market value of the Disposal Group, we are making no representation that the business expansion will be successful, or that market growth and penetration will be realized.

This valuation report comprises:

A. This letter, which describes the nature and extent of the valuation, and presents the conclusion of value; and

B. A narrative report, which sets forth the history and nature of the operations, a description of valuation theory, and a presentation and correlation of the valuation techniques employed, and the conclusion of value.

SOURCES OF INFORMATION

As part of our due diligence, we relied upon information and documents furnished to us by the Management, including the following:

- General descriptions and background of the Disposal Group;

- Descriptions of the business and future development plan of the Disposal Group;

- PFI of the Disposal Group for fiscal years up to March 31, 2030;

- Working capital assumption and capital expenditure forecast of the Disposal Group;
- A copy of the banking license for carrying on regulated activities of Brillink Bank Corporation Limited, an indirectly wholly owned subsidiary of the Disposal Group;
- A copy of certain strategic cooperation with other banks and joint venture agreements with potential investors; and
- Unaudited consolidated financial statements of the Disposal Group for the year ended March 31, 2023.

Other information regarding the industry and economic outlook, as well as additional financial data was obtained from sources deemed to be reliable. In addition, we conversed with the Management concerning the financial and general outlook of the Disposal Group.

In the course of our valuation, we relied on the financial and other information provided by the Management, and have considered such information and data as attainable and reasonable. We have no reason to believe that any material facts have been withheld from us, however, we do not warrant that our investigations have revealed all of the matters, which an audit or more extensive examination might disclose.

CONCLUSION

Based on the information provided and the analysis conducted, and subject to the Major Assumptions and attached Statement of Limiting Conditions, our opinion of the market value of the 18.9% equity interest in the Disposal Group as of March 31, 2023 is reasonably represented in the amount of approximately **HONG KONG DOLLARS ONE HUNDRED FIFTY NINE MILLION SEVEN HUNDRED THOUSAND ONLY (HKD159,700,000)**.

We do not provide assurance on the achievability of the results of the Disposal Group as forecasted by the Management because events and circumstances frequently do not occur as expected; differences between actual and expected results may be material; and achievement of the forecasted results is dependent on actions, plans, and assumptions of the Management.

Respectfully submitted,
International Valuation Limited

1. INTRODUCTION

Description of the Assignment

International Valuation Limited ("**IVL**") has concluded its analysis on the market value of 18.9% equity interest in Brillink Holdings Limited (the "**Disposal Company**") and its subsidiaries (collectively the "**Disposal Group**") as of March 31, 2023 (the "**Valuation Date**").

This valuation was performed for major and connected transaction reference purpose. Our work is designed solely to assist China Brilliant Global Limited (the "**Company**") and the management (the "**Management**") with the determination of the market value of the 18.9% equity interest in the Disposal Group as of the Valuation Date.

The report was prepared in accordance with International Valuation Standards 2022. In estimating the market value of the equity interest appraised under this engagement, our efforts will be based on the following description of market value: "*Market Value is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.*" Unless otherwise noted, the market value of the 18.9% equity interest in the Disposal Group is determined on minority shares and going concern bases.

The procedures used in our analysis included such substantive steps, as we considered necessary, including, but not necessarily limited to, the following:

- Discussions with the Management concerning the history and future operations of the Disposal Group;

- Discussions with the Management to obtain an explanation and clarification of data provided;

- Development of valuation model to value the equity interest of the Disposal Group, including gathering market and industry information in support of various assumptions;

- Discussions with the Management to:

  – Understand in more detail of the Disposal Group; and

   – Gain a more thorough understanding of the nature and operations of the Disposal Group including the estimated market trends and the projected financial information ("**PFI**") of the Disposal Group;

- Analysis of conditions in, and the economic outlook for, the industry in the territory in which the Disposal Group operates; and

- Analysis of other facts and data considered pertinent to this valuation to arrive at a conclusion of the market value of the Disposal Group.

In the course of our valuation, we used financial and other information provided by the Management. We also used financial and other information obtained from private and public sources we considered reliable, and our conclusions are dependent on such information as being complete and accurate in all material respects.

We do not express an opinion as to whether the actual results of the operation of the Disposal Group will approximate those projected because assumptions regarding future events by their nature are not capable of independent substantiation. In applying these projections to the appraisal of the market value of the Disposal Group, we are making no representation that the business expansion will be successful, or that market growth and penetration will be realized.

Sources of Information

As part of our due diligence, we relied upon information and documents furnished to us by the Management, including the following:

- General descriptions and background of the Disposal Group;

- Descriptions of the business and future development plan of the Disposal Group;

- PFI of the Disposal Group for fiscal years up to March 31, 2030;

- Working capital assumption and capital expenditure forecast of the Disposal Group;

- A copy of the banking license for carrying on regulated activities of Brillink Bank Corporation Limited, an indirectly wholly owned subsidiary of the Disposal Group;

- A copy of certain strategic cooperation with other banks and joint venture agreements with potential investors; and

- Unaudited consolidated financial statements of the Disposal Group for the year ended March 31, 2023.

Other information regarding the industry and economic outlook, as well as additional financial data was obtained from sources deemed to be reliable. In addition, we conversed with the Management concerning the financial and general outlook of the Disposal Group.

In the course of our valuation, we relied on the financial and other information provided by the Management, and have considered such information and data as attainable and reasonable. We have no reason to believe that any material facts have been withheld from us, however, we do not warrant that our investigations have revealed all of the matters, which an audit or more extensive examination might disclose.

2. PURPOSE OF APPRAISAL

IVL acknowledges that this report is prepared solely to assist the Management to determine the market value of the 18.9% equity interest in the Disposal Group as of the Valuation Date. We understand that this report would be made available for major and connected transaction reference purpose only. No other use of our valuation report is intended or should be inferred.

We assume no responsibility whatsoever to any person other than the Company in respect of, or arising out of, the contents of this report. If others chose to rely in any way on the contents of this report they do so entirely on their own risk.

3. OVERVIEW OF THE DISPOSAL GROUP

Business Descriptions

The Disposal Company is a company incorporated in the British Virgin Islands on July 27, 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.

Brillink Fintech Limited owns the entire issued share capital of Brillink Bank Corporation Limited, which was established on January 31, 2018 in Astana International Financial Centre ("**AIFC**") with limited liability. Brillink Bank Corporation Limited has been granted a FinTech Lab Participant License by the Astana Financial Services Authority ("**AFSA**") of the Republic of Kazakhstan.

4. ECONOMIC OVERVIEW

Overview of Kazakhstan Economy

ECONOMIC GROWTH: According to the Agency of Statistics of the Republic of Kazakhstan, Kazakhstan economy grew by 9.4 percent year-on-year in the first quarter of 2023, which increased from a 3.3 percent gain in the previous quarter. The economy is expected to see a moderate acceleration in growth with continued foreign direct investments into mining and the government's affordable housing program will likely sustain investment activity, based on the Kazakhstan Economic Update, Spring 2023 published by the World Bank Group.

INFLATION: The annual inflation rate of the country decreased to 18.1 percent in March 2023 from 21.3 percent in the previous month according to the Agency of Statistics of the Republic of Kazakhstan. In the Kazakhstan Economic Update, Spring 2023, the inflation of the country is expected to remain high due to the elevated price of food and imported intermediate goods.

EXCHANGE RATES: Kazakhstan Tenge had strengthened from KZT454.81: USD1 in March 2023 to KZT476.19: USD1 in March 2022.

EXTERNAL SECTOR: According to the Kazakhstan Economic Update, Spring 2023, the surplus in the country's current account in 2022 was boosted by a robust recovery in exports, resulting from the substantial increase in global oil prices. In 2023, the current account is forecasted to remain in surplus, but a deficit may follow in the subsequent years as oil prices subside and demand for imported capital and consumer goods strengthens. Moreover, given Kazakhstan's significant economic linkages to Russia, Kazakhstan faces the risk of secondary sanctions which is a principal concern for domestic businesses.

5. OVERVIEW OF BANKING INDUSTRY IN KAZAKHSTAN

According to the Agency for Regulation and Development of the Financial Market, the banking sector's assets in Kazakhstan reached USD97.9 billion assets as of March 1, 2023, which was a 0.1 percent increase from January 2023 and was driven by a 0.6 percent increase in loan portfolio. Banks' equity capital rose in February by 3.9 percent to USD12.4 billion, and thus reported a 0.5 percent decrease to USD85.6 billion in its liabilities, mainly due to a decline in deposits owned by companies.

As of March 2023, Standard & Poor's ("**S&P**") has improved the credit ratings of leading banks in Kazakhstan from negative to stable, namely Halyk Bank, Kaspi Bank, Bank CenterCredit, ForteBank, Nurbank and Freedom Bank according to the Agency on Regulation and Development of the Financial Market in Kazakhstan. It is expected that the country's banking sector is still in recovery, however, unlikely to deteriorate in the quality of the bank's assets, according to S&P.

6. GENERAL VALUATION OVERVIEW

The methods commonly used to develop approximate indications of value for a business or asset are the Income Approach, the Market Approach, and the Cost Approach.

Income Approach

The Income Approach focuses on the income-producing capability of a business or asset. The Income Approach measures the current value of a business or asset by calculating the present value of its future economic benefits such as cash earnings, cost savings, tax deductions, and proceeds from disposition. Value indications are developed by discounting expected cash flows to their present value at a rate of return that incorporates the risk-free rate for the use of funds, the expected rate of inflation, and risks associated with the particular investment. The discount rate selected is generally based on rates of return available from alternative investments of similar type and quality as of the valuation date.

Market Approach

The Market Approach measures the value of a business or asset through an analysis of recent sales or offerings of comparable businesses or assets. Adjustments are made to account for differences between the subject business or asset being valued and the comparable businesses or assets used in the analysis.

Cost Approach

The Cost Approach measures the value of a business or asset by the cost to reconstruct or replace it with another of like utility. To the extent that the assets being valued provide less utility than new assets, the reproduction or replacement cost new would be adjusted to reflect appropriate physical deterioration, functional obsolescence, and economic obsolescence. The Cost Approach recognizes that a prudent investor would not ordinarily pay more for property or an asset than the cost to replace them new.

Selected Approach

In developing our opinion, we considered all three approaches to value for the asset types and chose the most appropriate approach or approaches for each. Our conclusions rely on the approaches judged to be most appropriate for the purpose and scope of our analysis, as well as the nature and reliability of the data available to us.

In estimating the market value of the equity interest in the Disposal Group, we relied primarily on the Income Approach in the form of a discounted cash flow ("**DCF**") methodology. The Income Approach could take into consideration the specific business development and capital injection schedule of the Disposal Group. Also, it could capture the future earning potential of the Disposal Group. Hence, we considered it is fair and reasonable to adopt the Income-Based Approach in arriving at the market value of the Disposal Group.

The Market Approach benchmarks the Disposal Group's equity value to that of the publicly trading comparable companies based on the similarity and comparability on their financial performances and business nature. However, the current scale of the business and financial performance of the Disposal Group as of the Valuation Date has not yet reached the expected and normalized level for direct comparison with public comparable companies. Hence, the Market Approach was not adopted.

The Cost Approach was also not applied for the valuation of the Disposal Group as it tends to understate the value of an income-generating business.

The selected approaches and specific methodologies applied in the valuation are described in the related sections of this report.

7. ESTIMATION OF THE MARKET VALUE OF THE DISPOSAL GROUP

Introduction

In this section of our report, we describe our valuation analysis utilized to arrive at a concluded market value of the Disposal Group.

Valuation Approach

The DCF methodology views a company as an operating entity, with the principal focus of the analysis on the operating entity's ability to generate free cash flow in the future. Free cash flow to equity ("**FCFE**") is a measure of how much cash can be paid to the equity shareholders of a company after all expenses, reinvestment and debt were paid. Reasonable projections of operating income, expenses, and reinvestment requirements (i.e. net working capital and capital expenditures) form the basis for estimating the future FCFE that a company will likely generate from its business. The Management has provided the financial projections of the Disposal Group, which formed the basis of our DCF analysis.

Our DCF analysis was based on key qualitative factors applicable to the valuation of the Disposal Group, outlook for the general economy of the territory in which it operates, and discussions with and projections prepared by the Management. FCFE for each year of the projection period was calculated by adding back other items affecting cash flows to net profit. Non-cash expenses, such as depreciation and amortization, were added, incremental investments in net working capital and capital expenditures were deducted, and net borrowing (if any) was added, all of which are provided by the Management.

In addition to calculating the free cash flows throughout the projection period, it was necessary to calculate the terminal value of the Disposal Group, which reflects the value of the equity at the end of the projection period. The terminal value was calculated by applying the Gordon Growth Model with a long-term growth rate.

The projected free cash flows, including the terminal value, were discounted to present value at an appropriate rate of return, or "discount rate". The discount rate is the rate of return that an investor would require on an investment in the business. This rate of return should reflect macroeconomic, industry, and company-specific factors that translate into the degree of perceived risk to achieve these projected results. The discount rate is discussed further in a later section of this report.

Discounted Cash Flow Analysis

The following paragraphs present some of the key assumptions of the financial projection used in the DCF analysis. As discussed earlier, the Management's projections are prepared for the period of financial years ending from March 31, 2024 to March 31, 2030.

Operating Income and Direct Costs

The projected operating income includes the interest and non-interest income generated by the Disposal Group. As advised by the Management, the number of customers are expected to increase based on its existing client base as well as potential strategic cooperation with other banks and joint venture with potential investors. The projected total operating income of the Disposal Group is expected to increase from HKD18.6 million for the year ending March 31, 2024 to HKD806 million for the year ending March 31, 2030.

After discussions with the Management, we have been advised of the anticipated growth in the overall economy as well as the banking industry of Kazakhstan during the forecast period from the year ending March 31, 2024 to March 31, 2030. Moreover, Brillink Bank Corporation Limited, a subsidiary of the Disposal Group, has been granted a FinTech Lab Participant License by the AFSA of the Republic of Kazakhstan. It is expected that Brillink Bank Corporation Limited will get at least one correspondent bank of USD before March 31, 2024, and potentially more correspondent banks of USD in Kazakhstan available in the market for Brillink Bank Corporation Limited to seek future cooperation.

Leveraging on the above factors, the Management expected an increase in the number of customers, from 1,000 for the year ending March 31, 2024 to 30,000 for the year ending March 31, 2030.

Year Ending March 31,	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**
Number of customers	1,000	2,500	10,000	20,000	25,000	30,000	30,000

With the growing customer base, the average loan balance of common loans (i.e. loans drawn from the credit facilities offered to corporate clients) is projected to rise from approximately HKD200 million for the year ending March 31, 2024 to approximately HKD10,048 million for the year ending March 31, 2030. As of March 31, 2023, the average interest rate for common loans was approximately 8.68%. It is expected that this rate will gradually decrease to 4% and remain stable by March 31, 2028. The projected interest income from common loans, which accounts for over 85% of the total interest income of the Disposal Group during the forecast period, is as follows:

Year Ending March 31,	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
Common Loans							
Average loan balance	199,699	698,318	2,298,421	5,086,670	7,812,121	9,545,357	10,047,744
Interest rate	8%	7%	6%	5%	4%	4%	4%
Interest income from common loans	**15,976**	**48,882**	**137,905**	**254,334**	**312,485**	**381,814**	**401,910**

The Management anticipated that Brillink Bank Corporation Limited's major clientele, the supply chain customers, could turn into very valuable assets to the bank with proper risk analysis and mitigation. Brillink Tech (Shenzhen) Limited, another subsidiary of the Disposal Group, has already facilitated credit facilities of over RMB600 million with banks in the People's Republic of China, including Industrial and Commercial Bank of China Limited, Nanyang Commercial Bank Limited, etc. These Chinese banks and their offshore branches would be the major contributors to

Brillink Bank Corporation Limited's future syndication business as they can better understand the risk and return to this particular market. Certain debt-assets focused funds may also be the potential partners of Brillink Bank Corporation Limited in syndications.

Given the above drivers, it is expected that the Disposal Group will provide syndicated loans for its clients starting from the year ending March 31, 2026. The average loan balance for these syndicated loans is projected to increase from approximately HKD72 million for the year ending March 31, 2026 to approximately HKD854 million for the year ending March 31, 2030. It is expected that the interest rate for syndicated loans will remain steady at 6% throughout the forecast period. The projected interest income from syndicated loans of the Disposal Group is as follows:

Year Ending March 31,	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
Syndicated Loans							
Average loan balance	—	—	72,061	285,890	554,196	753,581	854,058
Interest rate	—	—	6%	6%	6%	6%	6%
Interest income from syndicated loans	**—**	**—**	**4,324**	**17,153**	**33,252**	**45,215**	**51,243**

The total interest income of the Disposal Group is the sum of interest income from common loans and interest income from syndicated loans.

Year Ending March 31,	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
Interest Income	15,976	48,882	142,229	271,487	345,737	427,029	453,153
Non-Interest Income	2,669	47,122	124,704	214,532	293,896	337,249	353,065
Total operating income before loan impairment	**18,645**	**96,005**	**266,933**	**486,018**	**639,632**	**764,278**	**806,218**
Less: Bank interest expense	7,347	17,599	64,839	102,989	115,188	140,229	150,245
Less: Loan impairment	998	2,826	9,968	20,217	28,353	32,592	32,781
Net operating income after impairment losses	**10,299**	**75,580**	**192,125**	**362,812**	**496,091**	**591,457**	**623,193**

Direct costs of the interest and non-interest income comprise bank interest expense and loan impairment, which are deducted from the total operating income to arrive at the net operating income.

The projected total direct costs are expected to increase from HKD8.3 million for the year ending March 31, 2024 to HKD183.0 million for the year ending March 31, 2030.

Operating Expenses

Operating expenses of the Disposal Group comprise employee expense, rental expense, outsourcing expense, travel expense, professional fee, audit fee, information technology ("**IT**") expense, general and administrative expense, marketing fee and other expenses. The total operating expenses, excluding depreciation and amortization, are estimated to increase from HKD57.4 million for the year ending March 31, 2024 to HKD166.4 million for the year ending March 31, 2030.

Year Ending March 31,	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
Employee expense	17,851	22,045	27,165	30,088	32,175	35,627	39,515
Rental expense	471	495	519	545	572	601	631
Outsourcing expense	19,902	26,288	32,057	39,972	51,034	66,735	89,305
Travel expense	1,130	1,356	1,628	1,953	2,344	2,813	3,375
Professional fee	938	985	1,034	1,086	1,140	1,197	1,257
Audit fee	2,082	2,144	2,209	2,275	2,343	2,414	2,486
IT expense	8,232	9,641	10,380	10,420	11,479	13,054	15,399
General and administrative expense	2,206	2,427	2,669	2,936	3,230	3,553	3,908
Marketing fee	1,995	1,150	3,837	6,603	6,655	7,974	7,913
Other expenses	2,590	2,590	2,590	2,590	2,590	2,590	2,590
Total operating expenses, excluding depreciation and amortization expenses	**57,398**	**69,121**	**84,089**	**98,469**	**113,564**	**136,558**	**166,379**

Depreciation and Amortization ("D&A") Expenses

Depreciation and amortization expenses of the Disposal Group are estimated by the Management based on existing fixed assets and intangible assets as of the Valuation Date, the future capital expenditure to be invested in the Disposal Group, and the expected useful lives of the respective fixed assets and intangible assets as of the Valuation Date. The D&A expenses are expected to increase from HKD3.6 million for the year ending March 31, 2024 to HKD5.5 million for the year ending March 31, 2028, and decrease to HKD2.0 million for the year ending March 31, 2030.

Year Ending March 31,	2024	2025	2026	2027	2028	2029	2030
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
D&A expenses	3,572	4,111	4,824	5,144	5,464	2,765	1,993

Income Taxes

As advised by the Management, the Disposal Group would be tax-free in Kazakhstan until year 2066. AIFC participants are exempt from corporate income tax from providing certain services, such as financial services, until 2066, as defined in Article 6 under the Constitutional Statute of Kazakhstan on AIFC.

Net Working Capital ("NWC")

The net working capital requirements of the Disposal Group are projected by the Management based on working capital requirements to support the operation and development of the Disposal Group. The major components of the NWC estimation include loan and advances, and deposits from customers.

The NWC is projected to be 95 percent of the total operating income before loan impairment for the year ending March 31, 2024 to 171 percent for the year ending March 31, 2030.

Year Ending March 31,	2024	2025	2026	2027	2028	2029	2030
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
Loan and advances	331,684	938,002	3,308,878	6,704,894	9,388,647	10,769,018	10,799,036
Deposits from customers	(313,992)	(784,980)	(3,139,920)	(6,279,840)	(7,849,800)	(9,419,760)	(9,419,760)
NWC balance	17,692	153,022	168,958	425,054	1,538,847	1,349,258	1,379,276
% total operating income before loan impairment	*95%*	*159%*	*63%*	*87%*	*241%*	*177%*	*171%*

Capital Expenditure

Capital expenditure is estimated by the Management after taking into consideration the business development plan and maintenance of existing fixed assets and intangible assets. The CAPEX is expected to decrease from HKD5.4 million in year 2024 to 1.6 million in year 2030.

Year Ending March 31,	2024	2025	2026	2027	2028	2029	2030
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
Customization	1,472	1,472	1,472	1,472	1,472	1,472	1,472
Supply Chain Credit Risk Management Module	3,925	—	—	—	—	—	—
Online Banking Monitoring Suspicious Transaction System	—	3,925	—	—	—	—	—
IT Infrastructure	—	129	129	129	129	129	129
Total CAPEX	**5,397**	**5,526**	**1,601**	**1,601**	**1,601**	**1,601**	**1,601**

Net Borrowing

As advised by the Management, the Disposal Group did not have any debt borrowing of the Valuation Date. In addition, the Management expected the sources of funding of the Disposal Group are internal and existing funding generated from its operation and future equity financing. Hence, there will be no net borrowing throughout the projected period.

Net Profit

Projected net profit of the Disposal Group for the period of financial years ending from March 31, 2024 to March 31, 2030 is as follows:

Year Ending March 31,	2024	2025	2026	2027	2028	2029	2030
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
Net operating income after impairment losses	10,299	75,580	192,125	362,812	496,091	591,457	623,193
Less: Total operating expenses, excluding D&A expenses	57,398	69,121	84,089	98,469	113,564	136,558	166,379
Less: D&A expenses	3,572	4,111	4,824	5,144	5,464	2,765	1,993
Less: Tax	—	—	—	—	—	—	—
Net Profit	**(50,670)**	**2,347**	**103,213**	**259,199**	**377,063**	**452,134**	**454,820**

Cash Flow to Equity

The FCFE for each year of the projection period was calculated with formula as follows:

FCFE = Net Profit + D&A – Change in NWC – CAPEX + Net Borrowing

Terminal Value

The terminal value was calculated by applying the Gordon Growth Model with a long-term growth rate of about 2.8 percent with formula as follows:

Terminal Value = (Net Profit of the Terminal Year + Normalized D&A – Normalized Change in NWC – Normalized CAPEX) * (1 + Long-term Growth Rate)/(Discount Rate – Long-term Growth Rate)

Equity Value

The FCFE in each year of the projection period together with the terminal value were discounted to present value using the discount rate and summed to arrive at the enterprise value. The derived enterprise value was adjusted with net cash/(debt) and non-operating assets/(liabilities) to arrive at the equity value of the Disposal Group. Furthermore, we adjusted the derived equity value of the Disposal Group with discount for lack of marketability and lack of control to account for the fact that the Disposal Group is a private company and the 18.9% equity interest in the Disposal Group as of the Valuation Date is determined on a minority basis.

Discount for Lack of Marketability ("DLOM")

The value of privately held shares is not directly comparable to the value of publicly traded securities. This is due to the fact that shareholders of privately held companies do not have the same access to trading markets that shareholders of publicly traded companies enjoy. Therefore, the market value of the ordinary shares must be adjusted to reflect its lack of liquidity and ready market.

A number of research studies including restricted stock studies have attempted to quantify marketability discounts. Restricted stock studies are performed by comparing the prices at which a restricted stock trades vis-à-vis its publicly traded counterpart. A restricted stock is one that is identical to its company's publicly traded issue but carries a short-term restriction on marketability. In the case of transfers of restricted stock, these studies provide evidence for the application of a discount placed on illiquid investments.

Based on Stout Restricted Stock Study Companion Guide 2022 published by Stout Risius Ross, LLC, a DLOM of approximately 20.5% has been adopted.

Discount for Lack of Control ("DLOC")

A control premium is the premium an investor is willing to pay in addition to a marketable controlling equity value to obtain controlling interest in a business subject; whilst a discount for lack of control refers to the discount of value due to lack of management control power over a company for minority shareholders. The value derived from the DCF methodology represents a controlling basis, therefore adjustment has been made to reflect the degree of control associated with 18.9% equity interest in the Disposal Group.

Based on Mergerstat Control Premium Study published by FactSet Mergerstat, LLC, a DLOC of approximately 18.5% has been adopted.

Summary of Calculation

Details of the calculation of the market value of the Disposal Group were illustrated as follows:

As of March 31, 2023

	HKD'000
Enterprise Value derived from DCF Methodology	**1,404,191**
Add: Cash	39,214
Less: Debt	0
Add/(Less): Non-Operating Assets/(Liabilities)	(57,979)
Equity Value (marketable and controlling basis)	**1,385,427**
Less: DLOM	(284,012)
Less: DLOC	(256,304)
Market Value of 100% Equity Interest in the Disposal Group (non-marketable and minority basis) (rounded)	**845,100**
Market Value of 18.9% Equity Interest in the Disposal Group (rounded)	**159,700**

Note: The total may not sum up or variation due to rounding.

8. DETERMINATION OF THE DISCOUNT RATE

Introduction

Since the Income Approach measures the value of an asset as the present value of its future economic benefits, application of this approach necessitates the development of an appropriate discount rate. We estimated a market derived cost of equity ("**COE**"), which was then adopted in determining the appropriate discount rate in the valuation of the equity.

Cost of Equity

In estimating the COE, we considered market data concerning the companies that engaged in similar business of the Disposal Group. The selection of comparable companies is by understanding the principal business of the valuation target and search for public companies with businesses as similar with the valuation target as possible. Generally speaking, companies in the same geographical location are preferred, followed by expansion to other geographical locations if same geographic location yield no meaningful results.

We searched for listed companies with business scopes and operations similar to those of the Disposal Group as comparable companies on best-effort basis with reference to the following selection criteria:

- The companies are principally engaged in banking services in the Middle East region, which is close to the Disposal Group's business;
- Over 50% of the total revenue of the companies were generated banking services in their preceding financial year;
- The companies have pertinent operating histories and are actively listed on stock exchange; and
- The financial information and relevant market data of the companies are available to the public.

The following table presents the comparable companies adopted in the valuation of the equity interest in the Disposal Group:

Comparable Companies	**Business Descriptions**	**Market Capitalization as of the Valuation Date** *(HK$ million)*
Halyk Savings Bank of Kazakhstan JSC (HSBK KZ EQUITY)	Halyk Savings Bank of Kazakhstan JSC provides various commercial and retail banking services. The bank offers foreign currency exchange services, securities brokerage, and custodial services.	25,721
Bank CenterCredit JSC (CCBN KZ EQUITY)	Bank CenterCredit provides a broad range of banking services. The bank conducts foreign currency exchange services, securities brokerage and custodial operations. Bank CenterCredit operates in all of Kazakhstan's regions.	2,203
MCB Bank Ltd (MCB PA EQUITY)	MCB Bank Ltd. is a full service commercial bank. The bank offers a wide range of financial products and advice for personal and corporate customers, including online banking services.	3,806
United Bank Ltd/Pakistan (UBL PA EQUITY)	United Bank Ltd. provides commercial banking and related services. The bank offers a wide range of banking and financial services, including brokerage services.	3,643
Meezan Bank Ltd (MEBL PA EQUITY)	Meezan Bank Limited is a commercial bank dedicated to Islamic banking. The bank provides a range of deposit products, loans, and other products through offices located throughout Pakistan.	4,758

Comparable Companies	Business Descriptions	Market Capitalization as of the Valuation Date *(HK$ million)*
Standard Chartered Bank Pakistan Ltd (SCBPL PA EQUITY)	Standard Chartered Bank Pakistan Limited is an international bank that provides consumer and wholesale banking.	2,137
Bank Al Habib Ltd (BAHL PA EQUITY)	Bank Al Habib Ltd. provides various financial products and services. The bank offers savings accounts, credit cards, consumers banking products, foreign exchange brokerage, and money market products. Bank AL Habib serves customers throughout Pakistan and the Middle East.	1,319
National Bank of Pakistan (NBP PA EQUITY)	National Bank of Pakistan is a government owned bank which provides a wide range of banking and financial services to corporate, institutional, commercial, agricultural, industrial, and individual customers throughout Pakistan.	1,267
Bank Alfalah Ltd (BAFL PA EQUITY)	Bank Alfalah Ltd. provides commercial banking and related services. The bank offers a wide range of banking and financial services, including brokerage services.	1,268

Source: Bloomberg

During the selection process of the comparable companies, we noted there were limited listed companies principally engaged in banking services in the Middle East region as of the Valuation Date. Considering a reasonable sample size of comparable companies and availability of market data for the valuation, we have deployed selection criteria which focus on the principal business and location of operation regardless of the market capitalization of the comparable companies. Also, there is no apparent direct relationship observed between the market capitalization and the beta of the comparable companies shortlisted, it may not necessarily converge the market data of the comparable companies if additional selection criteria on market capitalization is being applied.

Furthermore, the market capitalization range or cut-off point to be applied as selection criteria might be subjective that the result may be biased. Hence, market capitalization of the comparable companies was not considered as our selection criteria.

In order to estimate the current market yield required on equity, we applied the Capital Asset Pricing Model ("**CAPM**") adjusted for specific risks associated with the industry. The CAPM is a generally accepted method for estimating investors' yield requirement and hence a company's cost of equity capital. The CAPM is represented by the following algebraic equation:

CAPM = Risk-Free Rate + (Relevered Beta * Market Risk Premium)
+ Small Size Risk Premium + Company-Specific Risk Premium

The following discusses the inputs used in the CAPM formula.

<u>Risk-Free Rate of Return</u> — Based on available information, the yield on the long-term government bond in the country of the business as of the Valuation Date was adopted. Government bonds are considered risk-free because if held to maturity, default risk is assumed to be negligible. Since risk-free rate of Kazakhstan was not available, the United States ("**US**") 10-year government bond yield of about 3.47 percent as of the Valuation Date as extracted from Bloomberg was adopted as reference basis. Sovereign credit default swap spread of Kazakhstan relative to that of the US of about 2.38 percent based on Damodaran Online was added to estimate the risk-free rate of Kazakhstan as of the Valuation Date.

<u>Beta</u> — Beta is a measure of relative risk associated with an investment in a particular company as compared to the risk associated with an investment in a diversified portfolio of common stocks. Betas are available only for publicly traded companies. We reviewed the betas of the guideline companies discussed above to ascertain a proxy for an industry beta. Once the industry beta was estimated, the beta was relevered with the Disposal Group's debt-to-equity ratio. As advised by the Management, the current debt-to-equity ratio of the Disposal Group was 0 percent as of the Valuation Date. Also, the management of the Disposal Group advised that the sources of funding of the Disposal Group would be internal and existing funding generated from its operation and future equity financing; and in the long run, there would not be any debt financing expected in the Disposal Group. Hence, the optimal debt-to-equity ratio of the Disposal Group was assumed to be 0 percent. As the COE of the Disposal Group should consider the risks inherited from the long-term capital structure of the Disposal Group, the adoption of the debt-to-equity ratio of 0 percent, which is consistent with the capital structure plan of the Disposal Group, is considered to be fair and reasonable. The median relevered beta was about 0.23.

Market Risk Premium — The market risk premium is the expected return on a diversified, market-weighted portfolio of common stocks less the expected return on a long-term risk-free bond. Since the market risk premium of Kazakhstan was not available, the US stock market risk premium of about 5.72 percent as of the Valuation Date as extracted from Bloomberg was adopted as reference basis. Country risk premium of Kazakhstan relative to that of the US of about 3.29 percent based on Damodaran Online was added to estimate the market risk premium of Kazakhstan as of the Valuation Date.

Small Size Risk Premium — A small size risk premium is utilized to reflect the extra risk of an investment in a small company. The size of the Disposal Group falls in the micro-cap decile and therefore, we utilized a size premium of 3.02 percent, which is extracted from the Kroll Cost of Capital Navigator.

Company Specific Risk Premium — In certain situations, an incremental or company risk factor, in addition to the equity risk and small size risk premiums cited above may be appropriate. For this appraisal, company-specific risk premium of 4 percent was adopted with a consideration of the fact that the Disposal Group is newly established as of the Valuation Date and the forecast risks/uncertainly associated with achievability of the projection of the Disposal Group.

By applying the CAPM using the inputs discussed above, the COE of the Disposal Group as of the Valuation Date was determined to be approximately 15 percent.

9. MAJOR ASSUMPTIONS

In this appraisal, a number of assumptions have to be made in order to sufficiently support our concluded market value of the Disposal Group. Any deviation from the below major assumptions may significantly vary the valuation result. The major assumptions adopted in this appraisal are:

- The unaudited consolidated financial statements of the Disposal Group for the year ended March 31, 2023 as provided by the Management can reasonably represent its financial position and performance of the Disposal Group as of the Valuation Date, since audited financial statements as of the Valuation Date were not available;

- The accounting policies will not affect the discounted cash flow model adopted by the Disposal Group after the Valuation Date, and those adopted in the preparation of the valuation are consistent in material aspects;

- There will be no major changes in the current taxation laws in the territories (the "**Territories**") in which the Disposal Group 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;

- There will be no major changes in the political, legal, economic or financial conditions in the Territories in which the Disposal Group operates or intends to operate, which would adversely affect the revenues attributable to and the profitability of the Disposal Group;

- The Disposal Group will retain and have competent management, key personnel, and technical staff to support its ongoing operation;

- The Disposal Group will maintain the current operation scope and business pattern based on the existing management method and management level after the Valuation Date;

- There will be no material changes in the supply and cost of funding, labour expense, outsourcing expense, IT expense and other operating expenses used by the Disposal Group in their operation, nor are there any unforeseeable material changes in the services and income streams of the Disposal Group;

- Brillink Bank Corporation Limited, a subsidiary of the Disposal Group, will get at least one correspondent bank of USD before March 31, 2024;

- The increase of capital of the Disposal Group will be in line with the increase of common loan to meet with the Basel Accords requirement;

- All relevant legal approvals and business certificates or licenses to operate the business in the localities in which the Disposal Group operates or intends to operate has or would be officially obtained and renewable upon expiry;

- Industry trends and the market conditions for related industries will not deviate significantly from economic forecasts; and

- All information and representations provided by the Management, for which they are solely and wholly responsible for are true, accurate and complete in all material respect.

10. CONCLUSION OF VALUE

Based on the information provided and the analysis conducted, and subject to the Major Assumptions and attached Statement of Limiting Conditions, our opinion of the market value of the 18.9% equity interest in the Disposal Group as of March 31, 2023 is reasonably represented in the amount of approximately **HONG KONG DOLLARS ONE HUNDRED FIFTY NINE MILLION SEVEN HUNDRED THOUSAND ONLY (HKD159,700,000)**.

We do not provide assurance on the achievability of the results of the Disposal Group as forecasted by the Management because events and circumstances frequently do not occur as expected; differences between actual and expected results may be material; and achievement of the forecasted results is dependent on actions, plans, and assumptions of the Management.

This report and the observations and analyses are intended solely for use by the Company for the purpose of assisting the Company to assess the market value of the Disposal Group as of the Valuation Date and are not to be reproduced, disseminated or disclosed, in whole or in part, to any other party except in accordance with the terms of our engagement letter. The information contained in this report may include proprietary, sensitive and confidential information that has not been publicly disclosed. Release of this information to any other party could be damaging to the Company and the Disposal Group.

Yours faithfully,
For and on behalf of
International Valuation Limited

Prepared and analyzed by:
Winnie Lam, *CFA*
Alan Wu, *CFA, FRM*

Ms. Winnie Lam has more than ten years of experience in valuation and financial analyses, including business valuation, valuation of intangible assets, financial instruments, natural resources projects and purchase price allocation. Ms. Lam is a charter holder of Chartered Financial Analyst (CFA) and she graduated from the Hong Kong University of Science and Technology with a Bachelor of Business Administration, double-major in finance and management of organizations.

Mr. Alan Wu has over five years of experience in valuations of businesses, early-stage companies, intangible assets, purchase price allocation for financial reporting and transaction reference. Mr. Wu is a charter holder of Chartered Financial Analyst (CFA) and Financial Risk Manager (FRM). He graduated from City University of Hong Kong with a master's degree in Applied Economics.

11. STATEMENT OF LIMITING CONDITIONS

This analysis is subject to the following limiting conditions:

1. This appraisal report cannot be included or referred to in any prospectus, offering memo, loan agreement, registration statement, regulatory authority filings, legal and court proceedings or other public documents.

2. This report has been made only for the purpose stated and shall not be used for any other purpose. The information contained in this report is specific to the needs of the Company and for the intended use stated in this report. Neither International Valuation Limited ("**IVL**") nor the appraiser is responsible for unauthorized use of this report. Neither this report nor any portions thereof (including, without limitations, any conclusions, the identity of IVL or any individuals signing or associated with this report, or the professional associations or organizations with which they are affiliated) shall be disseminated to third parties other than the Company, its financial accounting firm and attorneys, regulatory authorities, by any means without the prior written consent and approval of IVL. We assume no responsibilities or liabilities for any losses incurred as a result of unauthorized circulation, publication or reproduction of this report in any form and/or if used contrary to the purpose stated therein.

3. Information furnished by others or taken from the Company's reports and records, standard reference manuals, publications and other sources, upon which all or portions of this report are based, is believed to be reliable, but has not been verified in all cases. No warranty is given as to the accuracy of such information. We do not accept any responsibilities for any errors or omissions in the information or any consequence liabilities arising from commercial decision or actions resulting from them.

4. IVL assumes no responsibility for legal matters including interpretations of either the law or contracts. No investigation has been made of, and no responsibility is assumed for, the legal description, or for legal matters regarding the valuation subject.

5. No responsibility is taken for changes in market conditions and no obligation is assumed to revise this report to reflect events or conditions, which occur subsequent to the valuation date hereof.

6. The date of value to which the estimate, conclusions and opinion expressed in this report applies is set forth in the beginning of this report. This appraisal is valid only for the valuation date indicated. Our value opinion is based on the purchasing power of the reporting currency as of this date. The opinion of value is estimated based on the financial conditions prevailing as of the date of this appraisal.

7. For events that occur subsequent to the appraisal date hereof, no responsibility is taken and no obligation is assumed to revise this report to reflect the impact, if any, of these events or changing conditions as they may have upon the subject although we reserve the right to do so. Neither IVL nor any individual signing or associated with this report shall be required by reason of this report to give further consultation, provide testimony or appear in court or other legal proceedings unless specific arrangements therefore have been made.

8. It is assumed that all required licenses, certificates, or other legislative or administrative authority from any local, or national government or private entity or organization have been, or can readily be obtained, or renewed for any use on which the value estimates provided in this report are based.

9. We have made no investigation of and assumed no responsibility for the ownership or any liabilities against the valuation subject. Responsible ownership and competent management are assumed.

10. Any allocation in this report of the total valuation among components of the valuation subject and the weighting of the reported values among the various appraisal approaches applies only to the program of utilization stated in this report. The separate values for any components or approaches may not be applicable for any other purpose and must not be used in conjunction with any other appraisal.

11. This appraisal report might not include full discussions of the data, reasoning, and analyses that were used in the valuation process to develop the appraiser's estimate of value. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser's file. The information contained in this report is specific to the needs of the Company and for the intended use stated in this report. The appraiser is not responsible for unauthorized use of this report.

12. Our valuation is only an indicative quantum at which interests in the valuation subject might be reasonably be expected to be sold or disposed at the valuation date hereof and may be different from the actual transacted price.

13. To the best of our knowledge and belief, the statements of fact contained in this report are true and correct; the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are impartial, and unbiased professional analyses, opinions, and conclusions.

14. Neither IVL nor any individual signing or associated with this report has any present or prospective interest in the valuation subject of this report and with respect to the parties involved. IVL or any individual signing or associated with this report has no bias with respect to the valuation subject of this report or to the parties involved with this assignment. The engagement in this assignment was not contingent upon developing or reporting predetermined results. The compensation of IVL or any individual signing or associated with this report for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the Company, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.

INTERNATIONAL VALUATION LIMITED
國 際 評 估 有 限 公 司

September 12, 2023

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

Ref: 20232172(a)

Dear Sir and Madam,

International Valuation Limited ("**IVL**") has concluded its analysis on the market value of 100% equity interest in 深圳市朗華物業服務有限公司 (the "**Acquisition Company**") as of December 31, 2022 (the "**Valuation Date**").

This valuation was performed for major and connected transaction reference purpose. Our work is designed solely to assist China Brilliant Global Limited (the "**Company**") and the management (the "**Management**") with the determination of the market value of the 100% equity interest in the Acquisition Company as of the Valuation Date.

This report states the scope of our work and purpose of appraisal, identifies the business appraised, economic and industry overview, describes the basis and methodology of our appraisal, investigation and analysis, major assumptions and limiting conditions, and presents our opinion of value.

PURPOSE OF APPRAISAL

IVL acknowledges that this report is prepared solely to assist the Management to determine the market value of the 100% equity interest in the Acquisition Company as of the Valuation Date. We understand that this report would be made available for major and connected transaction reference purpose only. No other use of our valuation report is intended or should be inferred.

We assume no responsibility whatsoever to any person other than the Company in respect of, or arising out of, the contents of this report. If others chose to rely in any way on the contents of this report they do so entirely on their own risk.

DEFINITION OF VALUE

The report was prepared in accordance with International Valuation Standards 2022. In estimating the market value of the equity interest appraised under this engagement, our efforts will be based on the following description of market value: "*Market Value is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.*" Unless otherwise noted, the market value of the 100% equity interest in the Acquisition Company is determined on controlling shares and going concern bases.

SCOPE OF THE ENGAGEMENT

Our services included performing a market value estimation of 100% equity interest in the Acquisition Company as of the Valuation Date for major and connected transaction reference purpose.

In the process of the valuation under this engagement, we relied on the business and financial information of the Acquisition Company provided by the Management or obtained from public sources, if any. The procedures used in our analysis included such substantive steps, as we considered necessary, including, but not necessarily limited to, the following:

- Discussions with the Management concerning the history and future operations of the Acquisition Company;

- Discussions with the Management to obtain an explanation and clarification of data provided;

- Development of valuation model to value the equity interest of the Acquisition Company, including gathering market and industry information in support of various assumptions;

- Discussions with the Management to:

  – Understand in more detail of the Acquisition Company;

  - Gain a more thorough understanding of the nature and operations of the Acquisition Company including the estimated market trends;

- Analysis of conditions in, and the economic outlook for, the industry in the territory in which the Acquisition Company operates; and

- Analysis of other facts and data considered pertinent to this valuation to arrive at a conclusion of the market value of the Acquisition Company.

In the course of our valuation, we used financial and other information provided by the Management. We also used financial and other information obtained from private and public sources we considered reliable, and our conclusions are dependent on such information as being complete and accurate in all material respects.

This valuation report comprises:

A. This letter, which describes the nature and extent of the valuation, and presents the conclusion of value; and

B. A narrative report, which sets forth the history and nature of the operations, a description of valuation theory, and a presentation and correlation of the valuation techniques employed, and the conclusion of value.

SOURCES OF INFORMATION

As part of our due diligence, we relied upon information and documents furnished to us by the Management, including the following:

- General descriptions and background of the Acquisition Company;

- Descriptions of the business and future development plan of the Acquisition Company;

- A copy of the business license of the Acquisition Company;

- A summary of the property management contracts entered into by the Acquisition Company with its customers; and

- Accountants' report of the Acquisition Company for the years ended December 31, 2019 to December 31, 2022.

Other information regarding the industry and economic outlook, as well as additional financial data was obtained from sources deemed to be reliable. In addition, we conversed with the Management concerning the financial and general outlook of the Acquisition Company.

In the course of our valuation, we relied on the financial and other information provided by the Management, and have considered such information and data as attainable and reasonable. We have no reason to believe that any material facts have been withheld from us, however, we do not warrant that our investigations have revealed all of the matters, which an audit or more extensive examination might disclose.

CONCLUSION

Based on the information provided and the analysis conducted, and subject to the Major Assumptions and Statement of Limiting Conditions, our opinion of the market value of the 100% equity interest in the Acquisition Company as of December 31, 2022 is reasonably represented in the amount of approximately, **RENMINBI EIGHTY SEVEN MILLION SEVEN HUNDRED THOUSAND ONLY (RMB87,700,000)**.

We appreciate the opportunity to provide our valuation services. Please do not hesitate to contact us if you have any questions or if we can be of further assistance concerning this engagement. A copy of this report is retained in our files together with the data from which it was prepared.

Respectfully submitted,
International Valuation Limited

1. INTRODUCTION

Description of the Assignment

International Valuation Limited ("**IVL**") has concluded its analysis on the market value of 100% equity interest in 深圳市朗華物業服務有限公司 (the "**Acquisition Company**") as of December 31, 2022 (the "**Valuation Date**").

This valuation was performed for major and connected transaction reference purpose. Our work is designed solely to assist China Brilliant Global Limited (the "**Company**") and the management (the "**Management**") with the determination of the market value of the 100% equity interest in the Acquisition Company as of the Valuation Date.

The report was prepared in accordance with International Valuation Standards 2022. In estimating the market value of the equity interest appraised under this engagement, our efforts will be based on the following description of market value: "*Market Value is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.*" Unless otherwise noted, the market value of the 100% equity interest in the Acquisition Company is determined on controlling shares and going concern bases.

The procedures used in our analysis included such substantive steps, as we considered necessary, including, but not necessarily limited to, the following:

- Discussions with the Management concerning the history and future operations of the Acquisition Company;
- Discussions with the Management to obtain an explanation and clarification of data provided;
- Development of valuation model to value the equity interest of the Acquisition Company, including gathering market and industry information in support of various assumptions;
- Discussions with the Management to:
  - Understand in more detail of the Acquisition Company;

  – Gain a more thorough understanding of the nature and operations of the Acquisition Company including the estimated market trends;

- Analysis of conditions in, and the economic outlook for, the industry in the territory in which the Acquisition Company operates; and

- Analysis of other facts and data considered pertinent to this valuation to arrive at a conclusion of the market value of the Acquisition Company.

In the course of our valuation, we used financial and other information provided by the Management. We also used financial and other information obtained from private and public sources we considered reliable, and our conclusions are dependent on such information as being complete and accurate in all material respects.

Sources of Information

As part of our due diligence, we relied upon information and documents furnished to us by the Management, including the following:

- General descriptions and background of the Acquisition Company;

- Descriptions of the business and future development plan of the Acquisition Company;

- A copy of the business license of the Acquisition Company;

- A summary of the property management contracts entered into by the Acquisition Company with its customers; and

- Accountants' report of the Acquisition Company for the years ended December 31, 2019 to December 31, 2022.

Other information regarding the industry and economic outlook, as well as additional financial data was obtained from sources deemed to be reliable. In addition, we conversed with the Management concerning the financial and general outlook of the Acquisition Company.

In the course of our valuation, we relied on the financial and other information provided by the Management, and have considered such information and data as attainable and reasonable. We have no reason to believe that any material facts have been withheld from us, however, we do not warrant that our investigations have revealed all of the matters, which an audit or more extensive examination might disclose.

2. PURPOSE OF APPRAISAL

IVL acknowledges that this report is prepared solely to assist the Management to determine the market value of the 100% equity interest in the Acquisition Company as of the Valuation Date. We understand that this report would be made available for major and connected transaction reference purpose only. No other use of our valuation report is intended or should be inferred.

We assume no responsibility whatsoever to any person other than the Company in respect of, or arising out of, the contents of this report. If others chose to rely in any way on the contents of this report they do so entirely on their own risk.

3. OVERVIEW OF THE ACQUISITION COMPANY

Business Descriptions

The Acquisition Company is a company established under the laws of the People's Republic of China ("**PRC**") on May 9, 2019 which is principally engaged in the provision of property management services in the PRC. As at June 2, 2023, 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.

4 ECONOMIC OVERVIEW

Overview of China Economy

According to the National Bureau of Statistics of China, the GDP in 2022 was RMB121,020.7 billion, which recorded a 3 percent increase over the last year at constant prices. The first quarter of 2022 showed the strongest pace of expansion, amid efforts from Beijing to spur the post-pandemic recovery.

The consumer price index in China rose by 2 percent in 2022 according to the National Bureau of Statistics. Prices have remained stable in 2022 which demonstrated strong resilience of the Chinese economy with effective measures to ensure market supply and stabilize prices. In December 2022, the price of food, tobacco and alcohol increased by 3.7 percent year-on-year. Among the food category, the price of livestock meat rose by 11.6 percent, and the price of pork increased by 22.2 percent in particular.

According to National Bureau of Statistics of China, the total value of imports and exports of goods in 2022 was RMB42,067.8 billion, which increased by 7.7 percent over last year. Exports amounted to RMB23,965.4 billion which increased by 10.5 percent; while the total value of imports was RMB18,102.4 billion which increased by 4.3 percent. China has witnessed a year-on-year trade increase of 15 percent with the Association of Southeast Asian Nations ("**ASEAN**") in 2022. The imports and exports to ASEAN amounted to RMB6.52 trillion in 2022, in which exports amounted to RMB3.79 trillion and imports amounted to RMB2.73 trillion which increased by 21.7 percent and 6.8 percent respectively according to the General Administration of Customs. China is expected to continue demonstrate a stable and further growth with the effective implementation of Regional Comprehensive Economic Partnership.

Regarding exchange rate, Renminbi had weakened to RMB6.8979: USD1 in December 2022 from RMB6.3557: USD1 in December 2021.

5 INDUSTRY OVERVIEW

According to the National Bureau of Statistics, China's property sector decreased by 5.1 percent in 2022 from the previous year. The market research report on the property management industry in China, issued by the China Index Academy, showed a deepened crisis in the industry, with the RMB7.6 trillion revenue of the top 100 property management companies in 2022, which decreased by 41.3 percent from a year before. The market share of the top 100 property developers shrink to 39.3 percent in 2022 which decreased by 12.3 percentage points from the previous year. It is believed that home sales remained weak in the Covid-stricken country.

Value-added services ("**VAS**") have emerged from basic property management services recently. VAS to non-property owners are generally related to property sales and consultancy services, while VAS to property owners are related to the community's daily needs, such as housekeeping, repair and maintenance, child care, etc. According to the National Bureau of Statistics, the VAS in the property sector was 7.2 percent lower in the fourth quarter of 2022 compared to a year ago.

Market research report on the property management industry in China, issued by the China Index Academy in April 2023, showed that the industry was growing at a moderate pace, with the average revenue of the top 100 property management companies reached RMB1,482 million in year 2022, showing a 10.62 percent increase compared to year 2021. Large-scale property management companies actively accelerate their expansion through mergers and acquisitions, in order to expand the scale of property management and realize economies of scale to improve their market position. In terms of gross floor area ("**GFA**") under management, the average GFA under management of the top 100 property management companies reached 64 million square meters in year 2022, showing a 12.43% increase compared to year 2021.

Traditionally, property developers usually award new projects to their respective property management arms or strategic partners, which is the major way for property managers to obtain projects for growth. In recent years, many reputable property managers have started to tender for new projects by third-party developers that do not have a property management arm. Also, as the property sales market enters into a matured stage with moderate sales growth, the proportion of GFA for management from the secondary market is becoming increasingly meaningful.

6 DEFINITION OF VALUE

The report was prepared in accordance with International Valuation Standards 2022. In estimating the market value of the equity interest appraised under this engagement, our efforts will be based on the following description of market value: "*Market Value is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.*" Unless otherwise noted, the market value of the 100% equity interest in the Acquisition Company is determined on controlling shares and going concern bases.

7 GENERAL VALUATION OVERVIEW

The methods commonly used to develop approximate indications of value for a business or asset are the Income Approach, the Market Approach, and the Cost Approach.

Income Approach

The Income Approach focuses on the income-producing capability of a business or asset. The Income Approach measures the current value of a business or asset by calculating the present value of its future economic benefits such as cash earnings, cost savings, tax deductions, and proceeds from disposition. Value indications are developed by discounting expected cash flows to their present value at a rate of return that incorporates the risk-free rate for the use of funds, the expected rate of inflation, and risks associated with the particular investment. The discount rate selected is generally based on rates of return available from alternative investments of similar type and quality as of the valuation date.

Market Approach

The Market Approach measures the value of a business or asset through an analysis of recent sales or offerings of comparable businesses or assets. Adjustments are made to account for differences between the subject business or asset being valued and the comparable businesses or assets used in the analysis.

Cost Approach

The Cost Approach measures the value of a business or asset by the cost to reconstruct or replace it with another of like utility. To the extent that the assets being valued provide less utility than new assets, the reproduction or replacement cost new would be adjusted to reflect appropriate physical deterioration, functional obsolescence, and economic obsolescence. The Cost Approach recognizes that a prudent investor would not ordinarily pay more for property or an asset than the cost to replace them new.

Selected Approach

In developing our opinion, we considered all three approaches to value for the asset types and chose the most appropriate approach or approaches for each. Our conclusions rely on the approaches judged to be most appropriate for the purpose and scope of our analysis, as well as the nature and reliability of the data available to us.

In estimating the market value of the equity interest in the Acquisition Company, we relied primarily on the Market Approach. Under the Market Approach, we relied on the trading multiples of publicly traded guideline companies comparable to the Acquisition Company. Market Approach benchmarked the Acquisition Company's equity value to the publicly trading entities by looking into their financial performances. Not only could Market Approach reflect the current market's investment preferences or investment habitat, but also provide up-to-date public market information allowing the Management to make a more informative decision.

The Cost Approach was not adopted as it may not be able to reflect the expected future economic benefits of an income-generating business. The Income Approach is also not adopted since prospective financial projection at market participants' point of view, which is subject to a number of assumptions and contingent factors, was not reliably available.

8 ESTIMATION OF THE MARKET VALUE OF 100% EQUITY INTEREST IN THE ACQUISITION COMPANY

Introduction

In this section of our report, we describe our valuation analysis utilized to arrive at a concluded market value of the 100% equity interest in the Acquisition Company.

Valuation Approach

The Market Approach uses direct comparisons to other enterprises and their equity securities to estimate the market value of the common shares of privately issued securities. The Market Approach bases the market value measurement on what other similar enterprises or comparable transactions indicate the value to be. Under this approach, investment by unrelated parties in comparable equity securities of the subject enterprise or transactions in comparable equity securities of comparable enterprises is examined. One commonly used "market comparables" method is the guideline public company method.

To adopt the guideline public company method under the Market Approach, we have to determine the appropriate valuation multiples of comparable companies, in which we have considered price-to-sales ("**P/S**"), price-to-earnings ("**P/E**") and price-to-book ("**P/B**") multiples.

P/B multiple was not adopted because book value does not necessarily reflect the profitability or the earning capability of the Acquisition Company. Also, the operations of the Acquisition Company do not require significant amount of tangible assets (i.e. asset-light), and therefore, P/B multiple is not considered. P/E multiple was preferred over P/S multiple as P/E multiple could consider the cost structure and profitability of the Acquisition Company. P/E multiple is a commonly adopted multiple for estimating the market value of a profit-making company. Therefore, we have employed P/E multiple in the valuation for the Acquisition Company as of the Valuation Date.

The selection of guideline companies is by understanding the principal business of the valuation target and search for public companies with businesses as similar with the valuation target as possible. Generally speaking, companies in the same geographical location are preferred, followed by expansion to other geographical locations if same geographic location yield no meaningful results.

We searched for listed companies with business scopes and operations similar to those of the Acquisition Company as comparable companies on best-effort basis with reference to the following selection criteria:

- The companies are principally engaged in property management in the PRC, which is close to the Acquisition Company's business;

- Over 50% of the total revenue of the companies were generated from property management in the PRC in its preceding financial year;

- The companies have pertinent operating histories and are actively listed in Hong Kong with more than three years' listing history;

- The financial information and relevant market data of the companies are available to the public.

The following table presents the comparable companies adopted in the valuation of 100% equity interest in the Acquisition Company:

Comparable Companies	**Business Descriptions**	**Market Capitalization as of the Valuation Date** *(HK$ million)*
GR Properties Ltd (108 HK Equity)	GR Properties Ltd, through its subsidiaries, invests in and develops properties.	3,007
Riverine China Holdings Ltd (1417 HK Equity)	Riverine China Holdings Limited operates as a property management company. The company offers engineering, repair and maintenance, security, and cleaning and gardening services. Riverine China Holdings serves office buildings, cultural venues, stadiums, exhibition halls, government properties, and industrial areas in China.	255
Zhong Ao Home Group Ltd (1538 HK Equity)	Zhong Ao Home Group Limited is an independent property management company in China. The company provides property developers and owners with management services to residential properties. Zhong Ao Home Group also offers sales assistance by deploying on-site staff.	419

Comparable Companies	Business Descriptions	Market Capitalization as of the Valuation Date *(HK$ million)*
S-Enjoy Service Group Co Ltd (1755 HK Equity)	S-Enjoy Service Group Co., Limited provides property management services. The company offers building maintenance and security, bill payment, and other related services. S-Enjoy Service Group serves customers in China.	8,010
Yincheng Life Service Co Ltd (1922 HK Equity)	Yincheng Life Service CO., Ltd. offers property management services. The company manages residential properties, government facilities, financial institutions, property sales offices, parks, and other facilities. Yincheng Life Service also provides life community value added services.	761
AUX International Holding Ltd (2080 HK Equity)	AUX International Holdings Limited is principally engaged in the provision of property management services and related value-added services in Mainland China. It is also engaged in the operation of clubbing business and restaurant and bar outlets in Hong Kong.	222
China Overseas Property Holdings Ltd (2669 HK Equity)	China Overseas Property Holdings Limited operates as a property management firm. The company manages residential communities, commercial properties and government properties in Hong Kong, China, and Macau.	26,722
Greentown Service Group Co Ltd (2869 HK Equity)	Greentown Service Group Co. Ltd. operates in the real estate service industry. The company provides property management, consulting, and community value-added services.	16,835

Comparable Companies	Business Descriptions	Market Capitalization as of the Valuation Date *(HK$ million)*
Binjiang Service Group Co Ltd (3316 HK Equity)	Binjiang Service Group Co. Ltd. operates as a reputable property management service provider. The company offers property management services including security, cleaning, gardening, repair, maintenance, and ancillary services to at residential and non-residential properties. Binjiang Service Group serves customers in China.	5,274
A-Living Smart City Services Co Ltd (3319 HK Equity)	A-Living Smart City Services Co., Ltd. offers property management services. The company provides hydropower maintenance, parking management, home cleaning, and other services. A-Living Smart City Services also engages in interior decoration works, landscaping works, and others.	13,362
Poly Property Services Co Ltd (6049 HK Equity)	Poly Property Services Co., Ltd. provides property services. The company offers property management, property projects pre-consultation, post-delivery evaluation and analysis, professional equipment and facilities maintenance, housekeeping, and other services. Poly Property Services provides services in China.	25,481
Hevol Services Group Co Ltd (6093 HK Equity)	Hevol Services Group Co. Limited provides real estate services. The company develops properties. Hevol Services Group serves customers in China.	2,061

Comparable Companies	Business Descriptions	Market Capitalization as of the Valuation Date *(HK$ million)*
Country Garden Services Holdings Co Ltd (6098 HK Equity)	Country Garden Services Holdings Company Limited provides real estate development services. The company develops residential apartments, multi-functional complex buildings, government and public facilities, industrial parks, highway service stations, and schools. Country Garden Services Holdings serves clients in China.	65,574
Times Neighborhood Holdings Ltd (9928 HK Equity)	Times Neighborhood Holdings Limited provides real estate services. The company offers property management solutions such as cleaning, gardening, repairing, and maintenance activities. Times Neighborhood Holdings serves customers in China.	1,015
Powerlong Commercial Management Holdings Ltd (9909 HK Equity)	Powerlong Commercial Management Holdings Limited offers real estate services. The company provides residential property management, office buildings management, serviced apartments management, and other services. Powerlong Commercial Management Holdings provides its services throughout China.	4,153

Source: Bloomberg and annual reports of the comparable companies

During the selection process of the comparable companies, we noted there were limited companies principally engaged in property management in the PRC, which were actively listed in Hong Kong for three years as of the Valuation Date. Considering a reasonable sample size of comparable companies and availability of market data for the valuation, we have deployed selection criteria which focus on the principal business and location of operation regardless of the market capitalization of the comparable companies. Also, there is no apparent direct relationship observed between the market capitalization and the P/E multiples of the comparable companies shortlisted, it may not necessarily converge the P/E multiples of the comparable companies if additional selection criteria on market capitalization is being applied. Furthermore, the market capitalization range or cut-off point to be applied as selection criteria might be subjective that the result may be biased. Hence, market capitalization of the comparable companies was not considered as our selection criteria.

Below are the P/E multiples of the comparable companies as of the Valuation Date as extracted from Bloomberg to arrive at the market value of the Acquisition Company.

Comparable Companies	**P/E Multiple**
GR Properties Ltd (108 HK Equity)	*(Note 1)* N/A
Riverine China Holdings Ltd (1417 HK Equity)	17.5 x
Zhong Ao Home Group Ltd (1538 HK Equity)	4.7 x
S-Enjoy Service Group Co Ltd (1755 HK Equity)	16.2 x
Yincheng Life Service Co Ltd (1922 HK Equity)	6.1 x
AUX International Holding Ltd (2080 HK Equity)	11.5 x
China Overseas Property Holdings Ltd (2669 HK Equity)	21.0 x
Greentown Service Group Co Ltd (2869 HK Equity)	26.4 x
Binjiang Service Group Co Ltd (3316 HK Equity)	11.0 x
A-Living Smart City Services Co Ltd (3319 HK Equity)	6.2 x
Poly Property Services Co Ltd (6049 HK Equity)	19.7 x
Hevol Services Group Co Ltd (6093 HK Equity)	25.8 x
Country Garden Services Holdings Co Ltd (6098 HK Equity)	29.0 x
Times Neighborhood Holdings Ltd (9928 HK Equity)	*(Note 1)* N/A
Powerlong Commercial Management Holdings Ltd (9909 HK Equity)	8.0 x
Median	**16.2 x**
Average	**15.6 x**

Source: Bloomberg

Note 1: The company recorded net loss in the latest financial year as of the Valuation Date.

Based on our observation of the P/E multiples of comparable companies above, the average of P/E multiples is 15.6 x, which is close to the median of the same of 16.2 x. While both average and median are common measures of central tendency, median is preferred over average as it is less affected by outliers and skewed data. Hence, median is considered to be more appropriate.

We multiplied the median P/E multiple of the comparable companies as of the Valuation Date by the latest 12-month normalized net profit of the Acquisition Company to arrive at the equity value of the Acquisition Company. The latest 12-month normalized net profit was based on the accountants' report of the Acquisition Company for the year ended December 31, 2022, excluding any non-recurring other income/expense and with statutory profit tax rate of China. We then adjusted the derived equity value of the Acquisition Company with discount for lack of marketability ("**DLOM**") and control premium to account for the fact that the Acquisition Company is a private company and the 100% equity interest in the Acquisition Company as of the Valuation Date is determined on a controlling basis.

Discount for Lack of Marketability ("DLOM")

The value of privately held shares is not directly comparable to the value of publicly traded securities. This is due to the fact that shareholders of privately held companies do not have the same access to trading markets that shareholders of publicly traded companies enjoy. Therefore, the market value of the ordinary shares must be adjusted to reflect its lack of liquidity and ready market.

A number of research studies including restricted stock studies have attempted to quantify marketability discounts. Restricted stock studies are performed by comparing the prices at which a restricted stock trades vis-à-vis its publicly traded counterpart. A restricted stock is one that is identical to its company's publicly traded issue but carries a short-term restriction on marketability. In the case of transfers of restricted stock, these studies provide evidence for the application of a discount placed on illiquid investments.

Based on Stout Restricted Stock Study Companion Guide 2022 published by Stout Risius Ross, LLC, a DLOM of approximately 20.5% has been adopted.

Control Premium

A control premium is the premium an investor is willing to pay in addition to a marketable controlling equity value to obtain controlling interest in a business subject. The value derived from the guideline public company method represents a minority basis, therefore adjustment has been made to reflect the degree of control associated with 100% equity interest in the Acquisition Company.

Based on Mergerstat Control Premium Study published by FactSet Mergerstat, LLC, a control premium of approximately 22.6% has been adopted.

Summary of Calculation

The latest 12-month normalized net profit was estimated based on the accountants' report of the Acquisition Company for the year ended December 31, 2022, excluding any non-recurring other income/expense and with statutory profit tax rate of China, as follows:

Latest 12-month profit before taxation of the Acquisition Company *(HK$)*	8,362,934
RMB/HKD exchange rate based on the accountants' report	1.1606
Latest 12-month profit before taxation of the Acquisition Company *(RMB)*	**7,205,414**
Normalization adjustments:	
Add: Non-recurring other operating expenses	1,759
Less: Non-recurring other operating income	(154,902)
Latest 12-month normalized profit before taxation of the Acquisition Company *(RMB)*	**7,052,271**
Less: Statutory profit tax expense of China at rate of 25% *(RMB)*	(1,763,068)
Latest 12-month normalized net profit of the Acquisition Company *(RMB)*	**5,289,203**

Details of the calculation of the market value of the Acquisition Company using P/E multiple was illustrated as follows:

	As of December 31, 2022 *RMB*
Latest 12-month normalized net profit of the Acquisition Company	5,289,203
Multiplied by: Median P/E multiple as of the Valuation Date	16.2 x
Equity Value (marketable and minority basis)	**85,919,484**
Less: DLOM	(17,613,494)
Add: Control Premium	19,417,803
Market Value of 100% Equity Interest in the Acquisition Company (non-marketable and controlling basis)	**87,723,793**
Market Value of 100% Equity Interest in the Acquisition Company (Rounded)	**87,700,000**

Note: The total may not sum up due to rounding.

9 MAJOR ASSUMPTIONS

In this appraisal, a number of assumptions have to be made in order to sufficiently support our concluded value of the Acquisition Company. Any deviation from the below major assumptions may significantly vary the valuation result. The major assumptions adopted in this appraisal are:

- The accountants' report of the Acquisition Company for the year ended December 31, 2022 as provided by the Management can reasonably represent its financial position and performance of the Acquisition Company as of the Valuation Date;

- There will be no major changes in the current taxation laws in the territories (the "**Territories**") in which the Acquisition 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;

- There will be no major changes in the political, legal, economic or financial conditions in the Territories in which the Acquisition Company operates or intends to operate, which would adversely affect the revenues attributable to and the profitability of the Acquisition Company;

- The Acquisition Company will retain and have competent management, key personnel, and technical staff to support its ongoing operation;

- All relevant legal approvals and business certificates or licenses to operate the business in the localities in which the Acquisition Company operates or intends to operate has or would be officially obtained and renewable upon expiry;

- Industry trends and the market conditions for related industries will not deviate significantly from economic forecasts; and

- All information and representations provided by the Management, for which they are solely and wholly responsible for are true, accurate and complete in all material respect.

10 CONCLUSION OF VALUE

Based on the information provided and the analysis conducted, and subject to the Major Assumptions and Statement of Limiting Conditions, our opinion of the market value of the 100% equity interest in the Acquisition Company as of December 31, 2022 is reasonably represented in the amount of approximately, **RENMINBI EIGHTY SEVEN MILLION SEVEN HUNDRED THOUSAND ONLY (RMB87,700,000)**.

This report and the observations and analyses are intended solely for use by the Company for the purpose of assisting the Company to assess the market value of the Acquisition Company as of the Valuation Date and are not to be reproduced, disseminated or disclosed, in whole or in part, to any other party except in accordance with the terms of our engagement letter. The information contained in this report may include proprietary, sensitive and confidential information that has not been publicly disclosed. Release of this information to any other party could be damaging to the Company and the Acquisition Company.

Yours faithfully,
For and on behalf of
International Valuation Limited

Prepared and analyzed by:
Winnie Lam, *CFA*
Alan Wu, *CFA, FRM*

Ms. Winnie Lam has more than ten years of experience in valuation and financial analyses, including business valuation, valuation of intangible assets, financial instruments, natural resources projects and purchase price allocation. Ms. Lam is a charter holder of Chartered Financial Analyst (CFA) and she graduated from the Hong Kong University of Science and Technology with a Bachelor of Business Administration, double-major in finance and management of organizations.

Mr. Alan Wu has over five years of experience in valuations of businesses, early-stage companies, intangible assets, purchase price allocation for financial reporting and transaction reference. Mr. Wu is a charter holder of Chartered Financial Analyst (CFA) and Financial Risk Manager (FRM). He graduated from City University of Hong Kong with a master's degree in Applied Economics.

11 STATEMENT OF LIMITING CONDITIONS

This analysis is subject to the following limiting conditions:

1. This appraisal report cannot be included or referred to in any prospectus, offering memo, loan agreement, registration statement, regulatory authority filings, legal and court proceedings or other public documents.

2. This report has been made only for the purpose stated and shall not be used for any other purpose. The information contained in this report is specific to the needs of the Company and for the intended use stated in this report. Neither International Valuation Limited ("**IVL**") nor the appraiser is responsible for unauthorized use of this report. Neither this report nor any portions thereof (including, without limitations, any conclusions, the identity of IVL or any individuals signing or associated with this report, or the professional associations or organizations with which they are affiliated) shall be disseminated to third parties other than the Company, its financial accounting firm and attorneys, regulatory authorities, by any means without the prior written consent and approval of IVL. We assume no responsibilities or liabilities for any losses incurred as a result of unauthorized circulation, publication or reproduction of this report in any form and/or if used contrary to the purpose stated therein.

3. Information furnished by others or taken from the Company's reports and records, standard reference manuals, publications and other sources, upon which all or portions of this report are based, is believed to be reliable, but has not been verified in all cases. No warranty is given as to the accuracy of such information. We do not accept any responsibilities for any errors or omissions in the information or any consequence liabilities arising from commercial decision or actions resulting from them.

4. IVL assumes no responsibility for legal matters including interpretations of either the law or contracts. No investigation has been made of, and no responsibility is assumed for, the legal description, or for legal matters regarding the valuation subject.

5. No responsibility is taken for changes in market conditions and no obligation is assumed to revise this report to reflect events or conditions, which occur subsequent to the valuation date hereof.

6. The date of value to which the estimate, conclusions and opinion expressed in this report applies is set forth in the beginning of this report. This appraisal is valid only for the valuation date indicated. Our value opinion is based on the purchasing power of the reporting currency as of this date. The opinion of value is estimated based on the financial conditions prevailing as of the date of this appraisal.

7. For events that occur subsequent to the appraisal date hereof, no responsibility is taken and no obligation is assumed to revise this report to reflect the impact, if any, of these events or changing conditions as they may have upon the subject although we reserve the right to do so. Neither IVL nor any individual signing or associated with this report shall be required by reason of this report to give further consultation, provide testimony or appear in court or other legal proceedings unless specific arrangements therefore have been made.

8. It is assumed that all required licenses, certificates, or other legislative or administrative authority from any local, or national government or private entity or organization have been, or can readily be obtained, or renewed for any use on which the value estimates provided in this report are based.

9. We have made no investigation of and assumed no responsibility for the ownership or any liabilities against the valuation subject. Responsible ownership and competent management are assumed.

10. Any allocation in this report of the total valuation among components of the valuation subject and the weighting of the reported values among the various appraisal approaches applies only to the program of utilization stated in this report. The separate values for any components or approaches may not be applicable for any other purpose and must not be used in conjunction with any other appraisal.

11. This appraisal report might not include full discussions of the data, reasoning, and analyses that were used in the valuation process to develop the appraiser's estimate of value. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser's file. The information contained in this report is specific to the needs of the Company and for the intended use stated in this report. The appraiser is not responsible for unauthorized use of this report.

12. Our valuation is only an indicative quantum at which interests in the valuation subject might be reasonably be expected to be sold or disposed at the valuation date hereof and may be different from the actual transacted price.

13. To the best of our knowledge and belief, the statements of fact contained in this report are true and correct; the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are impartial, and unbiased professional analyses, opinions, and conclusions.

14. Neither IVL nor any individual signing or associated with this report has any present or prospective interest in the valuation subject of this report and with respect to the parties involved. IVL or any individual signing or associated with this report has no bias with respect to the valuation subject of this report or to the parties involved with this assignment. The engagement in this assignment was not contingent upon developing or reporting predetermined results. The compensation of IVL or any individual signing or associated with this report for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the Company, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.

The following is the text of a report received from the Company's reporting accountants, Elite Partners CPA Limited, Certified Public Accountants, Hong Kong, for inclusion in the circular dated 12 September 2023.

elite partners
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT REPORTING ACCOUNTANTS' 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 12 September 2023 prepared by International Valuation Limited in respect of the appraisal of the market value of the 100% equity interests in Brillink Holdings Limited and its subsidiaries (the "**Target Group**") as at 31 March 2023 is based. The Valuation is set forth in the appendix VI to this circular of China Brilliant Global Limited (the "**Company**") dated 12 September 2023 (the "**Circular**"). 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 Circular (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 behavior.

The 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" issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and 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, has 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 bases and 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, 12 September 2023

中和金控有限公司
Neutral Financial Holding Company Limited

The Board of Directors
China Brilliant Global Limited
Flat B, 9/F.,
9 Des Voeux Road West
Hong Kong

12 September 2023

Dear Sirs,

We refer to the valuation report prepared by International Valuation Limited ("**Independent Valuer**") in relation to the market value of 18.9% equity interest in Brillink Holdings Limited and its subsidiaries ("**Disposal Group**") as at 31 March 2023 ("**Valuation**"). The principal assumptions upon which the Valuation is based are included in the circular of China Brilliant Global Limited ("**Company**") dated 12 September 2023 ("**Circular**"), of which this letter forms part. Capitalised terms used herein shall have the same meanings as those defined in the Circular unless the context requires otherwise.

We note that the Valuation has been developed based on discounted cash flow analysis which is regarded as profit forecast ("**Profit Forecast**") under Rule 19.61 of the GEM Listing Rules. We have discussed with the management of the Company and the Independent Valuer regarding the bases and assumptions of the Profit Forecast to arrive at the Valuation and have reviewed the letter dated 12 September 2023 issued by Elite Partners CPA Limited, the reporting accountants of the Company, as set out in Appendix VIII to the Circular in regard to their work performed on the Profit Forecast. As the relevant bases and assumptions are about future events which may or may not occur, the actual financial performance of the Disposal Group may or may not achieve as expected and the variation may be material.

On the basis of the foregoing, we are of the opinion that the Profit Forecast underlying the Valuation, for which the Directors are solely responsible, has been made after due and careful enquiry. Our opinion has been given for the sole purpose of compliance with Rule 19.62(3) of the GEM Listing Rules and for no other purpose.

Yours faithfully,
For and on behalf of
Neutral Financial Holding Company Limited
Thomas Lee
Managing Director

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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the "**EGM**") of China Brilliant Global Limited (the "**Company**") will be held at Flat B, 9th Floor, 9 Des Voeux Road West, Hong Kong on Friday, 29 September 2023 at 11:10 a.m. or immediately after the conclusion of the annual general meeting of the Company to be held on the same day, whichever is later to consider and, if thought fit, pass the following resolutions, with or without amendment, as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

1. "**THAT**:

(a) the sale and purchase agreement dated 2 June 2023 (as supplemented by a supplemental agreement dated 25 August 2023) (the "**Acquisition Agreement**") (a copy of which has been produced to the EGM and marked "A" and initialled by the chairman of the EGM for the purpose of identification) entered into between Shenzhen Pengyuan Smart Technology Company Limited# (深圳市鵬遠智能科技有限公司) (the "**Acquisition Vendor**") as vendor and CBG Services Holdings Limited (the "**Acquisition Purchaser**") as purchaser in relation to the proposed acquisition of 100% of the equity interests in Shenzhen China Brilliant Property Services Company Limited# (深圳朗華物業服務有限公司) ("**Acquisition Company**") by the Acquisition Purchaser from the Acquisition Vendor pursuant to the Acquisition Agreement at the cash consideration of RMB87.7 million (equivalent to approximately HK$100.9 million) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and

(b) any director ("**Director**") of the Company be and is hereby generally and unconditionally authorised to do all such acts and things, to sign and execute (including the affixation of the common seal of the Company when required) all such documents for and on behalf of the Company as they may in their absolute discretion consider necessary, appropriate, desirable or expedient to give effect to or in connection with the Acquisition Agreement and the transactions contemplated thereunder, and to make and agree to make such variations of the terms of the Acquisition Agreement as they may in their discretion consider to be appropriate, necessary or desirable and in the interests of the Company and its shareholders as a whole."

2. "**THAT**:

(a) the sale and purchase agreement dated 2 June 2023 (as supplemented by a supplemental agreement dated 4 September 2023) (the "**Disposal Agreement**") (a copy of which has been produced to the EGM and marked "B" and initialled by the chairman of the EGM for the purpose of identification) entered into between CBG Financial Services Group Limited (the "**Disposal Vendor**") as vendor and Mr. Zhang Chunhua ("**Mr. Zhang**") as purchaser in relation to the proposed disposal of 18.9% of the issued shares in the share capital of Brillink Holdings Limited (the "**Disposal Company**") by the Disposal Vendor to Mr. Zhang pursuant to the Disposal Agreement at the cash consideration of HK$184.9 million and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and

(b) any Director be and is hereby generally and unconditionally authorised to do all such acts and things, to sign and execute (including the affixation of the common seal of the Company when required) all such documents for and on behalf of the Company as they may in their absolute discretion consider necessary, appropriate, desirable or expedient to give effect to or in connection with the Disposal Agreement and the transactions contemplated thereunder, and to make and agree to make such variations of the terms of the Disposal Agreement as they may in their discretion consider to be appropriate, necessary or desirable and in the interests of the Company and its shareholders as a whole."

3. "**THAT**:

(a) the master service agreement dated 21 June 2023 (the "**Master Service Agreement**") (a copy of which has been produced to the EGM and marked "C" and initialled by the chairman of the EGM for the purpose of identification) entered into between the Acquisition Purchaser and Mr. Zhang in relation to provision of the property management and value-added services (including but not limited to the provision of intelligent management systems, hardware and charging platform software for the managed property, supervision of renovation projects and inspection of such projects) provided or to be provided by the Acquisition Company to Mr. Zhang and his associates (save for the Company and its subsidiaries) in the People's Republic of China for a term up to 31 December 2025 and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;

(b) the proposed annual caps for the continuing connected transactions contemplated under the Master Service Agreement for a term up to 31 December 2025 as set out in the circular of the Company dated 12 September 2023 be and are hereby approved; and

(c) any Director be and is hereby generally and unconditionally authorised to do all such acts and things, to sign and execute (including the affixation of the common seal of the Company when required) all such documents for and on behalf of the Company as they may in their absolute discretion consider necessary, appropriate, desirable or expedient to give effect to or in connection with the Master Service Agreement and the transactions contemplated thereunder, and to make and agree to make such variations of the terms of the Master Service Agreement as they may in their discretion consider to be appropriate, necessary or desirable and in the interests of the Company and its shareholders as a whole."

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

Hong Kong, 12 September 2023

Registered office:
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Principal place of business:
Flat B, 9th Floor,
9 Des Voeux Road West
Hong Kong

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

Notes:

1. Any shareholder ("**Shareholder**") of the Company entitled to attend and vote at the EGM is entitled to appoint another person as his proxy to attend and vote in his stead in accordance with the Articles of Association. A Shareholder who is the holder of two or more shares may appoint more than one proxy to attend and vote on his behalf. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed. A proxy need not be a Shareholder of the Company.

2. In order to be valid, a form of proxy together with any power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power of attorney or authority, must be deposited at the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not less than 48 hours before the time appointed for holding the EGM or any adjourned meeting thereof.

3. For determining the entitlement to attend and vote at the EGM or any adjournment thereof, the register of members of the Company will be closed from Tuesday, 26 September 2023 to Friday, 29 September 2023, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for attending the EGM convened by the above notice, all transfers accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Monday, 25 September 2023.

4. Where there are joint registered holders of any Share, any one of such persons may vote at the EGM, either personally or by proxy, in respect of such Share as if he/she/it was solely entitled thereto but if more than one of such joint registered holders be present at the EGM personally or by proxy, that one of the said persons so present being the most or, as the case may be, the more senior shall alone be entitled to vote in respect of the relevant joint holding and, for this purpose, seniority shall be determined by reference to the order in which the names of the joint registered holders stand on the register of members of the Company in respect of the relevant joint holding.

5. Pursuant to Rule 17.47(4) of the GEM Listing Rules, all resolutions set out in this notice will be decided by poll at the EGM.

As at the date of this notice, the Board comprises the following directors:
Mr. Zhang Chunhua (Executive Director (Chairman))
Ms. Zhang Chunping (Executive Director and Chief Executive Officer)
Ms. Chung Elizabeth Ching Yee (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).